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Impact of cash flow management on the financial performance of micro and small pharmaceutical businesses in Naga City

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Abstract:

Cash flow management practices significantly influence the financial performance of Micro and Small Enterprises (MSEs). This research investigates the impact of cash flow management on the financial performance of micro and small enterprises (MSEs) in Naga City. It examines the relationship between effective cash flow management practices (operating, financing and investing) and key financial performance indicators (such as Sales generation, disbursement control and collection of receivables) among MSEs in the city. The study aims to determine the extent to which improved cash flow management contributes to enhanced financial performance of the business. Using a descriptive correlational design, the researchers conducted data gathering through surveys and interviews with 30 respondents, 21 Micro Enterprise and 9 Small Enterprise Pharmacies in Naga City which made us come up with our P-H-A-R-M-A R-E-A-D-Y, a combined approach model that highlights business strategies and concept that not only focuses in financial planning context but also with the integration of disaster preparedness.

Keywords:

Micro and Small Enterprises, Financial Performance, Cash Flow Management, Business Strategies, Pharmacies, Financial Planning.

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INTRODUCTION

Micro, Small and Medium sized enterprises (MSMEs) are businesses with fewer employees and lower revenue compared to large corporations. The Philippine Department of Trade and Industry (DTI) defines Micro and Small Enterprises (MSEs) based on asset size and employee count. Microenterprises are classified as those with assets of PHP 3,000,000 or less and employing one to nine individuals. Small enterprises range from assets of PHP 3,000,001 to PHP 15,000,000 and have ten to 99 employees. There were estimated approximately 358 million of small and medium enterprises worldwide in 2023 according to Dyvik (2024). The number of MSEs dropped slightly in 2020 during the Covid-19 pandemic but increased since. However, MSEs may be vulnerable to various challenges brought about by competitive business environments. One of these is the lack of effective cash flow management practices. Cash flow Management practices are important for MSEs to ensure financial stability and sustainability. Newman Wadesango states that the health of this sector is largely premised on the observance of sound cash management practices which can be implemented to guarantee success.

MSEs form the backbone of the Asia-Pacific economy, accounting for approximately 97% of all enterprises and employing around 69% of the labor force. They contribute roughly 41% to the region's GDP, although their share in GDP is relatively smaller compared to their number. Traditional sectors where MSEs excel include wholesale and retail trade, agribusiness, and various service-related industries. In the Philippines, MSEs constitute a staggering 99.59% of all business establishments, highlighting their overwhelming presence in the economy. They are responsible for creating over 5.6 million jobs, which is about 65.10% of the total employment in the country. The MSEs sector contributes 36% of the Philippines' Gross Value Added (GVA) and 25% of total exports, making them vital for national economic growth. In Camarines Sur, the establishment of 24 Negosyo Centers by the Department of Trade and Industry (DTI) aims to assist MSEs by providing guidance, facilitating access to financing, and promoting business development. The region has seen an increase in these centers, which offer various support mechanisms, including grants and training programs for MSE owners.

The DTI statistics highlight that in 2022, there were 1,105,143 MSEs in the Philippines, contributing significantly to regional employment and economic activity. These centers are particularly important for local MSEs struggling with limited resources, as they foster greater business capabilities and help local enterprises adapt to market demands. However, MSEs in Camarines Sur also face similar challenges as their counterparts nationwide, such as restricted access to financing and inadequate infrastructure, which further impedes their growth and competitiveness. Micro and Small Enterprises (MSEs) plays a significant role in the Philippine economy in terms of promoting entrepreneurship and technological innovation, encouraging local development and alleviating poverty according to Rago et al (2023). They are said to be contributory factor to job creation and the overall economic environment. The complexities of cash flow planning, including estimating revenues and managing expenses can strain resources and require financial literacy. In the

study conducted by Athia et al (2023) efforts must be made to enhance the understanding of cash flow management to improve MSEs operations.

In Naga City, MSEs play a significant role in the economic development of regions. Their contribution to economic growth is crucial as they provide employment and enhance local economies. Despite their importance, MSEs often encounter many financial challenges that may hinder their operations and expansion efforts.

The conduct of this study aims to give insights to Micro and Small Enterprises about the importance of Cash Management Practices and how this could affect their financial performance in the business world. This study allows a business to optimize its working capital, alleviate their running debts, reduce reliance on external financing, enhance operational efficiency and contribute overall to their financial health.

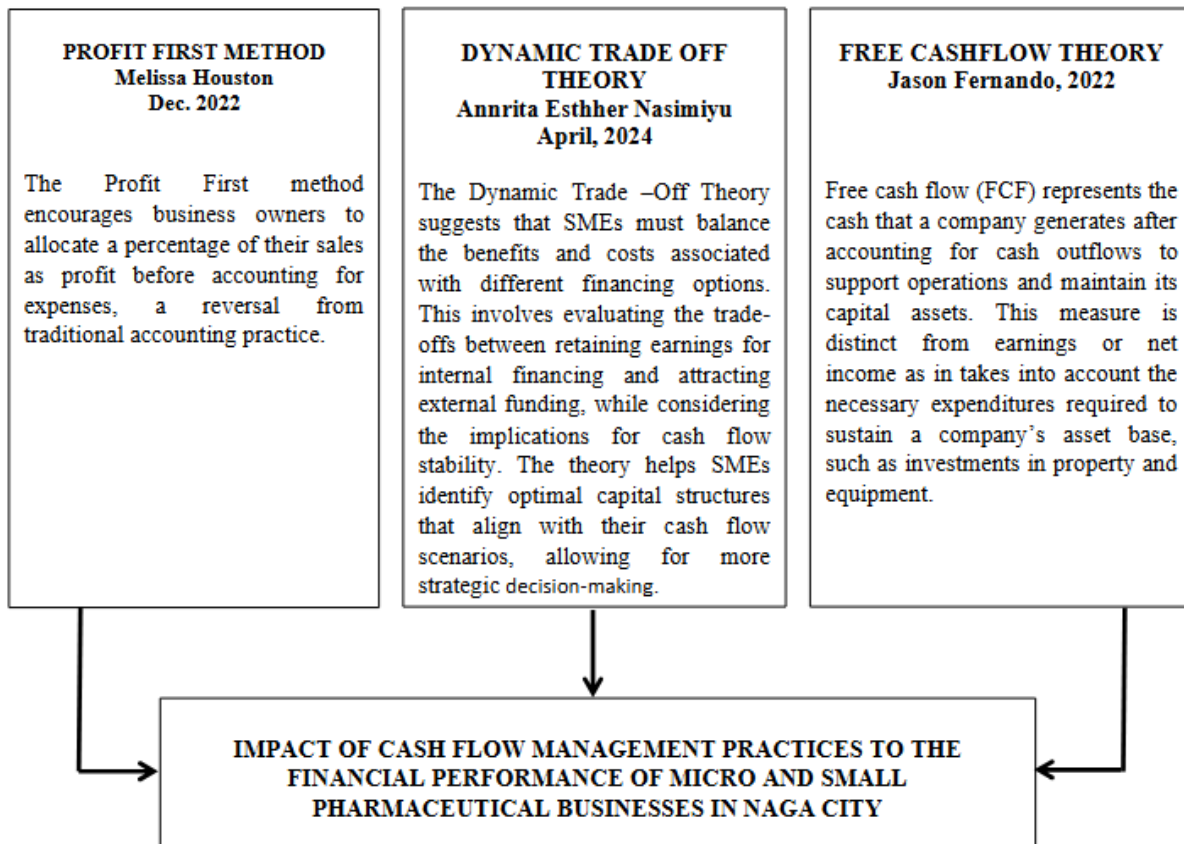
RESEARCH QUESTIONS

This study aims to examine the Cash Management Practices of the Micro and Small Enterprises in Naga City from the year 2022- to present and learn how they can affect their financial performance in the business industry. The following are the specific questions that were answered:

1. What is the profile of pharmaceutical company in Naga City as to their type of business, asset size, number of their employees, years in operation and their annual income/revenue?
2. What are their Cash flow Management Practices their business is performing when it comes to their Operating, Financing and Investing activities?
3. What is their Business Financial Performance over the past years when it comes to their Sales Generation, Disbursement Control, and Collection of receivables?
4. Is there a significant relationship between the business profile of the pharmaceutical business and their cash management practices?
5. Is there a significant relationship between the cash management practices to the financial performance of the business?
6. What strategies can be implemented to improve the cash flow management of MSEs in Naga City?

