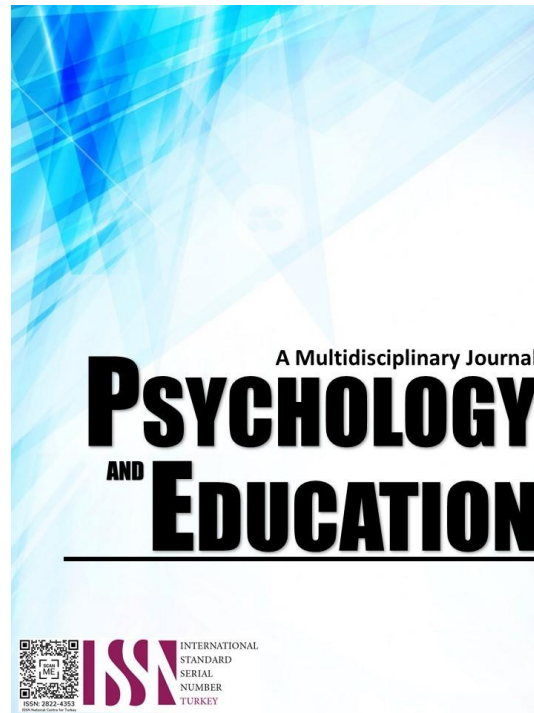


**BRIDGING THE KNOWLEDGE GAP:
UNDERSTANDING THE ROLE OF FINANCIAL
LITERACY PRACTICES ON THE BUSINESS
PERFORMANCE OF MSMES**



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Bridging the Knowledge Gap: Understanding the Role of Financial Literacy Practices on the Business Performance of MSMEs

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Abstract

Financial literacy has been recognized as a crucial factor in the success of micro, small, and medium-sized enterprises (MSMEs). Therefore, this study aims to investigate the impact of financial literacy practices on the business performance of MSMEs. Specifically, it aims to identify the financial literacy practices that are most effective in improving the financial management skills of MSME owners and their impact on the growth and sustainability of their businesses. This study applies descriptive quantitative research design with convenient selection of participants. The primary gathering tool was a modified survey questionnaire. The data gathered from the survey questionnaire was analyzed and interpreted using interval data measurement on a Five-point Likert scale. The study is significant as it provides insights into the factors that contribute to the success of MSMEs and highlights the importance of financial literacy in promoting entrepreneurship and economic development. The findings of this research will be of value to policymakers, business owners, and other stakeholders in the MSME sector, as they seek to promote the growth and sustainability of small businesses. It came to light that digital marketing strategies significantly affects customers' brand awareness to a great extent with a Pearson r correlation coefficient value of 0.920 interpreted as 'Very Strong Correlation.'

Keywords: *financial literacy, business performance, financial behavior, financial knowledge, MSMEs, financial management*

Introduction

Current digital trends in business and technologies have completely changed the way organizations perform, how employees work and disrupted every business operation. Growth, continuance, success, competitiveness are terminologies that may be used to describe business performance. It refers to the idea of having two strategic outcomes: success or failure of a firm. Business performance is the capacity of a business towards the attainment of an expected outcome and goals over a definite period. For these reasons it is particularly frustrating for business entrepreneurs when they are not able to achieve an acceptable degree of sustainable performance. Chermond (2020) affirmed that the coronavirus pandemic has transformed significant aspects of daily lives and these changes have implications on business performance and productivity. The business performance of MSMEs owners and managers heavily depends on their knowledge and skills. It came out that financial proficiency is an essential element to any organization to be economically competitive.

Financial literacy refers to the acquired knowledge and intellectual competencies needed to effectively manage finances and make sound financial decisions. Business performance depends on the capability of the proprietor in understanding, evaluating, managing, and comprehending the firm's financial status and stability.

Many studies pointed out the importance of financial literacy to the overall success and profit making of an organization. In the quantitative study conducted by Kanyundo (2018), it was concluded that financial literacy has a strong positive relationship with business performance. This entails that financial literate business owners and managers must possess the ability to manifest self-internal auditing and tend to be more confident in solving financial dilemmas relative to decision making.

In the Philippines, the MSMEs sector plays a significant role in the economy as they exceptionally contribute to the creation of employment opportunities, job creation, sustainability, and foster business innovations. Therefore, it is evident that they are one of the primary drivers of economic growth and development of a country. However, numerous challenges are confronted by the MSME that prevents them from expanding and growing. One of the major concerns encountered by most of the organizations in this sector is insufficiency in terms of knowledge, attitude, and behavior of business owners and managers in directing their finances in a reasonable manner which negatively affects the performance of their businesses. Thus, low financial literacy might lead to bankruptcy and foreclosure, substantial debts and poor financial decisions due to lack of financial planning that hinders businesses to achieve long-term success and deteriorates business performance. Therefore, inadequate financial knowledge is the main

barrier to the success of a business in the attainment of its optimum and sound financial performance.

However, there are still some discrepancies between the findings of other studies. As observed from some of the related studies, the researchers keep on enumerating the impact of financial literacy affecting organizational performance and productivity. There are also some studies about the effects of financial literacy influencing performance but mainly focus on SMEs. Now, this study aims to identify the effects of financial literacy practices to business performance of MSMEs in the fishing industry in Navotas City, Metro Manila, considering it is known to be the fishing capital of the Philippines. Thus, this research will concentrate on the fishing industry since most of the research did not specify a particular sector to be studied. Moreover, the researchers will determine the effective financial literacy practices that MSMEs utilize in maximizing the Filipino's financial literacy encouraging optimum business performance.

Research Questions

This study is an attempt to examine the effects of financial literacy on business performance of MSMEs in the fishing industry in Navotas City, Metro Manila. The general objective of this study is to identify effective financial literacy practices and how these practices affect the overall business performance of MSMEs.

1. What is the profile of the respondents in terms of:
 - 1.1. Age; and
 - 1.2. Organizational role
2. What is the level of financial literacy of respondents in terms of:
 - 2.1. Financial behavior;
 - 2.2. Financial knowledge; and
 - 2.3. Financial attitude
3. How do these financial literacy practices affect the financial literacy of Micro, Small and Medium- sized enterprises (MSMEs) encouraging business performance optimization?
 - 3.1. Seminars about financial planning and control;
 - 3.2. Coaching and training programs in budgeting and management;
 - 3.3. Incorporating practical financial training sessions or financial coaching;
 - 3.4. Honing adequate financial skills;
 - 3.5. Tracking earnings and business expenditures;
 - 3.6. Repayment of dues and loans on time;
 - 3.7. Maintaining positive financial attitude and systematic perceptual judgment on financial matters; and

3.8. Encouraging a positive financial socialization in institutions

4. What are the effects of financial literacy practices on the business performance of MSMEs?

5. Is there a significant relationship between financial literacy practices and business performance?

Literature Review

Financial Literacy

Financial literacy refers to the acquired knowledge and intellectual competencies needed to effectively manage finances and make sound financial decisions. Based on the definition provided from the study of Radianto et al. (2019), "financial literacy" is defined as the ability to manage and allocate financial resources, particularly when making decisions. This involves understanding, evaluating, managing, and comprehending the firm's financial status and stability. The concept of financial literacy is composed of three pillars particularly, financial behavior, financial knowledge, and financial attitude.

