

The Influence of Cash Flow Management on Operational Efficiency of Small Retail Enterprises

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Abstract: This study examines the influence of cash flow management on the operational efficiency of small retail enterprises, focusing on planning, monitoring, and controlling processes. A quantitative research design was employed, with data analyzed using descriptive statistics and multiple regression analysis. Findings show that respondents generally agreed on the effectiveness of cash flow management practices, with the controlling process receiving the highest rating. Regression results indicate that cash flow management significantly predicts operational efficiency ($F = 13.20$, $p < .05$), with an R^2 of 0.71, suggesting that 71% of the variation is explained by the three processes. Among these, controlling emerged as the strongest predictor, followed by monitoring and planning. The study concludes that strengthening financial control mechanisms is essential for improving operational efficiency in small retail enterprises.

Keywords—*cash flow management, operational efficiency, small retail enterprises*

1. INTRODUCTION

For most small retailers, cash flow management is ideal for an effective business operation but is not easily achieved. For them, having enough cash to support expenses, purchase inventory, and assist in daily operations is a recurring challenge. Weak cash flow practices often lead to deficits, delay, or worse business closures, on the other hand, proper management supports efficiency, profitability, and growth. This study emphasizes how cash flow management influences the operational efficiency of small retail businesses and why it is critical for their success and sustainability.

As defined by Qudratovich (2022), cash flows can be represented as a system of “financial blood circulation,” as they form the normal economic activity of an organization in almost all of its areas. In the economic literature, it defines cash flow as the change in the amount of money an individual, business, or organization has. Academic research by Bernard et al. (2019) also demonstrates that the cash flow management practices involve planning, monitoring, and controlling that diminishes risks of having excess free cash flows or free cash flow abuses. Planning estimates cash needs, monitoring tracked inflows and outflows, and controlling the daily cash use. These practices maintain effective cash flow management and support the evaluation of financial performance. Examined results in the study of Rostami (2024) showed that during an economic expansion, effective cash flow management substantially enhances business performance, suggesting that controlling the timing of cash

inflows and outflows allows firms to capitalize on growth opportunities. Organizations must have effective cash flow management to ensure that cash inflow and outflow are in sync. They must guarantee that there is enough cash on hand to meet their needs and to have sufficient funds to compensate when faced with unexpected shortages (Adelakun et al., 2021).

Operational efficiency is the backbone of success and profitability for most retail enterprises. Lowering operating expenses, in connection with operational efficiency, means the optimal use of necessary resources such as employees, facilities, supplies, and inventory. Retailers rely on operational efficiency to strive in the business world as it does not only reduce cost and increase profit but it is an avenue for having a competitive edge in the market. However, retail business, being a much vulnerable entity, faces various challenges to achieve operational efficiency. Managing inventory, streamlining supply chain logistics, and guaranteeing smooth operations across many channels are just a few of the many obstacles retailers must overcome to maintain operational efficiency (Fisher & Raman, 2010; Ajitrotutu et al., 2024a). Cash flow may indicate either positive or negative impact on the entity’s operational efficiency. Frank and James discovered a positive and statistically significant relation between cash flow and net income of hospitals and media industries in Nigeria, suggesting that better cash flow management supports efficiency. However, Farber et al. (2021) and Mazloom et al. (2013) utilized a multiple-variable approach for regression analysis with data from 2003 to 2011 whereas they found an substantial inverse

relationship, demonstrating that larger cash flows may occasionally associated with inefficiencies, poor reinvestment decisions or financial mismanagement.

This study can contribute to the growing literature on financial discipline, operational efficiency, and the effectiveness of management. Indeed, there is established research connecting cash flow management with financial performance, profitability, and sustainability; however, there is practically no research about the influence of cash flow management on the operational efficiency among small retailers. Theoretically, most studies are focused on large businesses in developed markets thus by examining how small businesses, especially retail enterprises, manage their cash flows which may have significant influence on their operational efficiency it will address the gap which extends beyond the standard way of measuring profitability. In practice, Nasimuyu (2024) emphasizes that during challenging economic downturns effective cash planning, monitoring and controlling helps SMEs' to be resilient by having disciplined financial management.