THEORETICAL PARADIGM

Figure 1. Theoretical Paradigm



The figure above is the vital theories that served as a guide in conducting this study. Developed by Melissa Houston, The First Profit Method serves as a comprehensive framework aimed at helping entrepreneurs manage their finances more effectively, ultimately leading to increased profitability and personal wealth. Houston emphasizes the importance of financial literacy and a proper financial management system to ensure business success. This method is aligned to our study because it gives a new approach to SMEs owners on how to maximize their profits and in order for them to have a good cash management practice that can impact their Financial Performance.

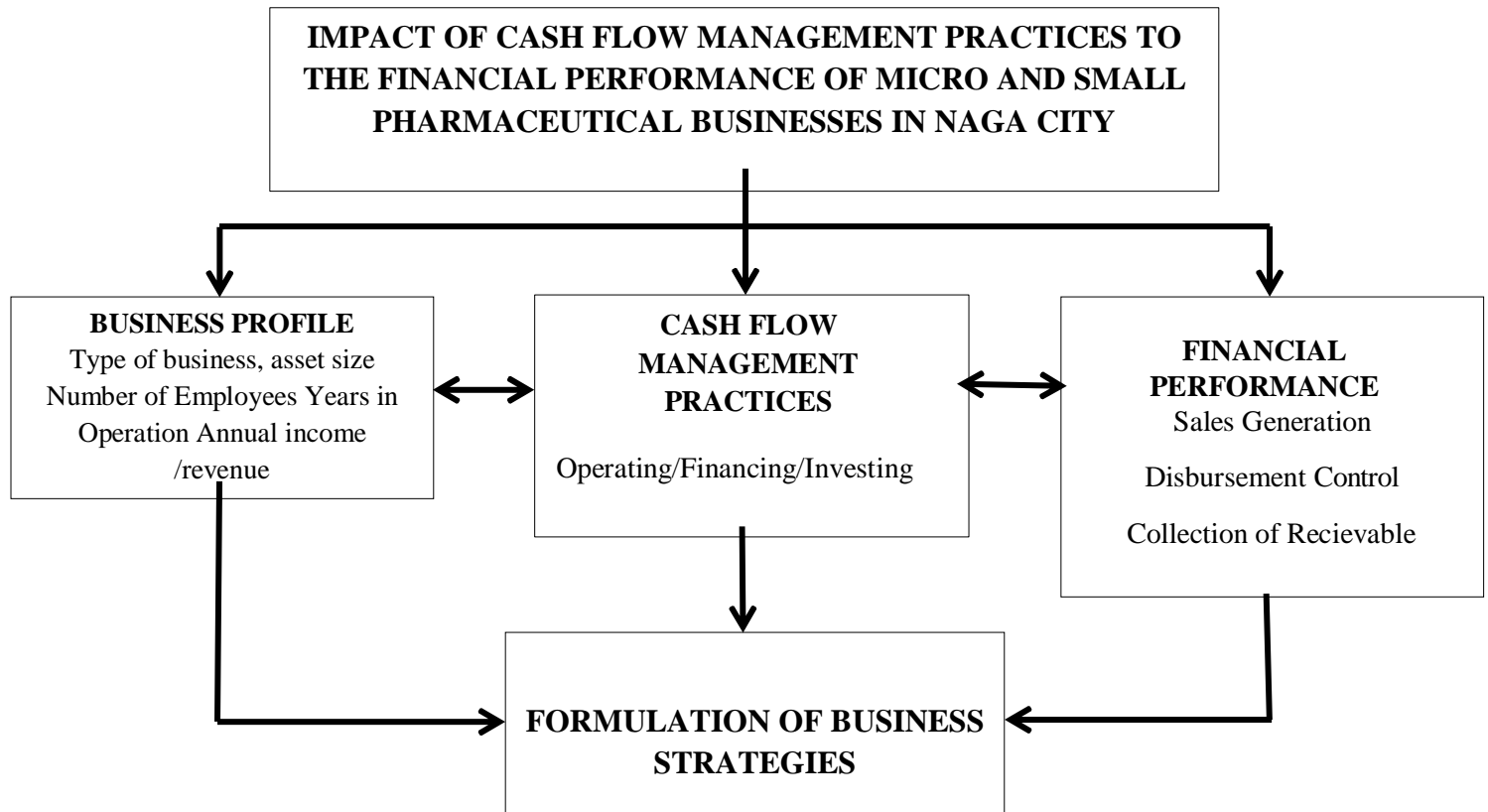
Annrita Nasimiyu's Dynamic Trade-Off Theory, plays a significant role in understanding the financial management practices of micro and small enterprises (MSEs). This theory is critical for optimizing financial performance and involves balancing the costs and benefits of capital structure decisions.

The Free Cash Flow (FCF) by Jason Fernando, is a critical financial metric representing the cash a company generates after accounting for cash outflows to maintain its operations and capital assets. Understanding FCF helps in assessing a company's financial health, profitability, and potential for growth, making it a vital component for investors and analysts alike. This is also aligned with our study because this theory plays as a foundation role in strategic financial planning and investment analysis that can make an impact also to

SMEs financial performance.

CONCEPTUAL PARADIGM

Figure 2. Conceptual Paradigm



The figure shown above presents the conceptual paradigm of this study entitled: “Impact of Cash Flow Management on the Financial Performance of Micro and Small Pharmaceutical Businesses in Naga City”. The Business Profile serves as the independent variable of different MSEs in Naga City in terms of their capitalization, number of their employees and years in operation and their Cash flow Management Practices as the Intervening variable that affects the Business Financial Performance which will serves as the dependent variable. This study aims to show the significant relationships of the following variables that can help the researchers formulate business strategies that would be beneficial to the MSEs.

LITERATURE REVIEW

According to, Sam Boran Li (2023), Micro and Small-sized enterprises (MSEs) play an imperative role in economic development, increasing global employment and accelerating innovation. Employees, who also play a role as innovative entrepreneurs, affect much of MSEs business performance and success. Employees’ capability, knowledge sharing and management, teamwork, entrepreneurship and networking capability help MSEs gain

competitive advantages that affect their performance and success. Erica Santiago (2024) said that, the MSEs profile introduces a business's mission, goals, vision, and history. In most cases, a profile includes an 'About Us' section that narrates how the company was founded and its whys, and a section that introduces leadership team members. A company profile serves multiple purposes, but two of its primary goals are to connect with customers and attract investors for funding opportunities. Based on Charles M. Barr (2024), Capitalization is the lifeline that allows small businesses to turn challenges into opportunities. It offers the financial buffer to withstand the pressures of rising costs and the agility to respond to market changes effectively.

Cash flow management in operating activities revolves around the day-to-day functioning of the business. Tracking income and expenses is critical to ensuring that the business can meet its obligations. Implementing practices such as establishing a break-even point is essential, as it provides a tangible goal for revenue generation, helping MSEs monitor their financial health more effectively as stated at American Express (2024). Another key practice is maintaining updated financial statements to gain real-time insights into cash flows. This allows businesses to identify potential cash shortfalls before they arise, enabling proactive measures. Moreover, automating invoicing processes and offering flexible payment terms can improve cash collections, ensuring that cash inflows align closely with outflows according to Jim Pendergast (2023). As explained by Nalinee Chinowuthichai (2023), in terms of financing activities, MSEs often confront challenges such as insufficient working capital. To counter this, businesses should maintain a healthy line of credit, allowing them to cover unexpected expenses without disrupting their cash flow. Conducting thorough financial assessments can help determine the need for financing options based on projected cash flow. Implementing effective credit management procedures is another essential strategy. This includes setting clear payment terms for clients and ensuring diligent follow-up on receivables. Automating these processes with financial software can help maintain oversight and prompt payment. Investing activities play a significant role in determining the long-term viability of MSEs. Businesses should employ effective cash flow management practices to allocate surplus cash wisely. For instance, investing in technology or automation can enhance operational efficiency, ultimately leading to improved cash flow through reduced costs based on Admin (2024). MSEs must focus on optimizing cash flow through efficient capital allocation. One key practice is conducting a thorough analysis before any investment to ensure alignment with the company's financial capabilities and growth objectives. MSEs can leverage excess cash to invest strategically in growth opportunities, whether through equipment purchases, market expansion, or research and development as mentioned by Hang Pham (2024).