Financial behavior comprises areas in relation to business expenditure pattern, keeping records, using savings, money management in difficult situations, use of financial services, income and expenditure planning, and price comparisons with competitors (Menike, 2018). The findings of the study suggested that the majority of business owners-managers dislike purchasing pieces of jewelry, lending money to friends, and investing in stock markets. Thus, they are hesitant in taking a loan from banks during a crisis, avoid buying insurance, and limit themselves from taking vacations when they have additional income. The results also revealed that financial behavior as part of financial literacy has a positive effect on the success of the business.

Financial knowledge is significantly associated with financial literacy in taking appropriate financial decisions. This involves knowledge of the time value of money, numeracy, interest rate, inflation, banking, taxes, loans and preparing financial statements. Business owners who acquire financial knowledge or expertise have a greater competitive advantage when it comes to obtaining funds from external sources as they keep detailed financial records for their business. It was stated that business owners and managers with financial knowledge are more sufficient, well-informed, and allow them to confidently utilize that knowledge in the crucial financial decision-making process.

Financial attitude is one of the essential factors determining financial literacy. This involves perception or attitude towards saving, money, spending and ability to leverage future earnings to meet financial objectives (Menike, 2018). The financial literacy that is directly correlated with the financial attitude of business owners and managers plays a pivotal role in order to increase long-term survival of the business and improve organizational performance. Improving this pillar allows businesses to effectively make sound financial decisions and handle financial matters. Better business performance depends on the knowledge and skills of MSMEs owners and managers about financial matters. Based on their findings, organizational performance and financial literacy have a significant relationship.

This is congruent with the quantitative study conducted by Kanyundo (2018), it was concluded that financial literacy has a strong positive relationship with business performance. In addition, researches of Utami et al. (2021), and Kibobi et al. (2020) confirmed that financial literacy has a positive relationship with business performance. It came out that financial proficiency is an essential element to any organization to be economically competitive. It should be deemed as an important part of business operations because it is vital to a firm's performance. Therefore, to increase business success and improve overall business performance, entrepreneurs must develop their financial literacy skills.

However, despite the numerous studies and literature that show the significant effects of financial literacy on business performance of MSMEs, some studies indicate negative effects between the two variables. For instance, in the study conducted by Sulaiman (2016), it was discovered that financial knowledge and capabilities have no significant impact on SME firm performance in Australia. The study recommended to better understand the business and encourage the capacity to learn and adapt to business operations.

Financial Literacy Practices/ Strategies

Financial literacy training boosted individual's comprehension of the importance of having a good track record of credit history and improved people's preference for utilizing their own funds rather than borrowing capital. The study concluded that surviving enterprises that had received training were highly likely to succeed and tend to show a significant increase in sales and earnings. It resulted in substantial gains in basic financial understanding for those people with low levels of financial literacy. This is congruent

with the article written by Mohney (2018) proclaiming that programs promoting financial literacy improved business profitability and employee's performance. The owners and managers of a business should devise strategies to assist them establish and retain their market position.

Several studies found out that many MSME owners and managers were not financially literate which prevented them from expanding and improving. In the Philippines, it was found out that the vast majority of the microbusiness owners in Camarines Sur improperly answered questions about financial knowledge which signifies that they were unfamiliar with the fundamental financial concepts. It was also revealed that their level of financial literacy in terms of savings, record-keeping and financial resources are relatively low. The findings of this local study highly suggested that organizations should provide and undertake basic financial education, training, programs, and seminars to enhance business owner's financial literacy. Thus, business enterprises should maintain standardized financial literacy practices or strategies to retain better performance.

Seminars about financial planning and control

The analysis of the flow of capitalization is part of financial planning. This also involves projecting the deficiencies of a company's financial resources, possible failures of a variety of investments, allocating funds to put into investment and dividend selections, and evaluating the pros and cons of various options. Seminars and activities pertaining to financial planning aid the manager/owner in handling cash flow management and control, including fund production and allocation. It ensures that you are prepared for unforeseen risks such as sudden loss, death, and severe ailment (Sawant, 2022). Furthermore, attending effective financial planning seminars provide them with the most recent information on money management, provide them with details on new sources of funding, help them better understand the industry, and teach them valuable practical knowledge and skills (Claudine, 2017).

Coaching and training programs in budgeting and management

Budgeting is crucial to a company's success. People can learn money-saving hacks by simply attending to coaching and training programs about budgeting strategies. As discussed in an article entitled "Money-saving hacks: How to turn your finance woes into wins" authored by Plaza (2022), it was highlighted that

individuals who educate themselves on money management and undergo training to make good budget decisions improved their financial literacy significantly. This strategy enables managers and business owners to make smarter financial decisions on a daily basis. Budgeting, keeping track of and arranging finances, and saving for the future are just a few of the behaviors that will have a positive impact on business in achieving short-term and long-term financial goals.

Incorporating practical financial training sessions or financial coaching

Lack of financial management training is one of the barriers preventing small business owners from operating their businesses properly and effectively. They pointed out that these business owners and managers should necessarily acquire certain skills and competencies in order to achieve optimum level of business performance. Through practical financial training sessions, they can improve or enhance their skills on financial management and can assist them in managing the finances of their business in an appropriate manner. They can be more productive and efficient in growing their businesses by receiving financial training. In addition, individuals who undergo financial coaching reported higher savings, decreased debt, lower financial stress, and improved their competence (Consumer Financial Protection Bureau, 2016).

Honing adequate financial skills

Managing a business necessitates a broader range of skills from various fields. Small business owners and managers must multitask and execute all management duties, including financial management, on their own. People can enhance their level of financial literacy through honing adequate financial skills (Michaud, 2017). Based on the research findings, it was stated that honing financial skills considerably increases the knowledge of small business owners. Furthermore, financial skills enable managers and entrepreneurs to identify areas of the business that are not working or require special attention, as well as provide them better insights into the overall health of the firm (Nishitha, 2020). In every business, cash flow management, record keeping, tax, and legal compliance and other business activities are challenging so having financial management skills are extremely beneficial for entrepreneurs to grow the business in successful ways. Education and training are viewed as critical interventions in the development of these financial capabilities.