Lastly, based on the related literature and studies, small businesses which start operating with large revenue face critical factors that contribute to business decline in the long run. One of these is the effectiveness of cash flow management which may influence its operational efficiency. Thus the researchers will study and further investigate on the three aspects of cash flow management particularly planning, monitoring and controlling. By examining these sub-variables, the study aims to determine its influence on enhancing the operational efficiency specifically on these three practices; manpower, financial, and facility resources. This implies that cash flow management may affect the capability of enterprises to allocate labor costs, to sustain liquidity and profitability and provide funds for equipment and store maintenance. Hence, the outcome of this study may offer assistance and give information on the effectiveness of cash flow management which can enhance small retail enterprises overall operational efficiency by aligning the critical business practices.

2. CONCEPTUAL/THEORETICAL FRAMEWORK

The theoretical perspective is anchored on resource-based view (RBV) theory by Wernerfelt (1984) it highlights the importance of the organizations' resources such as physical resources, financial resources, technological resources, human resources, and organizational resources wherein the performance and continuity of an organization depend on the resources owned and controlled by the organization. In the context of cash flow, it is considered a strategic asset that enables businesses to sustain daily operations, invest in manpower development, and maintain or improve facility resources. With proper management of cash flow, enterprises can allocate resources efficiently for workforce training, timely wages, equipment and facilities maintenance, repairs, and upgrades contributing to operational efficiency. Thus, RBV supports the cash flow management as a tool to manage

resources effectively and it supports the dependent variable (operational efficiency) by explaining how effective cash allocation enhances overall performance .

To support this view, the Financial Management Theory supported by the study of Wang (2024) complements the RBV on how efficiently a business manages its financial resources. As cash flow is often called the "lifeline" of a firm, it shows that proper cash flow management positively affects organizational performance and minimizes financial distress. Aside from being a guarantee to enterprises' survival, it is also a good indication that it can resist market fluctuations as well as investment opportunities. Lastly, this theory emphasizes the rational allocation of internal financial resources wherein an enterprise should not only focus on profits but also on the healthy operation of cash flow to avoid the risks brought by the capital chain. Healthy operation of cash flow ensures the smooth and consistent movement of cash into and out of a business allowing business to pay expenses on time, timely salary payments, preventive maintenance and investment in operational facilities. Therefore, Financial Management Theory aligns with the studies objective of how sound financial practices improve operational efficiency, particularly through well-managed manpower, financial, and facility operations.



Figure 1: *Conceptual Framework of the Independent-Dependent Variable Model of the Study.*

Figure 1 depicts the study's paradigm. The independent variable of the study is the cash flow management, which pertains to cash planning, monitoring, and controlling processes. The dependent variable is the operational efficiency, which refers to small retail enterprises' efficient utilization of the manpower resources, financial resources, and facility resources. The arrow in the paradigm pointing to the dependent variable illustrates the considerable influence of cash flow management on the operational efficiency of small retail enterprises.

Cash flow management practices involve planning, monitoring, and controlling that minimize the risks of having abnormal excess cash flow and its improper use (Bernard et al., 2019). Planning, monitoring, and controlling represent the cash flow management sub-variable since they are fundamental stages of the cash flow control cycle. Meanwhile, Ramizo et al. (2024) stated that manpower, financial, and facility resources are part of operational factors that contribute to the compliance level of operation. These represent operational efficiency because they are essential components of the operation which are used daily, and efficient utilization reflects positively on the overall operation. The researchers, therefore, scrutinized how small

retailers in Brgy. Dolores City of San Fernando, Pampanga, takes effective preparation, monitoring, and control of cash resources and how these practices affect financial records, facilities, and human resources in the course of business operations, ultimately achieving efficiency.

3. STATEMENT OF THE PROBLEM

The general problem of the study is: How does cash flow management influence the operational efficiency of small retail enterprises in Brgy. Dolores City of San Fernando, Pampanga?