The financial performance of small and medium-sized enterprises (MSEs) is significantly influenced by various factors including management accounting practices, access to financial accounting services, debt financing, and effective financial planning strategies. In the study conducted by Paolo Roffia et al (2024), It was discovered that the implementation of management accounting tools such as budgeting and cost accounting leads

to improved financial outcomes. Factors like resource availability, employee training, and a strong culture of control are essential for effective management accounting, ultimately driving organizational performance and strategic decision-making. The implementation of basic accounting functions could help MSEs to know their financial position and to be able to streamline their financial activities which was stated in the study of Emmanuel Gyamera et al (2023). Understanding the multifaceted nature of financial performance, along with leveraging technology and expert advice, will be crucial for MSEs aiming to thrive in competitive environments. The financial success of MSEs is intertwined with their ability to navigate challenges, access financial resources, and implement strategic planning effectively which was started by Rick Johnson (2023).

Micro and Small-sized enterprises (MSEs) must adopt comprehensive strategies for sales generation, disbursement control, and debt collection to ensure sustainable growth and financial stability. Effective sales generation strategies focus on understanding target markets, employing diverse marketing techniques, and aligning sales and marketing efforts. Robust disbursement controls prevent fraud and ensure financial health, while efficient collection practices leverage technology and customer engagement to enhance cash flow management. John Philip Racaza (2022) stated that financial literacy has been demonstrated to play a crucial role in enhancing the decision-making skills of MSE managers, which in turn affects the financial performance of these enterprises. Effective disbursement control is another vital element affecting the financial performance of MSMEs. According to the study conducted by Edmel Bulandos and Flormando Baldovino (2024). Proper cash management practices ensure that resources are utilized efficiently, which can significantly boost profitability.

The study aims to determine whether or not a business profile under examination possesses a significant correlation with cash flow management practices is vital. According to Bates et al. (2023), it has a pivotal role in providing entrepreneurial discernment that may enhance the financial stability of a business, enhance its operation, and mitigate cash flow-related crises that may hinder progress among businesses. Findings from a study by Xero (2023) revealed that business profiles provide information that may be incorporated in tailoring financial strategies. Russo (2023) emphasized on these factors as indicators of what shall and shall not be readjusted. He also linked business profiles to cash flow management problems, identifying whether or not the type of management can effectively help in balancing out the risks and rewards. This problem was highlighted in a study by Salas - Molina et al. (2023), which was conducted to demonstrate the degree of setbacks that may arise during economic downturns, based on the practices in which a business manages its cash flow. They also stated that it is essential to ensure that resources are optimally allocated to the production, distribution, and marketing of products. In short, characteristics that compose a business profile are as unique as the cash flow management practice that may provide the best results for MSEs. In weighing aspects, integrating changes, and designing the implementation, more areas of the business and its strengths and weaknesses are covered, in the form of choosing the cash flow management practice effective for the business.

To determine the relationship between cash flow management practices and the financial performance of MSEs in Naga City, several key insights can be drawn. Effective cash management is crucial for the sustainability of MSEs, as it directly influences its financial outcomes. According to Mbogo, et al (2021), budgeting practices, particularly in planning and controlling cash flows, have been shown to positively influence financial performance in MSEs, suggesting that strategic financial planning is crucial. Through the implementation of streamlined payment procedures, MSEs can enhance cash flow, reduce expenses related to delayed payments, and ultimately improve financial performance as stated by Puspitarini et al (2023). In addition, Lasmana et al (2022) states that, effective cash disbursement and payment policy can have a positive relationship between cash flow management practices and financial performance that impact on profitability. In contrast, while cash management is vital, some studies suggest that other factors, such as market conditions and external economic influences, can also significantly affect the financial performance of MSEs, indicating a multifaceted relationship. By emphasizing to cash flow practices like cash policy and investment strategies, the financial performance can be improved by allocating cash to investing, generating higher return. It shown how the relationship of effective cash flow management to financial performance as articulated by Safari and Mwaneyefa (2024).

Effective cash flow management strategies for MSEs include implementing cash budgeting, establishing cash policies and implementing cash accountability to improve financial performance base on the study conducted by Nasimiyu (2024). Small and Medium Enterprises in Local Government Unit of City of Naga, should develop a regular review of financial performance against operating, financing and investing activities, so that it can help to identify the sales generation, disbursement and collection, the discrepancy to adjust strategies accordingly Meenakshi & Ranjan (2024). Understanding the innovation of financial performance is a part of comprehensive strategies management in theoretical framework of FIRST PROFIT METHOD, developed by Melissa Houston (2022) by adopting risk management, technology upgrading and diversified funding sources to the business owner of Micro and Small Enterprises (MSEs) that can make establish and effectively manage their financial performance to the impact of cash flow management which was given emphasis by Meenakshi & Ranjan (2024). By these aspects, to empower the Micro and Small Enterprises (MSEs) of a skills gap such as; incomplete accounting or poor cash flow management, thus overcoming it by providing a financial literacy and to propose a tailored guidance and solutions based on local economic condition and practices related to decent work and economic growth-SDG#8. Navigating financial compliance in MSEs overcoming challenges and implementing effective solutions as stated by Bello (2024)

Although there are some laws like the Magna Carta for Small Enterprises, Brgy. Micro Business Enterprises (BMBE) Act and GO NEGOSYO Act that aims to improve the capabilities of the MSEs to spur economic growth, the absence of a law that protects the welfare and provides full governmental support to MSEs is still lacking thus, creating a gap in order for them to thrive, towards attaining a good financial performance and succeeding in

the business industry. Additionally, MSEs often struggle to access affordable financing options. Financial institutions may perceive them as risky borrowers due to their small size, lack of collateral, and limited financial track record, which may hamper their growth and expansion. Raquiza (2022) noted that they have minimal credit access from formal lending institutions. They seldom approach commercial banks due to their high-interest rates, high minimum loan requirements, voluminous requirements, short repayment periods, and difficulty in restructuring loans.

METHODS

Research Methods

This study used mixed method approach employing both the qualitative and quantitative research methods. The descriptive research design was used in order for us to determine the following parameters when it comes to the Business Profiling process. It was used in gathering some data about the type of business they are into, what scale do they belong, their asset size and their annual income/ revenue by providing them survey questionnaires. Surveys are a common and effective tool in this design, enabling us to collect data and information that reflects the respondent's views, knowledge, behaviors as well as experiences. The first part of the questionnaire determined the business profile of the respondents. The second part is determining their Cash flow management practices with the aid of the 4 Likert Scale- a method used in surveys to measure respondents' attitudes or opinions without providing a neutral option. Based on their observation they were allowed to choose from the given scale: 4- Highly Practice, 3-Moderately Practice, 2-Somewhat Practice and 1- Not Practice for us to know their attitudes and opinions about their Cash flow Management Practices in terms of their Operating, Financing and Investing Activities. Additionally, the same is conducted to measure their opinion on their Financial Performance along with their Sales Generation, Disbursement Control and Collection of Receivables.

Sampling Procedures

The procedure used in the conduct of this study is through convenience purposive sampling. Data gathering takes place in Naga City where we tried to look for Pharmaceutical Business that falls under the scale of Micro, and Small Enterprise. Our sample size was narrowed to 30 different pharmacies located in Naga City (21 micro and 9 small enterprises). An owner of the pharmacy, a manager or the pharmacist him or herself at the managerial level with higher position, knowledgeable and know how to handle surveys were surveyed and interviewed for us to collect and gather relevant data for our study. They were given a letter of request if we could conduct our data gathering and they were given an option whether they would want to participate or not and they can always decline and withdraw to the process should they decide not to push through. Any data we collected will be treated with utmost confidentiality and will only be used for the purpose of this study.