Tracking earnings and business expenditures

Keeping track of expenses and income is necessary in order to have detailed records of earnings as it helps the business owners and managers to become financially literate in determining which areas of the firm needs improvements if the company has the financial means to grow (Phillips, 2019). A company that does not keep track of its financial data is often prone to losses and higher risks when it comes to cash flow and debt repayment capacity. Sawant (2022) viewed this strategy as an important factor for successful management and improvement of business performance. Implementation of adequate tracking earnings strategy to MSME have a significant impact on the growth and survival of businesses.

Repayment of dues and loans on time

Otto (2018) specified that efficiency and appropriate practices related to trade credit management must be implemented in order to obtain organizational productivity and sustainable performance of MSMEs. The study found that small businesses find it difficult to manage effectively and fail to adequately utilize trade credit as a means of funding that leads to poor performance. Firms can use a loan to get a lump sum of cash or a line of credit to keep their business running and expanding. If the loan is not repaid, it will be considered a default in which the business may be forced to file for bankruptcy (Choksi & Joshi, 2022). This has an immediate impact on a borrower's current loan payments, as well as their future capacity to get loans. Therefore, repayment of dues and loans on time improves business performance and develops a positive credit history. Subsequently, SMEs owners and managers must attend seminars to acquire managerial knowledge and skills they need to manage trade credit practices on business performance success.

Maintaining positive financial attitude and systematic perceptual judgment on financial matters

Managers and owners of small businesses who have a remarkable attitude have a tendency for initiating, taking chances, and acting proactively. Maintaining a positive financial attitude assists business owners-managers in achieving long-term financial goals by allowing them to find the correct balance between money usage and other factors. Ameliawati and Setiyani (2018) asserted that a person who has a positive financial attitude is likely to be financially literate. Those with a poor financial attitude, on the other hand, will have a negative impact on their



financial literacy. A positive financial attitude relieves stress, allows an individual to seize market opportunities and efficiently manage financial matters.

Encouraging a positive financial socialization in institutions

Encouraging financial socialization is one of the essential methods in improving the financial well-being of emerging adults (LeBaron et al., 2018). The financial literacy level of young small business owners was found to be positively related to the influence of parents, peer association, and school learning (Senevirathne et al., 2016). It significantly helps them develop and gain confidence and knowledge in managing their finances. Individuals who have been financially socialized perform better in adulthood when it comes to making informed financial decisions and achieving financial well-being.

Methodology

Research Design

This study will apply the usage of quantitative research methods with convenient selection of participants. The purpose of quantitative research design is to investigate specific phenomena in a systematic and empirical manner via statistical, numerical, or computational techniques. Kruger (2003) defined this kind of research method as a systematic approach of investigating and transforming collected data into numerical data. It is necessary to conduct statistical analysis in order to reach a deeper understanding and detailed insight of the variables being studied. This study employed the exploratory or interpretive approach, which is considered to be the most effective design in producing the answers to the research questions. This kind of research design aims to identify the salient factors or variables that might be found in the study.

Participants/Respondents

In this research, the respondents consist of One Hundred (100) managers and business owners from various MSMEs located in Navotas City. The respondents' educational qualifications can be in any level or possession, such as primary school, secondary school, bachelor's degree, national certificate, and postgraduate. They can be male or female of different ages as long as they have the capacity to answer the prepared questionnaire. These respondents must be aware of the MSME business performance and

financial literacy practices, which this study aims to identify. They must be well informed so they would understand how these proactive measures affect MSME operations toward optimum business performance.

Instruments of the Study

Survey questionnaire is the primary method in collecting relevant data. This study employed a quantitative research method using a survey questionnaire which will be distributed to randomly selected respondents. According to Mathers et al. (2009), the survey questionnaire is an instrument that is used in gathering data from a pool of qualified respondents, particularly a sample to represent the population as a whole. This kind of instrument uses quantitative treatment of the data gathered. The questionnaire will be composed of several questions which will be categorized under three main parts, namely demographic profile of the respondents, financial literacy practices and business performance. The questionnaire intends to further assess the respondents' level of financial literacy.

Procedure

In this study, a survey questionnaire will be developed which contains the lists of arranged questions to be answered by the participants and various financial literacy practices, which will serve as a guide in the data gathering process. These will serve as tools in gathering data and information to provide answers to the research questions respectively. The questions will be categorized according to the subject area, and then a pilot testing will be conducted by giving a sample questionnaire to the chosen participants. The researcher will verify if the questionnaire will be able to answer the research problems. Once all issues in the survey questionnaire have been addressed, the data gathering instruments are now ready for large-scale testing. In this study, the interconnecting relationships between the coded data and the different categories will be analyzed in order to arrive at some interpretation and conclusion.



Result

Table 1. Profile of the respondents in terms of Age

| Age | Frequency | Percent |
|---------------------|------------|-------------|
| 24 yrs. old & Below | 15 | 15% |
| 25 to 34 yrs. old | 21 | 21% |
| 35 to 44 yrs. old | 34 | 34% |
| 45 yrs. old & Above | 30 | 30% |
| TOTAL | 100 | 100% |

Table 1. Age of the respondents. The age of fifteen or (15%) of the respondents ranges 24 years old and below, followed by twenty one or (21%) of the respondents' ages range 25-34 years old. Then, thirty four respondents or (34%) have an age that ranges 35-44 years old and thirty of the respondents or (30%) are in the age range of 45 years old and above. It shows that the majority of the respondents are in the age bracket of 35 years old and below.

Table 2. Profile of the respondents in terms of Organizational Role

| Organizational Role | Frequency | Percent |
|---------------------|------------|-------------|
| Business Owner | 73 | 73% |
| Business Manager | 27 | 27% |
| TOTAL | 100 | 100% |

Table 2. Organizational role of the respondents. Seventy three or (73%) of the respondents are business owners, followed by twenty seven or (27%) of the respondents' are considered business managers. It shows that the majority of the respondents are business owners of MSMEs.