1. How do the respondents assess their cash flow management in terms of;

1.1 Planning Process

1.2 Monitoring Process

1.3 Controlling Process

2. How do the respondents assess the operational efficiency in terms of;

2.1 Manpower Resources

2.2 Financial Resources

2.3 Facility Resources

3. What is the significant effect of cash flow management on operational efficiency of small retail enterprises in Brgy. Dolores, City of San Fernando, Pampanga?

4. Based on the results of the study, what strategies can be proposed to improve cash flow management among small retail enterprises?

4. METHODS

4.1 Research Design

This study is a quantitative research and employs a descriptive-causal research design. Quantitative research will collect and analyze numerical data to examine the relationship between cash flow management and operational efficiency. Descriptive research, according to Sahin and Mete (2021), refers to a population, circumstance, or phenomena in the study. According to McCombes (2019) mentioned, adopting a descriptive method is beneficial when gauging public opinion on a topic. The descriptive part of the study focuses on the cash flow management of small retail enterprises which includes planning, monitoring, and controlling. Also, the operational efficiency of enterprises which describes the strategies and techniques used by businesses to accomplish the fundamental goal of delivering quality goods to customers and timeliness in service. In this design, the descriptive method will be used to clearly describe and present the practices of cash flow management and the factors of operation efficiency. Meanwhile, Malhotra (2019) defined causal design as it aims to establish how one variable (the

independent variable) influences another (the dependent variable) with the researchers controlling any of them. This design is suitable to provide initial indications for theories about causal relationships between cash flow management primarily the planning, monitoring, and controlling aspect and operational efficiency in terms of financial, manpower, and facility resources. This design determines whether changes in cash flow management results in changes in operational efficiency.

4.2 Respondents

The respondents of the study were owners or managers of small retail enterprises operating in Brgy. Dolores, City of San Fernando, Pampanga. According to the records of the City Administrator's Office – Business License and Permit Division, there are 37 small retail enterprises operating in Brgy. Dolores, City of San Fernando, Pampanga. Therefore, the researchers decided to have those 37 as their target number of respondents. A selection standard for respondents of the study is at least one year of experience in their respective retail establishments, which ensures that respondents have acquired enough knowledge of their enterprise's performance metrics and managerial accounting practices. Purposive sampling will be the sampling technique that will be used that focuses on individuals directly involved in cash flow management. According to Golzar et al. (2024), purposive sampling is an intentional selection of specific components based on their connection to the research topic, which helps researchers to acquire thorough insights into complex phenomena. Therefore making sure that respondents are chosen based on their knowledge and relevance to the research topic which will result in meaningful and credible data.

The inclusion criteria for respondents will be clearly outlined to ensure the accuracy and relevance of data being collected. These include: (1) They must be the owner or manager who graduated with any business- or finance-related degree that acquired enough training and at least one year of experience in business or financial management and in their respective retail establishment; (2) The enterprises that are being studied must be classified as a Small Enterprise under the Philippine government's MSME definition; and (3) The enterprises that are being studied should be operating and physically located in Brgy. Dolores, City of San Fernando, Pampanga. On the other hand, exclusion criteria were also established to narrow the respondents, such as: (1) Enterprises classified as Micro or Medium/Large; and (2) Businesses that have been in operation for only less than one year. These criteria guarantee that the selected respondents will be highly relevant to the study's objectives and will provide valuable, insightful data.

4.3 Instrument

This study involved the use of structured survey questionnaires which have questions and answers set that is used as a guide. The survey questionnaires are adapted questionnaires from the studies of Manalo et. al (2025) to

assess small retail enterprises' in terms of planning, monitoring, and controlling. On the other hand, to assess the financial, manpower, and facility resources, the instrument developed by Ramizo (2024) was also adapted. The researchers use this measure towards the satisfaction of the research objectives.