RESULTS AND DISCUSSIONS

Profile of Pharmacies under Micro and Small Enterprises in Naga City

Table 1 Business Profile of Micro and Small Enterprise Pharmacy in Naga City

Profile	f	%	r
TYPES OF BUSINESS			
Retail	28	93.33%	1
Other(s)	2	6.67%	2
Total	30	100.00%	
ASSET SIZE			
Did not disclose	2	6.67%	5
Less than ₱500,000	6	20.00%	2
₱501,000 to ₱1,500,000	13	43.33%	1
₱1500,001 to ₱5,000,000	5	16.67%	3
More than ₱5,000,000	4	13.33%	4
Total	30	100.00%	
Number of Employees			
1-9 Micro	21	70.00%	1
10-99 Small	9	30.00%	2
Total	30	100.00%	
Years in Operation			
Less than 1 year	1	3.33%	4
1-3 years	3	10.00%	3
4-7 years	12	40.00%	2
More than 7 years	14	46.67%	1
Total	30	100.00%	
Annual -Income Revenue			
did not disclose	2	6.67%	3
less than ₱3M (Micro)	21	70.00%	1
₱3M - ₱15M (Small)	7	23.33%	2
Total	30	100.00%	

Table 1, shows that the type of business in Naga City that ranked the highest garnering of 93.33% of the data is the Retail type of business while Others ranked last garnering of 6.67% of the data as they chose to be distributors instead. When it comes to asset size Pharmacies with an asset size of ₱500,001 to ₱1,500,000 ranked the highest with 43.33% of the data and pharmacies who did not disclose their asset size ranked to be the lowest garnering of 6.67% as they opted it to be something confidential. As to the number of employees, Micro- enterprise pharmacy with 1-9 employees ranked the highest having a 70% of the data and those small-scale enterprise pharmacy with 10-99 employees with 30% of the

data ranked the lowest. In their years of existence in Naga City the pharmacies who are in the business for more than 7 years ranked the highest and those who are in the business for less than a year ranked the lowest as they are just starting to be new players in the business field. Additionally, when it comes to their Annual Income revenue, those who have an annual income of less than 3M ranked the highest and those pharmacies who opted to be confidential and did not disclose their income ranked the lowest.

The data from Naga City highlights important trends in the local business landscape, particularly within the pharmacy sector. The dominance of retail businesses, comprising 93.33% of the data, suggests a strong consumer preference for accessible retail options. Pharmacies with asset sizes between P500,001 and P1,500,000 leading with 43.33% indicates that medium-sized businesses may be more viable or better established in this market. The prevalence of micro-enterprise pharmacies with 1-9 employees, accounting for 70% of the data, underscores the importance of small businesses in the local economy, likely contributing to job creation and community engagement. The fact that more established pharmacies (over 7 years) ranked higher in terms of experience points to the value of resilience and reputation in sustaining business success. Lastly, the trend of pharmacies with annual incomes under 3M ranking highest reflects the potential for growth within smaller revenue brackets, while the confidentiality surrounding income data may indicate a sensitivity around financial performance, possibly affecting business transparency and competition. Overall, these insights reveal the dynamics of business size, experience, and financial performance, which are crucial for understanding and supporting the local economy.

Relative to these results, according to the Comprehensive Land Used Plan of the Local Government Unit of Naga City, As of November 2022 (CLUP 2021-30 VOLUME 1 REVISED DRAFT 5.0), Naga City had a total of 16,202 micro, small, and medium enterprises (MSMEs), indicating a vibrant entrepreneurial ecosystem. Among these enterprises, a significant portion consisted of micro-enterprises, which are defined by their limited scale and capital. The micro-enterprise segment typically represents a large share of the total MSMEs, often accounting for 90% or more of all businesses within a city which explains why they are the most rampant enterprise.

Cash Management Practices

In this part will discuss the Cash Management Practices of Micro and Small Business Enterprise Pharmacies in Naga City along with their Operating, Financing and Investing Activities.

OPERATING ACTIVITIES

Table 2.1 Operating Activities

Parameters	Mean	Rank	Interpretation
Regularly monitors cash inflows and outflows	3.52	1.5	HP
Prepares cash flow statements to manage daily operations	3.52	1.5	HP
Implements cash reserves for unexpected expenses	3.24	4	MP
Tracks Inventory levels	3.45	3	HP
Analyzes operating expenses	3.21	5	HP
Overall Mean	3.39		Highly Practiced

Note: 3.25 – 4.00 - Highly Practiced (HP); 2.50 – 3.34 - Moderately Practiced (MP); 1.75 - 2.49 - Somewhat Practiced (SP); 1.00 - 1.74 - Not Practiced (NP)

Table 2.1 exhibits that the Cash flow management practices from Operating Activities of the micro and small enterprise pharmacies in Naga City is highly practiced” with an overall average weighted mean of 3.39. Among the parameters, the regular monitoring of their cash inflows and outflows and the preparation of cash flow statements to manage daily operations are highly practiced which makes them ranked the highest both with an average weighted mean of 3.52 while on the other hand Analyzing their operating expenses ranked the lowest with an average weighted mean of 3.2.

The results show that the cash flow management practices from the Operating activities of the micro and small enterprise pharmacies in Naga City is still highly practiced. Regular Monitoring of Cash inflows and outflows ranked first because by doing so it helps identify potential financial challenges before, they escalate into critical issues. Analyzing cash flow patterns helps businesses identify delays in customer payments and unexpected expenses, with cash flow statements providing a clear view of actual cash transactions and liquidity, unlike profit and loss statements. However, some business owners may undervalue the importance of analyzing operating expenses for various reasons. While operating expenses are critical for assessing the operational efficiency of a company, the focus on analysis can sometimes lead to pitfalls. One reason is that an excessive focus on operating expenses can divert attention from other crucial areas of the business. Businesses often neglect the importance of growth investments and quality enhancements when they concentrate primarily on reducing operational costs. This overemphasis can result in a stagnant company that fails to innovate or compete effectively.

Monitoring cash inflows and outflows, preparation of cash flow statements to manage daily operations and analyzing operating expenses are all integral to sound financial management, they focus on different aspects of a business's financial health. This supports the article of Firer (2024) that discusses the importance of cash flow management for

businesses and provides 10 practical tips to effectively manage cash flow. It explains the difference between cash flow and profit, and highlights the common cash flow challenges faced by startups and seasonal businesses. The article emphasizes the need to monitor cash flow regularly, cut costs, get customers to pay faster, utilize unused assets, and obtain a line of credit or loan to maintain a healthy cash flow. Additionally, Miller (2021) states that understanding how to create and interpret a cash flow statement can empower business leaders to make more informed decisions and better evaluate a company's financial health and liquidity. Cash flow statements are essential tools for financial control and management, providing insights into resource outputs and aiding in financial planning as mentioned by Vieira & Batistoti (2015). Effective cash management practices, including monitoring receipts and disbursements, are critical for business efficiency and sustainability Reider & Heyler (2002) and Ahmad & Abdullah (2015).

FINANCING ACTIVITIES

Table 2.2 Financing Activities

Parameters	Mean	Rank	Interpretation
Reviews loan and debt repayment schedules	2.89	2	MP
Evaluates funding sources for business expansion	2.82	3	MP
Manages relationships with lenders and creditors	2.93	1	MP
Assesses the company's capital structure	2.75	4	MP
Monitors interest rates and market conditions	2.64	5	MP
Overall Mean	2.81		Moderately Practiced

Note: 3.25 – 4.00 - Highly Practiced (HP); 2.50 – 3.34 - Moderately Practiced (MP); 1.75 - 2.49 - Somewhat Practiced (SP); 1.00 - 1.74 - Not Practiced (NP)

In Table 2.2, Managing relationship with lenders and creditors ranked 1st with a mean of 2.93 signifying a moderately practiced activity. On the other hand, Monitoring interest rates and market conditions has the lowest mean of 2.64 signifying still a moderately practiced activity but also indicates that while monitoring market condition is important, it is considered less important compared to other financing activities in this particular context.

The disparity between the highest and the lowest ranking investing activities highlights an imbalance in the business' approach to financial management. While the business excels at building and maintaining relationships with lenders and creditors, it appears to be less focused on proactive market monitoring. This imbalance could expose the business to unnecessary risks and missed opportunities. A more balanced approach, indicating robust market analysis into its financial planning, would likely improve the business' overall financial resilience and performance. The financing activities table indicate that most practices related to loan and debt repayment schedules, funding evaluations, lender relationships, capital structure assessments, and monitoring of interest rates are only

moderately practiced. There may be a lack of awareness about the importance of these practices. As a result, they may engage financing activities less frequently, focusing instead on immediate operational opportunities. Overall, the moderately practiced status of these financing activities suggests an opportunity for improvement. By investing in financial literacy, strengthening relationship with relationship with financial institutions.