Level Of Financial Literacy Of Respondents

Table 3. Respondents' Level of Financial Behavior

| Contributing Factors | Mean | Remarks |
|--|-------------|---------------------|
| 1. Capable of securing financial data about the business | 2.85 | Small Extent |
| 2. Prioritizes regular savings and budget | 3.34 | Small Extent |
| 3. Separates cash utilized for business and cash used for personal needs | 3.06 | Small Extent |
| 4. Takes appropriate planning for payment of bills and expenditures | 3.32 | Small Extent |
| TOTAL AVERAGE MEAN | 3.14 | Small Extent |

Table 3 shows the level of financial behavior of the respondents. It reveals that item 2 "Prioritizes regular savings and budget" got the highest mean of 3.34 interpreted as 'Small Extent.' The other contributing factors have a weighted mean range from 2.85 to 3.32 interpreted as 'Small Extent.' This implies that some of the respondents prioritize maintaining regular savings and budgeting. This result is supported by Leyco (2021) stating that Filipinos have a disciplined approach when it comes to savings and they regularly set aside a portion of their income for their financial goals and unexpected events, however, the country still has a low savings rate. Similarly, Macaraeg (2019) affirmed that the majority of the Filipinos' average balance in the bank is estimated to be less than P5,000.

The Financial Inclusion Survey (2021) of Bangko Sentral ng Pilipinas revealed that the percentage of Filipino adults with savings declined to 37% from 53% of adults with savings of the previous year. The FIS results highlighted that the percentage of Filipino savers in the National Capital Region (NCR) for the year 2021 declined to 28% from 65% in previous years. This implies that most of the respondents consider savings in a minimal amount only but not significant enough to earn interest and they are just saving for immediate expenses.

Based on the calculated total average mean of 3.14 interpreted as 'Small Extent', the respondents who participated in this study were less literate in terms of financial behavior, specifically with securing financial data about the business. The result of this study is supported by Kim et al. (2022) asserting that practical financial management skills are lacking among many Filipino workers, while some showed sound financial behavior just for basic financial transactions. According to Topa et al. (2018), the findings of their study revealed that inadequate financial behavior can result in short-term or long-term indebtedness, inability to pay utility payments, or bankruptcy. This implies that the low level of financial behavior of owners and managers has a negative impact on their business viability.

Table 4. Respondents' Level of Financial Knowledge

| Contributing Factors | Mean | Remarks |
|--|------|--------------|
| 1. Capable of maintaining records to keep track of the business transactions | 2.79 | Small Extent |
| 2. Knows how to prepare financial statements | 2.24 | No Extent |
| 3. Able to make appropriate financial decisions for the business | 2.74 | Small Extent |
| 4. Understands time value of money, interest rate, inflation, exchange rate and numeracy | 2.66 | Small Extent |
| TOTAL AVERAGE MEAN | 2.61 | Small Extent |

Table 4 demonstrates the level of financial knowledge of the respondents. It clearly reveals that item 1 "Capable of maintaining records to keep track of the business transactions" got the highest mean of 2.79 interpreted as 'Small Extent'. The weighted mean for the other contributing factors ranged from 2.24 to 2.74, which implies that some of the respondents maintain records to oversee their business transactions. However, it also implies that keeping records of the business transactions is seldom practiced by the business owners and managers of MSME as indicated in the weighted mean of 2.79 interpreted as 'Small Extent'.

This result is supported by Sibanda and Manda (2016) stating that most SMEs disregard keeping complete business transactions because they think there is no need to maintain them and that doing so would be unnecessary. Thus, they may not be practicing record keeping to its fullest potential due to lack of sufficient understanding, skills and expertise (Musah, 2017; Santos 2019). As a result, they don't have a certain basis for evaluating how well the enterprise is performing.

Based on the calculated total average mean of 2.61 interpreted as 'Small Extent', the selected respondents who participated in this study were less literate with regards to financial knowledge, particularly in preparing financial statements. Lucas (2018) revealed that average Filipinos still have disturbingly low levels of financial knowledge. In the Philippines, just 25% of adults are financially knowledgeable (Business Mirror, 2022). People with low financial knowledge can anticipate that their business will grow very slowly or not at all.

Table 5. Respondents' Level of Financial Attitude

| Contributing Factors | Mean | Remarks |
|--|------|--------------|
| 1. Sets effective long-term financial goals and work hard toward achieving them | 3.59 | Some Extent |
| 2. Confident in approaching banks and external investors in order to secure business financing | 3.13 | Small Extent |
| 3. Prefers making precise financial plan instead of personal intuition | 2.80 | Small Extent |
| 4. Knows the importance of savings and controlling expenditures | 4.22 | Great Extent |
| TOTAL AVERAGE MEAN | 3.44 | Some Extent |

Table 5 shows the level of financial attitude of the respondents. It clearly reveals that item 4 "Knows the importance of savings and controlling expenditures" got the highest mean of 4.22 interpreted as 'Great Extent'. The remaining contributing factors weighted mean ranged from 2.80 to 3.59, which is regarded as being "Small Extent" and "Some Extent". This implies that more than half of the respondents understand the value of savings and controlling expenditure.

This result is supported by Brighter Life Team (2021), stating that a lot of Filipinos were raised with the idea that it was vital to save money today for future use and needs. In contrast, Leyco (2021) pointed out that the country still has a low savings rate. According to Ejercito (2017), most Filipinos did not practice saving money despite being aware of how crucial it is for their business and future personal needs.

Based on the calculated total average mean of 3.44 interpreted as 'Some Extent', the respondents who became part of the study have sufficient literacy referring to financial attitude despite being less literate in making precise financial plans. Ameliawati and Setiyani (2018) asserted that financial literacy can be considered as an acquired skill by someone with a positive attitude about finances. Most of the participants prefer to rely on their personal intuition based on the result from the survey. Stobierski (2019) stated that despite the fact that intuition can be a useful tool, it would be inefficient and unreliable to rely solely on it in making financial decisions.

Financial Literacy Practices

Table 6. *Seminars about Financial Planning and Control*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Attending seminars about investment and time value of money | 4.80 | Great Extent |
| 2. Basic knowledge on the overall role and importance of the finance function | 4.79 | Great Extent |
| 3. Evaluation of information and data needed for investment | 4.69 | Great Extent |
| 4. Managing funds | 4.88 | Great Extent |
| 5. Analyzing market trends and investment | 4.66 | Great Extent |
| 6. Knowledge about financial matters | 4.76 | Great Extent |
| 7. Forums about money management | 4.76 | Great Extent |
| 8. Workshops and seminars on business and financial planning | 4.93 | Great Extent |
| 9. Create activities that enhance practical knowledge and financial skills | 4.83 | Great Extent |
| TOTAL AVERAGE MEAN | 4.79 | Great Extent |

Table 6 shows the contributing factor of seminars about financial planning and control as financial literacy practices. It signifies that item 8 “Workshops and seminars on business and financial planning” got the highest mean of 4.93 interpreted as “Great Extent”. As gleaned in the table, the other contributing factors got a weighted mean ranging from 4.66 to 4.88. Workshops and seminars on business and financial planning equips MSMEs owners and managers toward achieving optimum productivity of their business. These enable them to educate themselves and enhance their knowledge in managing business operations. Furthermore, it helps business owners and managers in developing their financial skills necessary in developing adequate strategy for firm’s growth. Seminars about financial planning and control are contributing factors for improving financial literacy. This implies that attending effective financial planning seminars can boost their financial literacy as it teaches them valuable practical knowledge and skills.