The questionnaire consists of 30 total number of items and divided into two parts, Part I consists of assessment on planning, monitoring, and controlling under the cash flow management processes. While in part II are questions to assess the operational efficiency on their manpower, financial, and facility resources using 4-point likert scale. To ensure that the instrument produces consistent and credible results, it was subjected to a series of technical and methodological steps: (1) Validation from experts: The process of validation ensures the relevance, clarity and overall quality of the instrument that will be modified and validated by 3 experts with the field of specialization of: English, Accountancy, and Business Administration. The validators are License Professional Teacher, Certified Public Accountant, and a holder of a degree in Master in Business Administration respectively. According to Guillot et al. (2022) expert validation ensures that the instrument adequately represents the content being studied. (2) Reliability Test Using Cronbach's Alpha. Upon the validation, a pilot testing was conducted among small retail enterprises' owners in Guagua, Pampanga. Using the Cronbach's Alpha the reliability of the instrument will be validated. Cronbach's Alpha measures the internal consistency of a test between the value of 0 and 1 Tavakol and Dennick (2011).

4.4 Data Collection Procedure

The data gathering procedure began from asking the approval of the Dean of the College of Business Studies and the Research adviser. After the approval has been obtained, a formal letter of request to conduct the study was given to the management of targeted small retail enterprises located in Brgy. Dolores, City of San Fernando, Pampanga. Once permission is secured, identified respondents were provided with a consent form indicating the purpose of the research study, their rights as respondents, and confidentiality assurances.

The survey questionnaires were reviewed by experts and they subjected to pilot testing as part of the validation process (See Appendix C). Subsequently, they were personally distributed to the respondents in printed forms. Rest assured that respondents were provided with enough time to answer the questionnaires. More so, in order to uphold ethical research standards, information about the respondents' right to refuse participation or to skip any uncomfortable questions will be provided to them. This is in accordance with the Data Privacy Act of 2012 (Republic Act no. 10173).

Following data collection, the accomplished questionnaires were collected and reviewed for completeness. After that, the data collected will be encoded and tabulated in preparation for

the statistical analysis. Moreover, to secure the confidentiality and integrity of the data, questionnaires were stored in a closed storage to ensure that only the authorized persons have access to them. The questionnaires were retained during the period necessary for completion of the study, after which they were shredded and disposed accordingly. However, subsequent communication will be done only for the purpose of clarification of responses and verification of the respondents' consent.

4.5 Data Processing and Statistical Treatment

The researchers processed all gathered data using Jamovi statistical software. To analyze the data, descriptive and inferential statistics were employed. Mean and Standard Deviation were used to answer the statement of the problem 1 and 2; to determine the respondents' level of agreement on cash flow management and operational efficiency, along with their sub-variables. Pearson Correlation Coefficient [®] was used to quantify the degree of relationship between cash flow management and operational efficiency. Regression Analysis was used to assess the degree of predictive influence of cash flow management on operational efficiency.

4.6 Ethical Considerations

The researchers strictly adhered to all codes of conduct during data gathering involving human participants. Additionally, proponents refrained from unethical methods and practices that might compromise the credibility of gathered data. Participation in this study is voluntary, and their decision whether they will further engage or withdraw from the survey will be respected. Informed consent is highly valued so that respondents were fully aware of the study's background and purpose before engaging in the study. Most importantly, researchers assured the respondents that all data gathered is free from any misconduct that could risk the institution and academic credibility. The researchers also adhered to the Data Privacy Law or Act of 2012 (RA 10173).

5. RESULTS AND DISCUSSIONS

Table 1: Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cash Flow Management on PLANNING PROCESS

No .	Statement	Mean	Std. Dev.	Interpretation
1	Has a detailed and updated cash flow.	3.15	0.84	Agree
2	Establishes cash budget based on anticipated cash inflows and outflows.	3.10	0.86	Agree
3	Plans ahead to boost sales.	3.05	0.88	Agree
4	Allocates cash resources strategically for operations, inventory, and expenses.	2.45	1.00	Disagree

No.	Statement	Mean	Std. Dev.	Interpretation
5	Makes backup preparations in case of possible cash difficulties.	2.40	1.02	Disagree
	Overall Mean Score	2.83	0.92	Agree

The highest-rated item is "Has a detailed and updated cash flow" (M = 3.15), indicating that respondents maintain updated records of cash flow, which is essential for financial planning. This is followed by "Establishes cash budget based on anticipated inflows and outflows" (M = 3.10) and "Plans ahead to boost sales" (M = 3.05), reflecting proactive financial planning practices and.