According to Stone (2024), It is imperative to know the importance of developing strong borrower- lender relationships for financial institutions. It outlines five key strategies that can be used to foster these relationships, including building trust, tailoring lending solutions, maintaining effective communication, ensuring transparency, and being flexible and adaptable. Yurii (2022) states, that financial monitoring is crucial for identifying discrepancies between actual performance and standards, enabling timely management decisions. Regular monitoring helps adapt to internal and external changes, enhancing financial security and operational effectiveness. Jaya (2024) added, that investing in financial literacy can empower employees to understand the significance of comprehensive financial practices, including risk management and market analysis.

INVESTING ACTIVITIES

Table 2.3 Investing Activities

Parameters	Mean	Rank	Interpretation
Plans for long term investments in equipment or expansion	2.75	1	MP
Allocate funds for reinvestment in the business	2.43	3	SP
Considers future market opportunities in cashflow planning	2.50	2	MP
Evaluates potential partnership to enhance business capabilities	2.14	5	SP
Conducts regular investment performance to optimize returns	2.18	4	SP
Overall Mean	2.40		Somewhat Practiced

Note: 3.25 – 4.00 - Highly Practiced (HP); 2.50 – 3.34 - Moderately Practiced (MP); 1.75 - 2.49 - Somewhat Practiced (SP); 1.00 - 1.74 - Not Practiced (NP)

In Table 2.3, The ranking reflects the perceived importance and practice of different investment strategies within the context of micro and small enterprise pharmacies in Naga City. Planning for long term investments in equipment or expansion ranked the highest with a total mean of 2.75 signifying a somewhat practiced in investing activity while evaluating potential partnership to enhance business capabilities ranked the lowest with a total mean of 2.14 which signifies a somewhat practiced activity.

Investing in equipment and expansion demonstrates a commitment to enhancing efficiency, increasing production capacity and expanding market reach. This approach

positions the business for sustainable growth and improved profitability in the long run. The investment might involve upgrading technology, expanding facilities and or entering new markets. Furthermore, evaluating potential partnership suggests a relatively lower emphasis on exploring and leveraging external collaborations to enhance business capabilities. This indicates a preference for organic growth, internal resource constraints or a perceived lack of suitable partnership opportunities.

The results prove the article of More on Simon (2024) that suggests that equipment financing can play a strategic role in addressing these challenges and positioning businesses for growth. It emphasizes the need for businesses to reassess their equipment needs and work with a trusted, experienced banking partner to secure financing tailored to their specific goals and objectives. Engaging in partnerships requires careful financial planning to ensure alignment with strategic goals, whereas equipment investments can often involve substantial initial outlay potentially mitigated through financing options as stated by Scotchman Industries (2024). Upgrading technology and expanding facilities can significantly increase production capacity, as demonstrated in modular plant designs that allow for flexible and efficient capacity adjustments as stated by Seifert et al., (2015). Additionally, Pachuau et al., (2024) stated that resource allocation, including energy management and automation, is essential for minimizing costs and maximizing efficiency, which directly contributes to profitability. Hendricks & Hendricks (2001) notes, that investment in modern equipment facilitates the adoption of advanced technologies, enabling firms to compete effectively in new markets.

Summary of the Cash Flow Management Practices of Micro and Small Business Enterprise Pharmacies in Naga City along with their Operating, Financing and Investing Activities.

Table 2.4 Summary Table of Cash Management Practices of Micro and Small Business Enterprise Pharmacies in Naga City.

Parameters	Mean	Rank	Interpretation
Operating Activities	3.39	1	Highly Practiced
Financing Activities	2.81	2	Moderately Practiced
Investing Activities	2.40	3	Somewhat Practiced
Overall Mean	2.87		Moderately Practiced

Note: 3.25 – 4.00 - Highly Practiced (HP); 2.50 – 3.34 - Moderately Practiced (MP); 1.75 - 2.49 - Somewhat Practiced (SP); 1.00 - 1.74 - Not Practiced (NP)

Table 2.4, summarizes the data on the Cash Management practices of Micro and Small Business Enterprise pharmacies in Naga City along with their Operating, Financing and Investing activities. Each parameter was interpreted as “Highly Practiced”, “Moderately Practiced” and “Somewhat Practiced” respectively which demonstrate to how micro and small business enterprise pharmacies in Naga city focused on their cash flow management

practices. Among these aspects, micro and small business enterprise pharmacies perceived their “Operating Activities” a Highly Practiced activity with an average weighted mean of 3.39. Furthermore, the “Investing Activities perceived to be the lowest garnering of 2.40 weighted average mean which was interpreted as Somewhat Practiced.

The overall moderate practice of cash flow management reflects a need for improvement across all areas. While operating activities are well-managed, the weaknesses in financing and investing activities, the long-term sustainability of the business. MSEs should invest in training and professional advice to enhance their financial management skills, aiming for a balanced approach that strengthens all aspects of cash flow management. The Operating Activities which are the highest-ranking activity suggests that micro and small business enterprise pharmacies in Naga City excel at managing their day-to-day operations. This could be attributed to several factors like Strong Revenue Streams, Inventory Control, and Customer Relationships. On the other hand, The Investing Activities which perceived to be the lowest ranking indicates a potential area for improvement. This could signify Limited Resources, Risk Aversion, and Lack of Expertise. The significance of these findings lies in understanding the strengths and weaknesses of these businesses in terms of cash management. While the pharmacies demonstrate strong operational management, they may need to focus on improving their investment strategies to ensure long-term growth and sustainability.

A balanced approach across operating, investing, and financing activities is essential for financial stability and sustainability as Okhrymovych & Gutko (2018) highlighted. Tangsucheeva et al., (2014) suggest that investing in training can equip MSEs with necessary financial management skills, improving their ability to forecast and manage cash flows. These activities generate the majority of a company's cash flow and determine its profitability. Full Bio (2020) articulated and supports the statements that Operating activities are distinguished from investing and financing activities, which are not directly related to the provision of goods and services. The cash flows from operating activities are an important metric used by financial analysts and investors to assess a company's financial health.

Financial Performance

In this part will discuss the Financial Performance of Micro and Small Business Enterprise Pharmacies in Naga City along with their Sales Generation, Disbursement Control and Collection of Receivables.

SALES GENERATION

Table 3.1 Sales Generation

Parameters	Mean	Rank	Interpretation
Increase overall sales generation	3.45	2	Highly Performing
Improve Customer relationship or retention	3.69	1	Highly Performing
Expand into new markets (Online marketing)	2.55	4	Moderately Performing
Launch New Products or services	2.97	3	Moderately Performing
E-commerce website/social media platforms	2.34	5	Somewhat Performing
Overall Mean	3.00		Moderately Performing

Note: 3.25 – 4.00 - Highly Performing (HP); 2.50 – 3.34 - Moderately Performing (MP); 1.75 - 2.49 - Somewhat Performing (SP); 1.00 - 1.74 - Not Performing (NP)

Table 3.1 among the parameters of Business Financial Performance on their Sales Generation stated above, Improve Customer Relationship or retention ranked the highest having an average weighted mean of

3.69 and was interpreted as Highly Performing and in contrast, E-commerce website/social media platforms" with a mean of 2.34 and an interpretation of Somewhat Performing ranked the lowest.

This data suggests that micro and small business enterprise pharmacies in Naga City are highly focused on improving customer relationships and retention, while they are less focused on leveraging e-commerce and social media platforms. This could indicate a need for these businesses to invest more in digital marketing strategies to reach a wider audience and improve their online presence.

The results prove the article of Gargaro (2024) where he articulated that various strategies and best practices for building positive customer relationships, including developing a customer-centric culture, leveraging technology for self-service solutions, ensuring responsive and skilled customer support, and tracking customer satisfaction metrics. However, the low results of the use of E-commerce website/social media platforms proves the statements of Super Office (2024) that despite widespread acknowledgment of digital transformation's benefits, many companies face challenges during their digital transformation initiatives. Approximately 47% of organizations have not yet embarked on their digital transformation journey, with a significant percentage expressing concerns about potentially losing market share if they do not adapt quickly enough.