Lusardi (2019) concluded that financial education through workshops and seminars is a crucial component of raising financial literacy, which is necessary for the next generation of workers and citizens. These financial literacy practices help business owners-managers to become better informed in handling cash flow management and control, including fund production and allocation. Moreover, financial planning workshops significantly improve their financial well-being and financial outcomes.

Table 7. *Coaching and Training Programs in Budgeting and Management*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|--|-------------|---------------------|
| 1. Implementing a coaching program about financial budgeting and management | 4.81 | Great Extent |
| 2. Learning budgeting skills and techniques in monitoring costs and manage resources | 4.78 | Great Extent |
| 3. Develop and oversee a budget plan | 4.65 | Great Extent |
| 4. Developing practical skills for assessing the current budget and costs | 4.86 | Great Extent |
| 5. Understanding the sources of budget and capital expenditures | 4.77 | Great Extent |
| 6. Addressing inherent problems in the budgeting process | 4.80 | Great Extent |
| 7. Distinguishing the “must” elements of planning a budget | 4.76 | Great Extent |
| 8. Mentoring basic budgeting technique | 4.94 | Great Extent |
| 9. Recognize the fundamental concepts of budgeting | 4.87 | Great Extent |
| TOTAL AVERAGE MEAN | 4.80 | Great Extent |

Table 7 indicates the contributing factors of coaching and training programs in budgeting and management as financial literacy practices. It denotes that item 8 “Mentoring basic budgeting technique” got the highest mean of 4.94 interpreted as “Great Extent”. As determined from the table, the other contributing factors got a weighted mean ranging from 4.65 to 4.87. Mentoring basic budgeting techniques helps business owners and managers to become financially literate in assessing their financial situation and in monitoring whether they have enough money for daily expenses, future growth, and personal income. A long-term relationship-based program called mentoring comprises leadership development, knowledge exchange, and career development for business owners-managers.

According to the study of Theodos et al. (2018), business owners improved their financial skills and knowledge as a result of coaching and training programs in budgeting and management. These practices aid them with regards to planning, creating, and using budget efficiently in their organization. This is congruent with the study of Njoki (2022), it was emphasized that gaining financial understanding is directly tied to the advantages or benefits of financial coaching. Coaching programs in relation to budgeting positively impacted their financial well-being and confidence level. It helps them acquire new financial

competencies or understanding of how to carry out specific financial actions.

Table 8. *Incorporating Practical Financial Training Sessions or Financial Coaching*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Attending financial management trainings and courses | 4.92 | Great Extent |
| 2. Fostering financial knowledge in actual project | 4.8 | Great Extent |
| 3. Getting financial degree for self-assurance | 4.77 | Great Extent |
| 4. Hands-on guidance on reaching financial objectives | 4.91 | Great Extent |
| 5. Create coaching and mentoring program focusing on enhancing financial competencies | 4.81 | Great Extent |
| TOTAL AVERAGE MEAN | 4.84 | Great Extent |

Table 8 illustrates the contributing factor of incorporating practical financial training sessions or financial coaching as financial literacy practices. It implies that item 1 “Attending financial management training and courses” got the highest mean of 4.92 interpreted as “Great Extent”. The other contributing factors got a weighted mean ranging from 4.77 to 4.91 as shown in the table. Financial management training and courses improve working procedures while also raising the degree of knowledge among managers and business owners (Sakshi, 2022). They benefit substantially from these training programs, which also increase their competitiveness. Receiving financial management training broadens their knowledge and enhances their productivity.

Silva et al. (2022) posited that financial training sessions or financial coaching is one of the ways for increasing a person's financial capability. Based on its findings, participants who received financial coaching, either one-on-one or in groups, showed improvements in their financial literacy, confidence, stress levels, and behavior. Financial training programs encouraged effective use of financial resources and increased financial knowledge. Thus, following their participation in financial training, MSMEs performed better.

Table 9. *Honing Adequate Financial Skills*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Effective management of cash receipts, cash inflows and outflows | 4.87 | Great Extent |
| 2. Effective implementation of cash collection policies and practices | 4.82 | Great Extent |
| 3. Securing additional funding to ensure adequate cash flow in the long-term | 4.85 | Great Extent |
| 4. Proper monitoring of expenditures to reduce wastage of resources | 4.91 | Great Extent |
| 5. Implementation of goal-based financial planning | 4.89 | Great Extent |
| 6. Developing strategy formulation and controls on major financing and investment decisions | 4.84 | Great Extent |
| TOTAL AVERAGE MEAN | 4.86 | Great Extent |

Table 9 depicts the contributing factor of honing adequate financial skills as financial literacy practices. It reveals that item 4 “Proper monitoring of expenditures to reduce wastage of resources” got the highest mean of 4.91 interpreted as “Great Extent”. As derived from the table, the other contributing factors got a weighted mean ranging from 4.82 to 4.89. By keeping track of expenditures, business owners and managers can more precisely determine where they can cut costs and potentially prevent difficult financial circumstances. They may become more financially confident and knowledgeable as a result of keeping track of their spending, which encourages sound financial practices. Furthermore, it helps them to become financially aware of their business transactions and enables them to change poor spending patterns and develop better ones.

This is supported by the study of Michaud (2017), stating that people can enhance their level of financial literacy through honing adequate financial skills. It enables managers and entrepreneurs to identify areas of the business that aren't working or require special attention, as well as providing them better insight into the overall health of the firm (Nishitha, 2020).

Table 10. *Tracking Earnings and Business Expenditures*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|----------------|
| 1. Keeping clear records of income, business expenses, and sales record | 4.96 | Great Extent |
| 2. Appropriate bookkeeping information and financial statements | 4.92 | Great Extent |
| 3. Cash flow management using creditors and debtors ageing analysis | 4.86 | Great Extent |



Table 10 presents the contributing factors of tracking earnings and business expenditures as financial literacy practices. It stated that item 1 “Keeping clear records of income, business expenses, and sales record” got the highest mean of 4.96 interpreted as “Great Extent”. The other contributing factors got a weighted mean ranging from 4.85 to 4.92 as gleaned in the table. Keeping clear records of income, business expenses, and sales records have a significant influence on the growth and business sustainability in the long run. Guleria (2022) stated that the ability to keep track of business expenses and income assist business owners-managers to persuade potential investors that their business is financially stable or profitable and that they are reliable borrowers. They are certain to make poor decisions if they do not maintain proper records of their business activities. Moreover, keeping clear records enables business owners and managers to develop accurate records that depict the growth and progress of the business. Mwebesa et al. (2018) observed that business organizations can plan effectively and reduce resource misuse by maintaining accurate records.