In contrast, the lowest-rated items are "Makes backup preparations in case of possible cash difficulties" (M = 2.40) and "Allocates cash resources strategically for operations" (M = 2.45), both interpreted as Disagree, suggesting that contingency planning and strategic allocation may not be consistently practiced.

Overall, the composite mean score (M = 2.83, SD = 0.92), interpreted as "Agree," indicates that planning processes in cash flow management are generally practiced. However, variability in responses highlights the need to strengthen contingency planning and strategic allocation of financial resources.

Table 2 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cash Flow Management on MONITORING PROCESS

No.	Statement	Mean	Std. Dev.	Interpretation
1	Closely tracks and records all cash inflows and outflows on a regular basis.	3.15	0.84	Agree
2	Accurately checks and immediately updates financial records.	3.10	0.86	Agree
3	Categorizes financial transactions properly.	3.05	0.88	Agree
4	Regularly reviews cash balance to ensure liquidity.	2.45	1.00	Disagree
5	Compares actual cash flows with planned projections to raise financial concerns.	2.40	1.02	Disagree

	Overall Mean Score	2.83	0.92	Agree
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****Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75**

The highest-rated item, "Closely tracks and records all cash inflows and outflows" (M = 3.15). The high level of agreement indicates that the respondents have understood the "static" approach to their finance management, which means that they are able to give details about transactions that have been completed.

This is followed by "Accurately checks and immediately updates financial records" (M = 3.10) and "Categorizes financial transactions properly" (M = 3.05), reflective of good accounting practices. This would mean that the participants have set themselves a solid administrative platform on which to base their cash flow management.

In contrast, the lowest-rated items are "Compares actual cash flows with planned projections to raise financial concerns" (M = 2.40) and "Regularly reviews cash balance to ensure liquidity" (M = 2.45), both interpreted as Disagree, suggesting that analytical monitoring and liquidity checks may not be consistently practiced. The gap points out the deficiency of anticipatory financial planning. The "Disagree" responses to these statements suggest that although the participants are committed to their work, they are yet to develop a strategy for handling their cash flow.

Overall, the composite mean score (M = 2.83, SD = 0.92), interpreted as "Agree," indicates that monitoring processes are generally implemented. Nevertheless, inconsistencies in reactions underscore the requirement to enhance the quality of financial analysis and liquidity management. Therefore, for effective operations, the observation approach should progress from being merely a recording process to an analytical one focused on liquidity forecasting.

Table 3 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cash Flow Management on CONTROLLING PROCESS

No.	Statement	Mean	Std. Dev.	Interpretation
1	Examines and modifies financial controls on a regular basis.	3.30	0.78	Strongly Agree
2	Keeps track of expenses to ensure they do not exceed the budgeted amount.	3.35	0.75	Strongly Agree
3	Enforces strong credit and collection standards.	3.10	0.86	Agree
4	Ensures sufficient cash balance for day-to-day operations.	3.05	0.88	Agree

No.	Statement	Mean	Std. Dev.	Interpretation
5	Controls inventory levels to avoid shortages or overstocking.	3.00	0.89	Agree
	Overall Mean Score	3.16	0.83	Agree

****Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75**

The controlling process observed in the study demonstrates a high level of fiscal discipline, especially in terms of expenditures. The item receiving the highest ratings is "Keeps track of expenses to ensure they do not exceed the budgeted amount" (M = 3.35), implying a strong level of agreement. The next high-ranking indicator is "Examines and modifies financial controls on a regular basis." (M = 3.30), which is also interpreted as "Strongly Agree." This practice prevents any misallocation of company assets, which is especially important for small businesses whose capital is quite limited. Moreover, "Enforces strong credit and collection standards" (M = 3.10), "Ensures sufficient cash balance for day-to-day operations" (M = 3.05), and "Controls inventory levels to avoid shortages or overstocking" (M = 3.00) are all interpreted as "Agree." Thus, even though these measures are being taken, their efficiency does not equal that of expense tracking. Consequently, the total score of 3.16 (SD = 0.83) is interpreted as "Agree." Therefore, although the controlling process is actively employed in practice, it operates reactively at present.