DISBURSEMENT CONTROL

Table 3.2 Disbursement Contro

Parameters	Mean	Rank	Interpretation
Reviewing your disbursement records	3.47	1	Highly Performing
Enhance approval workflows of employee	3.20	3	Highly Performing
In tracking expenses	3.33	2	Moderately Performing
Implementation of automated tools	2.97	4	Moderately Performing
Budgeting controls in operational expenses	2.72	5	Somewhat Performing
Overall Mean	3.14		Moderately Performing

Note: 3.25 – 4.00 - Highly Performing (HP); 2.50 – 3.34 - Moderately Performing (MP); 1.75 - 2.49 - Somewhat Performing (SP); 1.00 - 1.74 - Not Performing (NP)

Table 3.2 shows that when it comes to Disbursement Control, Micro and Small Enterprise Pharmacies in Naga City tend to give attention on Reviewing their Disbursement records and was ranked the highest among the parameters having an average weighted mean of 3.47 which was interpreted as Highly Performing while the Implementation of automated tools ranked the lowest with a mean of 2.72 and was interpreted as Somewhat Performing.

One of the primary reasons MSEs focus on reviewing disbursement records is the significant constraint of limited financial resources. MSEs typically operate on tight budgets, making it challenging to allocate funds for new technologies or automation tools. The immediate need to manage cash flow, control expenses, and ensure financial stability takes precedence over investing in automation, which may require substantial upfront costs.

Reviewing disbursement records plays a pivotal role in safeguarding an organization's financial health. It mitigates risks, enhances accountability, and supports effective financial management, all of which are critical for achieving operational success to which has been highlighted on the article of Faster Capital (2024) entitled The Importance of Disbursement Review in Financial Management. However, the Implementation of automated tools pictures the article from JavatPoint (2024) stating the disadvantages of using automated tools are due to its complexity, High initial costs, maintenance and support requirement and issues of accuracy thus they are less likely to be given more attention

COLLECTION OF RECEIVABLES

Table 3.3 Collection of Receivables

Parameters	Mean	Rank	Interpretation
Better Communication with customers or client	3.72	1	Highly Performing
Automated invoicing and reminders	3.45	2	Highly Performing
Collection process on your overall cash flow	3.28	5	Highly Performing

Timely payments from customers	3.34	3	Highly Performing
Strategies follow up processes (Time frame for collection)	3.31	4	Highly Performing
Overall Mean	3.42		Highly Performing

Note: 3.25 – 4.00 - Highly Performing (HP); 2.50 – 3.34 - Moderately Performing (MP); 1.75 - 2.49 - Somewhat Performing (SP); 1.00 - 1.74 - Not Performing (NP)

Table 3.3 shows that among the parameters stated above on the context of Collection of Receivables, MSEs gives much more attention to “Better Communication with customers or client” which ranked the highest with a mean of 3.72 suggesting a Highly Performing when it comes to Business Financial Performance while on the other hand the Collection process on your overall cash flow ranked the lowest having a mean of 3.28 but still a Highly Performing results.

Customer communication is foundational in building relationships and ensuring a business operates smoothly. Clear and coherent communication helps set expectations regarding payment terms, due dates, and acceptable payment methods, which prevents misunderstandings that can delay payment. When businesses engage with customers effectively, they can foster trust and loyalty, leading to quicker payments and fewer disputes. On the other hand, a robust collections process is essential for receiving payments in a timely manner. Efficient management of accounts receivable directly influences cash flow, and it is the lifeblood of financial stability for businesses. Establishing a systematic collections process allows businesses to minimize cash flow gaps by ensuring that invoicing, follow-ups, and payment confirmations are timely and organized.

Good communication fosters a proactive approach to addressing potential issues. Regular engagement with clients through updates, reminders, and feedback allows businesses to identify and tackle potential payment problems before they escalate which was emphasized by Laker 2023 and as a result, this leads to better negotiation outcomes, higher collection rates, and healthier cash flow, which are essential for the business's sustainability and growth

Summary of the Financial Performance of Micro and Small Business Enterprise Pharmacies in Naga City along with their Sales Generation, Disbursement Control and Collection of Receivables

Table 3.4 Summary Table of Financial Performance of Micro and Small Business Enterprise Pharmacies in Naga City.

Parameters	Mean	Rank	Interpretation
Sales Generation	3.00	3	Moderately Performing
Disbursement Control	3.14	2	Moderately Performing
Collection of Receivables	3.42	1	Highly Performing
Overall Mean	3.19		Moderately Performing

Note: 3.25 – 4.00 - Highly Performing (HP); 2.50 – 3.34 - Moderately Performing (MP); 1.75 - 2.49 - Somewhat Performing (SP); 1.00 - 1.74 - Not Performing (NP)

Table 3.4 stated above that on the context of the Financial Performance of MSEs in the pharmaceutical business Naga City shows that the highest-ranking parameter with an average weighted mean of 3.42, interpreted as Highly Performing indicates a strong performance in Collection of Receivables. The lowest ranking parameter, with an average weighted mean of 3.00, interpreted as Moderately Performing is the Sales Generation.

The overall moderately performing status indicates that while there are strengths in the collection of receivables, the other areas require attention to achieve a balanced financial performance. This suggests a need for an integrated approach to enhance overall financial health. MSE pharmacies should prioritize developing comprehensive financial management strategies that address sales generation and disbursement control alongside their strong receivables collection. Initiatives could include workshops on financial literacy for owners and staff, as well as leveraging technology to optimize financial processes. The collection of receivables and sales generation are two integral processes within a business's financial ecosystem that significantly influence one another. Understanding the relationship between them can enhance operational efficiency and financial performance. The collection of receivables refers to the process businesses undertake to retrieve payments owed by customers for goods or services provided on credit, while Sales generation, on the other hand, entails attracting and converting potential customers into paying clients.

Mbembe et al., (2019) states that training can address effective collection strategies, reducing bad debts and improving cash flow, for pharmacies with multiple branches, a unified system can enhance oversight and management of accounts receivable. Implementing financial technology can streamline invoicing and tracking of receivables, ensuring timely payments both highlighted by Oktaviani & Sutarsa, (2024) and Mbembe et al., (2019). The results clearly state that for the MSEs, the collection of receivables plays a significant role in sales generation and overall business growth. Efficient management of receivables not only impacts cash flow but is also intertwined with the company's sales strategies and customer relationships. Implementing strategies such as clear credit policies, efficient invoicing, regular communication with customers, and leveraging technology solutions, businesses can improve their receivables management practices, minimize the risk of bad debt, and create opportunities for growth as this was emphasized by Inga Schibsted (2024).

The Significant Relationship between Business Profile of MSE's (Pharmacies) and their Cash Flow Management Practices

Table 4.1 Significant Relationship between Business Profile of MSE's (Pharmacies) and their Cash Management Practices

BUSINESS PROFILE	CASH FLOW MANAGEMENT PRACTICES					
	OPERATING ACTIVITIES		FINANCING ACTIVITIES		INVESTING ACTIVITIES	
	χ^2 - value	p - value	χ^2 - value	p - value	χ^2 - value	p - value
Asset Size	3.5948 ^{ns}	0.4366 ^{ns}	18.6794 ^{ns}	0.09656 ^{ns}	16.3652 ^{ns}	0.03744***
Number of Employees	0.6971 ^{ns}	0.4038 ^{ns}	1.5054 ^{ns}	0.681 ^{ns}	0.3826 ^{ns}	0.8259 ^{ns}
Years in Operation	1.7339 ^{ns}	0.6294 ^{ns}	5.4283 ^{ns}	0.7955 ^{ns}	5.842 ^{ns}	0.4411 ^{ns}
Annual Income/Revenue	1.7339 ^{ns}	0.6295 ^{ns}	3.0073 ^{ns}	0.8079 ^{ns}	3.6106 ^{ns}	0.4613 ^{ns}

Note: ns- Not Significant s- Significant Interpretation Guide: p - value ≥ 0.05 p - value < 0.05

In the Context of Asset Size and Investing Activities, Table 4.1 shows that asset size has significant relationship with investing activities with a p-value of 0.037744 which is less than the p-value of 0.05. Meanwhile the rest of the practice has no significant relationship with cash flow management.

Based on these results, it can be inferred that there is no significant relationship between the business profiles of MSEs in Naga City and their Cash flow Management Practices when it comes to Operating and Financing Activities, however it can also be inferred that there is a significant relationship between asset sizes of MSEs and its Investing Activities. The operating and financing activity patterns of companies can vary significantly, but it is important to note that companies with different asset sizes do not necessarily exhibit distinct patterns in these activities. Various factors, such as industry type, management strategies, and market conditions, can influence cash flow behaviors, making it essential to analyze these aspects comprehensively. Investing activity patterns can vary considerably based on asset size. This asset size typically results in higher capital expenditures as firms invest in infrastructure and advanced technology to maintain competitiveness. Conversely, MSEs may focus their investments more on marketable securities and less on physical assets, reflecting their limited cash flow and resource availability.