This financial literacy practice helps MSMEs owners and managers to become financially aware and knowledgeable with their spending habits and control bad spending patterns (Isaac et al., 2018). Tracking earnings and business expenditures improves a company's chances of surviving. Phillips (2019) affirmed that keeping track of expenses and income is necessary to have detailed records of earnings as it helps the business owners and managers to become financially literate in determining which areas of the firm needs improvements if the company has the financial means to grow.

Table 11. *Repayment of Dues and Loans on Time*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Enhancement of managerial knowledge and skills | 4.77 | Great Extent |
| 2. Acquiring and strengthening credit policy approach | 4.67 | Great Extent |
| 3. Develop schedule for payments of credit | 4.71 | Great Extent |
| 4. Develop comprehensive report on loans acquired | 4.69 | Great Extent |
| 5. Timely payments of dues and loans, and bargaining for discounts from creditors | 4.81 | Great Extent |
| TOTAL AVERAGE MEAN | 4.73 | Great Extent |

Table 11 shows the contributing factors of repayment of dues and loans on time as financial literacy

practices. It shows that item 5 “Timely payments of dues and loans and bargaining for discounts from creditors” got the highest mean of 4.81 interpreted as “Great Extent”. As shown in the table, the other contributing factors got a weighted mean ranging from 4.67 to 4.77. Timely payments of loans and bargaining discounts significantly affect their credit history and boost their confidence in handling loans appropriately. If owners and managers of businesses want to easily access financing in the future, timely amount dues and loan repayment is vital (Suresh, 2021). In addition, D'Angelo (2022) stated that with poor company credit, it could be harder to get approval for all the business purchases and transactions. Settle all the debt as quickly as possible to maintain a good credit rating for future funding. Khoury (2020) emphasized that bargaining for discounts from creditors can reduce business expenditures and can give them valuable access to less expensive financing. Percentage discounts are offered to those business owners-managers in exchange for immediate repayments.

This finding is supported by the study of Mutegi et al. (2015), which claims that the practice of timely loan repayments helps business owners to improve their management of credits effectively. These financial literacy practices assist business owners in making well-informed decisions regarding debt management which promotes improved financial outcomes and sustainability of the business. Thus, financial wellness is improved when people are aware of how to manage and pay off debt. Sofi (2021) specified that one of the ways to enhance financial well-being and the key to obtaining good financial health is to prioritize making on-time loans and dues repayments. By avoiding late penalties and interest, being on time with payments can also help a business save money.

Table 12. *Maintaining Positive Financial Attitude and Systematic Perceptual Judgment on Financial Matters*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|--|-------------|---------------------|
| 1. Setting financial objectives that will affect the financial well-being. | 4.67 | Great Extent |
| 2. Creating a complete overview of the expenses by estimating the costs | 4.71 | Great Extent |
| 3. Estimating income | 4.71 | Great Extent |
| 4. Develop a savings fund and emergency fund for reserve | 4.87 | Great Extent |
| 5. Maintain a good financial outlook | 4.60 | Great Extent |
| 6. Making detailed analysis of the market dynamics and the investors' expectations | 4.74 | Great Extent |
| TOTAL AVERAGE MEAN | 4.72 | Great Extent |

Table 12 demonstrates the contributing factor of maintaining positive financial attitude and systematic perceptual judgment on financial matters as financial literacy practices. It stated that item 4 “Develop a savings fund and emergency fund for reserve” got the highest mean of 4.87 interpreted as “Great Extent”. The other contributing factors got a weighted mean ranging from 4.60 to 4.74 as derived from the table. Developing a savings fund and emergency fund for reserve can lessen the financial burden faced by business owners and managers of MSME during the financial crisis. In the article published by LiveWellVermont (2022), it was confirmed that an emergency fund is one of the best ways to become financially prepared as it aids them in paying basic expenditures and unforeseen emergencies. Furthermore, reserved funds are crucial for expanding a business. When entrepreneurs have savings on hand or bank, they can be sure that the company won't be hindered by slow sales or unforeseen problems. They can also earn additional money in the form of interest by keeping a savings account with a financial institution (O'Neill, 2019). An adequate savings and emergency fund can clearly assist firms to survive in cases of severe economic downturn or natural calamity.

This result is supported by the study of Ameliawati and Setiyani (2018) affirmed that a person who has a positive financial attitude is likely to be financially literate. Maintained positive financial attitude relieves stress, allows an individual to take advantage of market opportunities, and efficiently manage financial matters through systematic perceptual judgment. However, a negative attitude will reduce their ability to make sound financial decisions. This is also evident in the study of Rai et al. (2019), the result of their study showed that positive financial attitudes and financial literacy among working women were positively and significantly correlated. Focus should be placed on fostering positive financial attitudes among the individuals in order to improve financial literacy across generations.

Table 13. *Encouraging a Positive Financial Socialization in Institutions*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Enhancing the well-being by attending financial training programs | 4.79 | Great Extent |
| 2. Promoting positive financial socialization | 4.81 | Great Extent |
| 3. Developing attitude and habits that helps in financial decisions | 4.75 | Great Extent |
| 4. Understanding proper financial actions | 4.73 | Great Extent |
| 5. Controlling day-to-day finances | 4.70 | Great Extent |
| 6. Learning and advancing financial knowledge, attitudes, and behaviors that promote financial viability and well-being | 4.80 | Great Extent |
| TOTAL AVERAGE MEAN | 4.76 | Great Extent |

Table 13 reveals the contributing factor of encouraging a positive financial socialization in institutions as financial literacy practices. It indicates that item 2 “Promoting positive financial socialization” got the highest mean of 4.81 interpreted as “Great Extent”. As determined from the table, the other contributing factors got a weighted mean ranging from 4.70 to 4.80. Promoting positive financial socialization significantly helps a person develop and gain confidence and knowledge in managing their finances. Individuals who have been financially socialized perform better in adulthood when it comes to making informed financial decisions and achieving financial well-being. Fostering positive financial socialization allows individuals to employ the knowledge they acquired through socialization agents, such as friends, peers, and others, to assist them in improving their financial planning and decision-making (Sundarasan et al., 2016).