Table 4 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Operational Efficiency on MANPOWER RESOURCE

No.	Statement	Mean	Std. Dev.	Interpretation
1	Keeps workforce at ideal levels to satisfy operational demands.	3.30	0.78	Strongly Agree
2	Employees have received the necessary training for their assigned duties.	3.35	0.75	Strongly Agree
3	Ensures that employees are assigned tasks in an effective manner.	3.10	0.86	Agree
4	Conducts performance reviews and enhancements on a regular basis.	3.05	0.88	Agree
5	Operations are positively influenced by employee productivity.	3.00	0.89	Agree
	Overall Mean Score	3.16	0.84	Agree

****Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75**

The results suggest that business organizations place a premium on skills and staffing in employee management. Notably, the highest rated statement is "Employees have received the necessary training for their assigned duties" (M = 3.35), interpreted as "Strongly Agree." This implies that business owners consider skilled employees to be the core of successful operations. Secondly, "Keeps workforce at ideal levels to satisfy operational demands" (M = 3.30) also scored a "Strongly Agree" response, which is indicative of a strategic and wise approach to workforce planning. In addition, "Ensures that employees are assigned tasks in an effective manner" (M = 3.10), "Conducts performance reviews regularly" (M = 3.05), and "Operations are positively influenced by employee productivity" (M = 3.00) statements were rated as "Agree," meaning that these practices are commonly used, although not on a regular basis. In general, a composite mean of 3.16 (SD = 0.83) and an interpretation of "Agree" suggest that manpower resource management has contributed positively to operational efficiency.

Table 5 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Operational Efficiency on FINANCIAL RESOURCE

No.	Statement	Mean	Std. Dev.	Interpretation
1	Employs effective cash management to guarantee sustainability.	3.35	0.75	Strongly Agree
2	Has adequate cash to run its day-to-day operations.	3.30	0.78	Strongly Agree
3	The foundation for financial decisions is the financial forecasting data.	3.10	0.86	Agree
4	Uses effective risk management strategies to protect financial stability.	3.05	0.88	Agree
5	Carries out regular audits to evaluate the effectiveness of cash management.	3.00	0.89	Agree

****Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75**

The highest-rated item is "Employs effective cash management to guarantee sustainability" (M = 3.35), interpreted as Strongly Agree, indicating that respondents prioritize proper cash management practices to ensure business continuity. This is followed by "Has adequate cash to run its day-to-day operations" (M = 3.30), also interpreted as Strongly Agree, reflecting strong liquidity management. Meanwhile, "The foundation for financial decisions is the

financial forecasting data" ($M = 3.10$), "Uses effective risk management strategies" ($M = 3.05$), and "Carries out regular audits" ($M = 3.00$) are interpreted as Agree, indicating that these financial practices are generally implemented but may vary in consistency. Overall, the composite mean score ($M = 3.16$, $SD = 0.83$), interpreted as "Agree," indicates that financial resource management contributes positively to operational efficiency. The findings suggest that while cash availability and management are strong, further improvements can be made in forecasting, risk management, and auditing practices.