In an article found in *mygsb.bank* which was published last May 24, 2024 entitled “Understanding the Basics of Cash Management: Why It Matters for Your Business” it states that the interrelationship among business profiles, cash flow management practices, along with their operating, financing, and investing activities is vital for a company's success. A well-articulated business profile that showcases solid financial management practices enhances a company's attractiveness to investors, clients, and partners. Operating activities contribute directly to cash flow generation, while thoughtful financing and investing strategies create a foundation for sustainable growth. Therefore, effective cash management is not only crucial for day-to-day operations but also plays a strategic role in shaping a compelling business narrative that drives long-term success.

Table 4.2 Significant Relationship between Cash Management Practices and Financial Performance

FINANCIAL PERFORMANCE	CASH FLOW MANAGEMENT PRACTICES					
	OPERATING ACTIVITIES		FINANCING ACTIVITIES		INVESTING ACTIVITIES	
	r	p - value	r	p - value	r	p - value
Sales Generation	0.392 ^{ns}	0.036	0.433 ^{ns}	0.021	0.503 ^{ns}	0.005***
Disbursement Control	0.391 ^{ns}	0.036	0.275 ^{ns}	0.157 ^{ns}	0.362 ^{ns}	0.053
Collection of Receivables	0.373 ^{ns}	0.046	0.137 ^{ns}	0.487 ^{ns}	0.0727 ^{ns}	0.713 ^{ns}

Note: ns- Not Significant s- Significant Interpretation Guide: p - value ≥ 0.05 p - value < 0.05

Table 4.2 shows the results of a correlation analysis examining the relationship between different Financial Performance (Sales Generation, Disbursement Control, Collection of Receivables) and cash management practices (Operating, Financing, and Investing Activities). The analysis uses the correlation coefficient (r) and the p-value to assess the strength and significance of these relationships. A significant correlation is indicated by a p-value less than 0.05. The legend clarifies that 'ns' denotes a non-significant correlation. On Sales Generation, it shows a significant positive correlation only with Investing Activities ($r = 0.503$, $p = 0.005$). This suggests a moderate relationship. Higher sales generation is associated with increased investing activities. The correlations with Operating and Financing Activities are not statistically significant (p- values > 0.05). Furthermore, on Disbursement Control, it shows that there is No significant correlations are observed between disbursement control and in the cash management activities specially in financing and investing activities. Almost all of the p-values are above 0.05 with the exception on the operating activities having a correlation of p-value of 0.036. On the Collection of Receivables is almost similar to disbursement control, no significant correlations are found between collection of receivables and any of the cash management activities. All p-values exceed 0.05.

A positive relationship exists where increased investments lead to greater sales generation. The correlation between sales generation and investing activities is critical for organizational success. Thoughtful investments in sales capabilities not only enhance revenue potential but also fortify market position against competitors. Base on the results, it can be inferred that the lack of significant correlation between disbursement control and cash management may arise from their different scopes. Cash management policies are often focused on how cash is utilized and invested within an organization, while disbursement control strictly oversees the process of cash payments. The absence of a significant correlation between the collection of receivables and cash management activities can imply that improvements in one domain do not lead to improvements in the other. MSEs with

robust cash management practices might still struggle with receivables collection due to external factors such as customer payment habits or economic conditions.

Relative to the results, Businesses can analyze historical data to determine the average correlation between their sales and investments, allowing them to make informed predictions about future performance based on current trends. The relationship between financial performance and cash flow management activities is a critical area of study for companies seeking to enhance their economic viability. And by understanding and leveraging this correlation, companies can adopt better financial practices that enhance their economic resilience and operational effectiveness. High Radius (2023) states that studies in financial management have shown that the effectiveness of one does not inherently dictate the efficacy of the other. Understanding this lack of correlation is essential for financial professionals when developing strategies.

Formulation of Business Strategies for the Improvement of the Level of Cash flow Management Practices of MSEs (Pharmacies) in Naga City along with their Financial Performance

This section shows the Business Strategies formulated by the researchers based on the conducted data gathering. We have crafted a model with acronym that reads as P-H-A-R-M-A R-E-A-D-Y.

PHARMA-READY was crafted base on the word Pharmaceuticals which are the main respondents of this study and the word READY to come up with a strategy that not only focuses on the financial aspect of a business but also to equip the Pharmacies or Drugstores located in Naga City to be ready when it comes to Disaster or Climate Disruptions.

Inputs

1. Primary Resources – The Researchers developed this business strategy using the data from the survey questionnaires collected from 30 Pharmacies (21 Micro and 9 Small Enterprise Pharmacies)
2. Secondary Resources - The researchers utilized various relevant literature that is at least five (5) years old, as well as strategic business and financial standards used as references to create survey questionnaires and gather data to formulate a business strategy. The related literature was sourced from sites such as ResearchGate.com and scholar.google.com all of which are peer-reviewed.

Process:

Step 1: Prepared documentary analysis on the list of Micro and Small Enterprise Pharmacies in Naga City for us to identify parameters needed in crafting the survey questionnaires

Step 2: Conducted a survey of each pharmacies using a structured questionnaire that contains a Likert Scale to measure their level of opinion on the given parameters and did some interviews

Step 3: The Survey Questionnaires together with their responses were gathered, consolidated and analyzed

Step 4: Summarized all the responses and made a peer review on the kind of Business Strategy Model to be crafted

Step 5: The Business Strategy was formulated and crafted using the acquired results from the survey and semi-interview at the same time.

Output

This section shows the Business Strategies formulated and crafted by the researchers based on the results of the conducted data gathering through surveys and interview. With the integration of Financial Literacy Program and Disaster Preparedness, we have created the model P-H-A-R-M-A R-E-A-D-Y.