This finding is supported by the quantitative study conducted by Ameliawati and Setiyani (2018), it was concluded that financial socialization helps people become more financially literate. If a person interacts with financial socialization agents more frequently, their level of financial literacy will be higher, which in turn affects how they manage their finances. Putri and Djuminah (2016) claimed that financial socialization helps business owners-managers increase their level of financial well-being through the influence of socializing agents such as family, education, media, and peers. LeBaron et al. (2018) also stated that encouraging financial socialization is one of the essential methods in improving the financial well-being of emerging adults.



Business Performance

Table 14. *Roles of Seminars About Financial Planning and Control on Business Performance*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|--|-------------|---------------------|
| 1. Increase effectiveness in acquiring, utilizing, and protecting financial resources | 4.83 | Great Extent |
| 2. Provide a substantial contribution to the cash flow maintenance of an organization | 4.75 | Great Extent |
| 3. Ensures overall operational efficiency in the business performance | 4.74 | Great Extent |
| 4. Improves business stability and profitability of the business | 4.88 | Great Extent |
| 5. Increase the company's market worth and decrease its overall weighted average cost of raising capital | 4.57 | Great Extent |
| 6. Acquisition of understanding on the usage of financial statements, as well as the instruments and methods of financial analysis | 4.73 | Great Extent |
| 7. Facilitates the efficient operation of cost and revenue management | 4.77 | Great Extent |
| TOTAL AVERAGE MEAN | 4.75 | Great Extent |

Table 14 illustrates the roles of seminars about financial planning and control on business performance. It reveals that “seminars about financial planning and control” as financial literacy practices would help owners and managers “improves business stability and profitability of the business” with the highest mean of 4.88 interpreted as ‘Great Extent’. As derived from the table, the other contributing factors got a weighted mean ranging from 4.57 to 4.83. Participating in these seminars help them increase profit margin, productivity, and effective utilization of financial resources which encourages growth and better performance. It enhances the knowledge and financial skills of MSMEs owners-managers in managing business activities and stability of the firm. This is in accordance with the study of Claudine (2017) stating that attending effective financial planning seminars provide them with the most recent information on money management, provide them with details on new sources of funding, help them better understand the industry, and teach them valuable practical knowledge and skills.

This finding is supported by Bartolome (2015), stating that financial planning seminars teach participants how to build and multiply their money or income in a variety of ways so they can increase their wealth. Thus, it aids in preventing individuals from falling victim to one of the many widespread investment frauds.

According to Kihara (2019), understanding financial planning and control through seminars enhances their level of financial literacy, which subsequently improves overall effectiveness of the business performance. It helps them make sound financial decisions which leads to business profit maximization and the financial viability of the firm.

Table 15. *Roles of Seminars About Coaching and Training Programs in Budgeting and Management on Business Performance*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|--|-------------|---------------------|
| 1. Maximization of investor's wealth and reduction of the company's expenditures | 4.77 | Great Extent |
| 2. Efficient allocation of fund, proper management of cash flow and debt | 4.91 | Great Extent |
| 3. Effective management of business finances | 4.84 | Great Extent |
| 4. Enhancement of budgeting process system utilized by the business | 4.84 | Great Extent |
| 5. Attainment of the company's short term and long-term goals | 4.82 | Great Extent |
| 6. Proper allocation of money and creation of realistic budget | 4.82 | Great Extent |
| 7. Adequately dealt with debt and deficit budget | 4.76 | Great Extent |
| TOTAL AVERAGE MEAN | 4.82 | Great Extent |

Table 15 shows the roles of coaching and training programs in budgeting and management on business performance. It demonstrates that “Coaching and training programs in budgeting and management” as financial literacy practices would help business owners and managers in “Efficient allocation of funds, proper management of cash flow and debt” with the highest mean of 4.91 interpreted as “Great extent”. The other contributing factors got a weighted mean ranging from 4.76 to 4.84 as gleaned in the table.

This is supported by the study of Muraga and John (2015), they found out that training programs in budgeting and debt management have a positive effect on business performance of the enterprises. These practices help MSME owners-managers in comprehending the financial needs of the business and proper management of finances. Moreover, the study



conducted by Lusimbo (2016), stated that training programs on budgeting and management increases business growth in terms of sales, profitability, and proper asset management. It also shows that owners who receive these practices have grown their assets and develop financial skills.

Table 16. Roles of Incorporating Practical Financial Training Sessions or Financial Coaching on Business Performance

| Contributing Factors | Mean | Remarks |
|--|-------------|---------------------|
| 1. Addresses urgent concerns and financial matters about the business | 4.81 | Great Extent |
| 2. Fulfillment of obligations such as repayment of dues and loans | 4.82 | Great Extent |
| 3. Boost saving for future plans and aids in efficient budgeting | 4.84 | Great Extent |
| 4. Better business performance and management of financial resources | 4.81 | Great Extent |
| 5. Improved long-term financial behavior | 4.86 | Great Extent |
| 6. Improved business profitability and management of financial resources | 4.87 | Great Extent |
| 7. Secured financial health and stability of the firm | 4.87 | Great Extent |
| TOTAL AVERAGE MEAN | 4.84 | Great Extent |

Table 16 shows the roles of Incorporating practical financial training sessions or financial coaching on business performance. It indicates that “Incorporating practical financial training sessions or financial coaching” as financial literacy practices would help business owners and managers “Improved business profitability and management of financial resources” and “secured financial health and stability of the firm” with the highest mean of 4.87 interpreted as “Great extent”. As shown in the table, the other contributing factors got a weighted mean ranging from 4.81 to 4.86.

This result is supported by the study of Collins et al. (2021) which claimed that financial coaching and financial training benefits business owners-managers in achieving increased profitability. Likewise, the study of Guadamuz (2020) stated that individuals who receive financial training notably increased their knowledge in handling funds and income that leads to improved business profitability and better management of financial resources. According to Robinsons (2017), financial mentoring is one of the factors that influence the success or stability of a business. Owners and managers developed financial skills and habits in

growing their savings and focus on long-term outcomes necessary for the stability of the firm. Furthermore, Theodos et al. (2018) concluded that financial coaching has a positive effect on financial behavior and well-being of owners- managers that is essential for achieving optimum business performance.