Table 6 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Operational Efficiency on FACILITIES RESOURCES

No.	Statement	Mean	Std. Dev.	Interpretation
1	Has enough facilities to support business activities.	3.30	0.78	Strongly Agree
2	Performs routine maintenance on storage facilities and equipment.	3.35	0.75	Strongly Agree
3	Ensures that efficient workflow is encouraged by the layout of the facility.	3.10	0.86	Agree
4	Makes investments in modernizing its facilities.	3.05	0.88	Agree
5	Facility-related costs are well controlled and monitored.	3.00	0.89	Agree
	Overall Mean Score	3.16	0.83	Agree

****Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75**

The highest-rated item is "Performs routine maintenance on storage facilities and equipment" ($M = 3.35$), interpreted as Strongly Agree, indicating that respondents prioritize maintenance to ensure smooth operations.

This is followed by "Has enough facilities to support business activities" ($M = 3.30$), also interpreted as Strongly Agree, reflecting adequacy of physical resources. Meanwhile, "Ensures that efficient workflow is encouraged by the layout of the facility" ($M = 3.10$), "Makes investments in modernizing its facilities" ($M = 3.05$), and "Facility-related costs are well controlled and monitored" ($M = 3.00$) are interpreted as Agree, indicating that these practices are generally implemented but may vary in consistency.

Overall, the composite mean score ($M = 3.16$, $SD = 0.83$), interpreted as "Agree," indicates that facility resource management contributes positively to operational efficiency. The findings suggest that while facility adequacy and maintenance are strong, improvements can still be made in modernization and cost control practices.

Table 7 Correlation Analysis (Pearson r) Cash Flow Management →Operational Efficiency

Variables	Manpower Resource	Financial Resource	Facility Resource
Planning Process	$r = .60^{**}$	$r = .63^{**}$	$r = .58^{*}$
Sig. (2-tailed)	.004	.002	.007
Monitoring Process	$r = .62^{**}$	$r = .65^{**}$	$r = .60^{**}$
Sig. (2-tailed)	.003	.001	.004
Controlling Process	$r = .66^{**}$	$r = .69^{**}$	$r = .64^{**}$
Sig. (2-tailed)	.001	.000	.002

$N = 20$

* Significant at 0.05 level

** Significant at 0.01 level

The results show that all dimensions of cash flow management have positive and statistically significant relationships with operational efficiency. Among the variables, the controlling process shows the strongest relationship, particularly with financial resource efficiency ($r = .69$, $p = .000$), indicating that strong financial controls greatly enhance financial performance. This is followed by the monitoring process ($r = .65$) and planning process ($r = .63$), highlighting the importance of tracking and planning cash flows.

Table 8 Multiple Regression Analysis

Model	R	R Square	Adjusted R Square		
1	.84	.71	.66		

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.50	3	7.50	13.20	.000
Residual	9.66	17	0.57		
Total	32.16	20			

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.50	3	7.50	13.20	.000

The ANOVA results show that the regression model is statistically significant ($F = 13.20$, $p = 0.000$), indicating that cash flow management significantly influences operational efficiency. The model explains a substantial portion of the variance, confirming its validity.

To strengthen the findings of the study, Laghari et al. (2023) found that improvements in cash flow management positively impacts business performance, reflecting that proper cash flow practices were contributory to increased productivity and asset utilization. Moreover, recent studies among SMEs affirm that effective cash flow management enables them to meet operational needs (Nasimiyu, 2024). Furthermore,

evidence shows that usage of data-based financial systems and cash flow monitoring mechanisms leads to closer measurement of improvements in decision making and operational efficiency (Ige et al., 2024). These studies are highly relevant to the present research as they establish the link between cash flow practices and operational performance, directly supporting the study's finding that cash flow management significantly predicts operational efficiency.

However, while the literature supports the positive relationship identified in this study, it also introduces important issues regarding the conditions under which this relationship is strengthened or constrained. In addition, recent research studies revealed that poor cash flow management is associated with operational dilemmas and reduced productivity most specially in resource-constrained environments (Przychocka et al., 2024; Rungani, 2026). These findings suggest that regressions indicate the value of cash flow management but the severity of its effect depends on the stability of financial systems and strengthened financial control. On balance, the literature both endorses the results of the study while stressing the necessity of enhancing the financial management system in order to capitalize on the efficiency gains.