Figure 3

R-E-A-D-Y- A Combined Approach Model

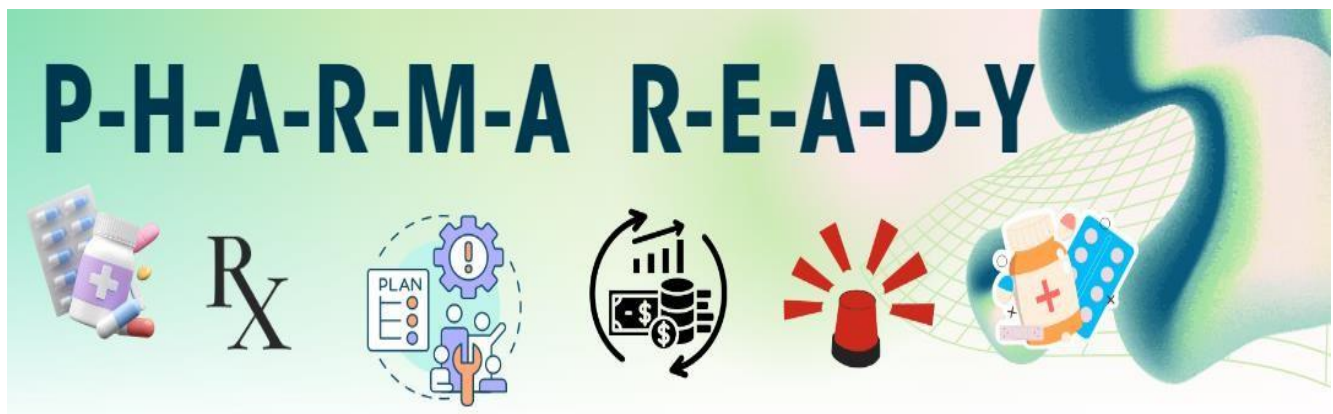


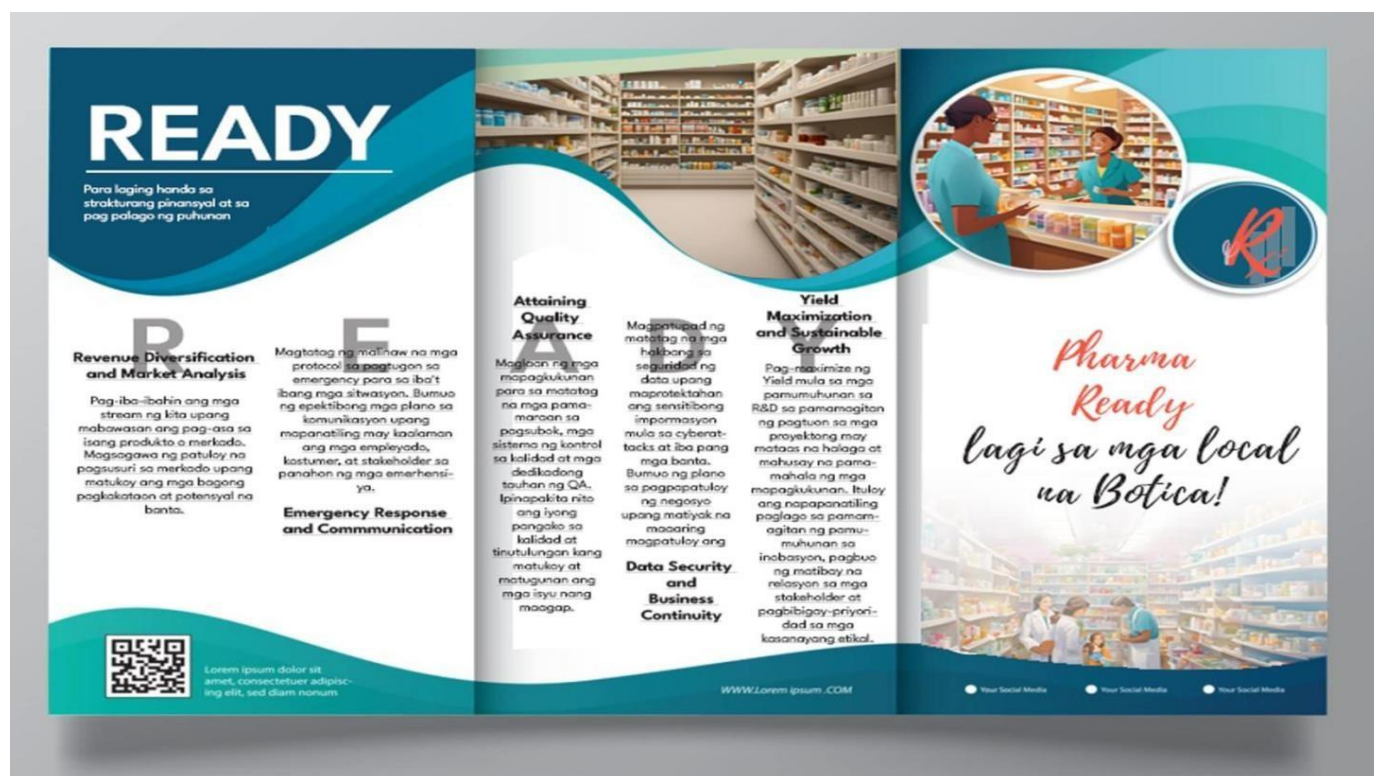
Figure 4

Front-side of the brochure



Figure 5

Back-side of the brochure



Financial planning is a systematic approach to managing financial resources to achieve life goals while disaster preparedness involves creating strategies to minimize the impact of emergencies. When combined, these concepts ensure financial security and resilience against unexpected events. Blending financial planning with disaster preparedness involves a proactive stance towards both saving and risk management. Regularly revisiting and adjusting your financial plans and disaster strategies ensures they remain relevant as life situations change, such as job transitions, family growth, or changes in health. Engaging with financial advisors can enhance the effectiveness of your combined approach, providing tailored advice and accountability.

CONCLUSIONS

This section presents the findings derived after conducting data analysis and conclusions made for the problems being solved.

Business Profiles of MSEs (Pharmacies) in Naga City

Naga City is home to several pharmacies that serve as crucial healthcare providers within the community. These establishments include both independent pharmacies and branches of larger chains, contributing to local healthcare accessibility. Each pharmacy in Naga City not only serves as a drug distributor but also as an essential part of the healthcare system, adapting to changes and working to meet the needs of their clientele amidst various challenges. The prevalence of retail pharmacy businesses in Naga City, Bicol, is a reflection

of the region's growing population, increased demand for healthcare services, and the strategic location of the city. The expansion of organized pharmacy chains and franchise models further contributes to the growth of this sector. While pharmaceutical in the city may also play a role in driving demand for pharmacy services, further research is needed to understand the specific impact of this issue. By understanding their unique profiles, services, and ongoing challenges, stakeholders can devise strategies to support these MSEs in enhancing their operations and sustaining their contributions to public health.

Cash flow Management Practices of MSEs (Pharmacies) in Naga City along with their Operating, Financing and Investing Activities

The Cash Flow Management Practices of Micro and Small Business Enterprise Pharmacies in Naga City along with their Operating, Financing and Investing Activities is Moderately High Practiced; therefore, through careful management of operating, financing, and investing activities, these pharmacies can ensure that they maintain adequate liquidity, optimize operations, and position themselves for growth amid competitive pressures. By focusing on both short-term cash flow needs and long-term investments, pharmacies can enhance their resilience and capacity to serve the community effectively.

Financial Performance of MSEs (Pharmacies) in Naga City along with their Sales Generation, Disbursement Control and Collection of Receivables

The Financial Performance of Micro and Small Business Enterprise Pharmacies in Naga City along with their Operating, Financing and Investing Activities is Moderately High Performing; therefore, they must improve on some strategies that involves some aspects like cost management, revenue enhancement, marketing, and regulatory compliance of MSEs specifically the Pharmacies, ensuring sustainability and growth in the competitive healthcare market of Naga City. Each strategy should be adapted to the local context and customer needs to maximize effectiveness.

Significant Relationship between Business Profile of MSEs (Pharmacies) and their Cash Flow Management Practices

The lack of a significant relationship between business profiles and cash flow management practices is a concerning indicator for a company's financial health and long-term sustainability. The company needs to develop a comprehensive financial strategy that is aligned with its business objectives and considers the specific drivers of cash flow. This involves conducting thorough financial analysis, implementing effective budgeting and forecasting practices, and establishing clear policies for disbursement control and receivables management. On the other hand, the relationship between asset size and investing activities is complex and dynamic. Larger asset sizes offer advantages such as greater diversification, access to exclusive opportunities, and increased liquidity, allowing investors to pursue more sophisticated investment strategies. However, larger asset sizes also bring challenges, such as the need for greater expertise, the potential for higher fees, and the responsibility of managing significant influence in the market. Understanding this relationship is crucial for investors of

all sizes, enabling them to make informed decisions and navigate the complexities of the investment landscape. Investors should carefully consider the implications of asset size when evaluating investment opportunities, balancing the potential benefits with the associated risks. Understanding the interplay between asset size and investing patterns can empower investors to make more informed decisions and navigate the complexities of the investment landscape.

Significant Relationship between Cash flow Management Practices of MSEs (Pharmacies) and Financial Performance

A strong correlation between sales generation and investing activities can be a powerful driver of growth, but it's important to manage this relationship carefully. Companies must avoid over-investment, consider all investment opportunities, and maintain financial discipline to ensure sustainable growth. However, the lack of correlation between disbursement control, collection of receivables, and investing and financing activities is a serious problem that can lead to financial instability, operational inefficiencies, and a loss of stakeholder confidence. Addressing this issue is crucial for the company's long-term survival and growth. By strengthening financial management practices, improving cash flow visibility, and seeking professional advice, the company can build a more solid foundation for future success.

1. SPECIFIC- Establish a monthly cash flow monitoring system to track inflows and outflows, ensuring that at least 90% of transactions are recorded accurately.
2. MEASURABLE-Set a target to reduce outstanding receivables by 25% within the next six months by implementing stricter credit policies and follow-up procedures.
3. ACHIEVABLE-Allocate a budget of 5% of annual revenue towards professional financial consulting services to improve cash flow management practices within the next quarter.
4. RELEVANT-Develop a training program for key staff on financial discipline and investment evaluation, aiming for at least 80% of participants to report increased knowledge and confidence in managing cash flows after the training.
5. TIME-BOUND-Implement a quarterly review process to assess the effectiveness of cash flow management strategies, with the first review scheduled for the three months from the initiation of these practices.

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