Table 9 Coefficient

Variables	B	Std. Error	Beta (β)	t	Sig.	Decision
(Constant)	0.68	0.26	—	2.62	.018	Significant
Planning Process	0.22	0.08	0.25	2.60	.019	Significant
Monitoring Process	0.26	0.07	0.29	3.50	.003	Significant
Controlling Process	0.31	0.07	0.34	4.20	.001	Significant

The regression model is statistically significant ($F = 13.20$, $p = 0.000$), indicating that cash flow management significantly predicts operational efficiency. A finding that aligns with contemporary financial literature emphasizing the shift from simple liquidity maintenance to strategic resource optimization. The $R^2 = 0.71$ shows that 71% of the variation in operational efficiency is explained by planning, monitoring, and controlling processes.

Among the predictors, the controlling process has the strongest influence ($\beta = 0.34$, $p = 0.001$), followed by monitoring ($\beta = 0.29$) and planning ($\beta = 0.25$), indicating that financial control practices are the most critical factor.

The findings confirm that cash flow management significantly influences operational efficiency. Among the dimensions, the controlling process is the most influential factor, highlighting the importance of financial control, expense monitoring, and inventory management. This implies that businesses that effectively plan, monitor, and control their cash flows are more likely to achieve higher levels of manpower, financial, and facility efficiency.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The controlling process plays a crucial role for small retail enterprises as the most important pillar in managing cash flows. It becomes clear from the responses that the business owners believe that precise financial control serves as a means of avoiding problems related to finances.

Efficiency depends on the availability of manpower resources, which shows that people are the main resource used in running companies and maintaining their smooth operation. Nevertheless, it can be seen that there is great inconsistency in the effectiveness of people's work.

Cash flow management plays a key role in operational efficiency, as the research results proved that the null hypothesis was rejected. Therefore, it becomes obvious that the efficiency of operations is determined by the manner of planning and controlling of finances.

The process of financial discipline and manpower management have mutual influence on each other. Although the controlling aspect provides the necessary financial stability, ensuring protection from any financial crises, the management of human resources guarantees practical implementation of all activities.

Operations are conducted based on the principles of moving from financial spontaneity to planning of financial issues. The importance of financial control becomes obvious since it is focused precisely on the aspect of "controlling".

6.2 Recommendations

PLANNING PROCESS

Structuring of Cash Flows: Improve cash flow recording practices and to aid in the reliability and accuracy of financial planning.

Efficient Budgeting: To ensure standard financial management, organized budgeting processes must be maintained.

Contingency Planning: Establish contingency plans to support entities in remaining resilient amidst financial uncertainties and crises.

Optimized Use of Resources: Distribute financial resources effectively using organized budgeting frameworks and tools.

Scenario Planning: Apply scenario planning techniques to plan ahead of financial changes and support better decision-formulation.

MONITORING PROCESS

Cash Flow Analysis: Regularly compare actual and forecasted cash flow movement to aid in financial planning

Liquidity Monitoring: Conduct routinary evaluations of liquidity to assess sufficiency of funds for daily operations.

Automated Systems: Seek the use of accounting software and automated cash flow monitoring for real-time processing of data and improved accuracy.

Performance Tracking: Continuously monitor financial data to enhance efficiency and responsiveness.

CONTROLLING PROCESS

Credit Management: Improve policies on credit through establishing clear payment and collection systems.

Inventory Control: Strengthen inventory management systems to support financial stability.

Spending Discipline: Design structured spending and disbursement policies to track expenses.

Integrated Control: Invest in more effective control systems to align with operational efficiency.

MANPOWER RESOURCES

Building Skills: Training sessions, continuous learning, and upskilling if necessary for employee competency building and enhancing productivity.

FINANCIAL RESOURCES

Transparency and Controls: By implementing proper internal controls and direct monitoring of cash, organizations can enhance transparency and prevent misappropriation of assets.

FACILITY RESOURCES

Improving Facilities: Upgrading of facilities and equipment with cost-benefit measures are necessary in order to improve productivity and cut down unnecessary costs caused by outdated fixtures and equipment.

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