Table 17. Roles of Honing Adequate Financial Skills on Business Performance

| Contributing Factors | Mean | Remarks |
|--|-------------|---------------------|
| 1. Financial matters and dilemmas are well-managed | 4.84 | Great Extent |
| 2. Strengthens financial stewardship, transparency, and accountability in the usage of funds | 4.89 | Great Extent |
| 3. Eradicate unintentional error and miscalculation of financial statements | 4.90 | Great Extent |
| 4. Improved financial reporting and auditing | 4.88 | Great Extent |
| 5. Better business performance and management of financial resources | 4.83 | Great Extent |
| 6. Improvement in practices associated with financial records, planning finances, and goal setting | 4.83 | Great Extent |
| TOTAL AVERAGE MEAN | 4.86 | Great Extent |

Table 17 demonstrates the roles of honing adequate financial skills on business performance. It implies that “Honing adequate financial skills” as financial literacy practices would help business owners and managers “Eradicate unintentional error and miscalculation of financial statements” with the highest mean of 4.90 interpreted as ‘Great Extent’. The other contributing factors got a weighted mean ranging from 4.83 to 4.89 as determined from the table.

This result is supported by the study conducted by Razak and Amin (2020) stating that building one’s financial skills is crucial because it provides managers with the necessary skills and knowledge they need to efficiently manage finances. Business owners and managers can better comprehend the details and appropriate use of a financial statement by developing their financial abilities. A person with improved financial skills has an adequate capability to understand financial statements and is less likely to experience financial problems due to miscalculations,



inaccuracies, or unintentional mistakes (Russo, 2022). This implies that honing adequate financial skills has a positive impact on business performance. This result is supported by the study of Fitria et al. (2018) asserting that owner’s or manager’s financial skills and knowledge are necessary in obtaining an acceptable degree of sustainable performance. Similarly, Kimunduu et al. (2016) elucidated that performance is significantly improved when SMEs' employees have the financial skills needed to make better financial decisions.

Table 18. Roles of Tracking Earnings and Business Expenditures on Business Performance

| Contributing Factors | Mean | Remarks |
|--|-------------|---------------------|
| 1. Raise more funds or finances through debt or further equity issuance in taking new projects or business expansion | 4.85 | Great Extent |
| 2. Efficient allocation of fund, proper management of cashflow and debt | 4.86 | Great Extent |
| 3. Adequate monitoring and overseeing of business transactions | 4.88 | Great Extent |
| 4. Improved overall business efficiency and productivity in the long run | 4.82 | Great Extent |
| 5. Encouraged to generate more profit and reduction of expenses | 4.80 | Great Extent |
| 6. Easy access to sources of funding | 4.87 | Great Extent |
| TOTAL AVERAGE MEAN | 4.85 | Great Extent |

Table 18 presents the roles of tracking earnings and business expenditures on business performance. It denotes that “Tracking earnings and business expenditures” as financial literacy practices would help business owners and managers in “Adequate monitoring and overseeing of business transactions” with the highest mean of 4.88 interpreted as ‘Great Extent’. As gleaned in the table, the other contributing factors got a weighted mean ranging from 4.80 to 4.87.

This result is supported by Tanski-Phillips (2022) stating that tracking income and recording expenses in a timely manner allows them to get the recent financial information about their business. In this way, they were able to appropriately monitor the current progress and various business transactions regularly. Alufemi and Olademeji (2019) explained that maintaining records of business transactions allows a business owner to monitor the success of their enterprise. By keeping track of spending, a firm foresees cash flow slowdowns, develops better plans, and ensures that the

most important expenses, like payroll, are always covered (Holliday, 2020).

Sawant (2022) viewed this strategy as an important factor for successful management, survival of the firm and improvement on overall business performance. Similarly, Tackie et al. (2022) emphasized that even though keeping records of income and expenses can improve business performance.

Table 19. Roles of Repayment of Dues and Loans on Time on Business Performance

| Contributing Factors | Mean | Remarks |
|--|-------------|---------------------|
| 1. Fulfillment of obligations such as repayment of dues and loans | 4.68 | Great Extent |
| 2. Increased business continuity | 4.57 | Great Extent |
| 3. Provide security for future credit or loans from suppliers | 4.64 | Great Extent |
| 4. Effective cash flow management that facilitates regular payments | 4.73 | Great Extent |
| 5. Enhanced credit rating or creditworthiness of the business | 4.85 | Great Extent |
| 6. Facilitates the expansion of the business without compromising operations | 4.59 | Great Extent |
| TOTAL AVERAGE MEAN | 4.68 | Great Extent |

Table 19 indicates the roles of repayment of dues and loans on time to business performance. It signifies that “Repayment of dues and loans on time” as financial literacy practices “Enhanced credit rating or creditworthiness of the business” with the highest mean of 4.85 interpreted as ‘Great Extent’. The other contributing factors got a weighted mean ranging from 4.57 to 4.73 as shown in the table. Making payments in a timely manner is the simplest way to maintain or improve the creditworthiness of a firm.

The result of this study is supported by Idol (2022) asserting that high credit ratings are the result of timely payments to creditors and lenders by a company. Positive credit ratings demonstrate financial responsibility, which gives lenders a reason for trusting their business. This implies that business owners and managers can easily secure their access to financing in the future by making timely payments. Correspondingly, Irby (2022) specified that paying dues and loans on time will help the company establish a good payment history, which will enhance its creditworthiness and increase its chances of approval for future credit from suppliers and loans. Therefore, repayment of dues and loans on time improves business performance and develops a positive credit history.

Table 20. *Roles of Maintaining Positive Financial Attitude and Systematic Perceptual Judgment on Financial Matters to Business Performance*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|---|-------------|---------------------|
| 1. Encourages profit maximization and attainment of financial goals | 4.52 | Great Extent |
| 2. Financial matters and dilemmas are well-managed | 4.67 | Great Extent |
| 3. Improved saving behavior and financial planning | 4.53 | Great Extent |
| 4. Ensure effective management of financial resources | 4.69 | Great Extent |
| 5. Better money management and financial decisions | 4.53 | Great Extent |
| 6. Adequate financial supervision | 4.50 | Great Extent |
| TOTAL AVERAGE MEAN | 4.57 | Great Extent |

Table 20 specifies the roles of maintaining positive financial attitude and systematic perceptual judgment on financial matters to business performance. It shows that “Maintaining positive financial attitude and systematic perceptual judgment on financial matters” as financial literacy practices help business owners and managers “Ensure effective management of financial resources” with the highest mean of 4.69 interpreted as “Great extent”. As derived from the table, the other contributing factors got a weighted mean ranging from 4.50 to 4.67. This result is supported by the study of Pathak and Nathani (2020), who claimed that financial attitude is the key controller of a person in decision making relative to financial matters. Building a good financial attitude is crucial for management and allocation of financial resources and stability of a firm. Business owners and managers can efficiently utilize funds by improving their financial attitude and financial judgments. People who have a good financial attitude about money will be more certain that their future business operations will be improved (Ameliawati & Setiyani, 2018).

An individual with positive behavior tends to develop a positive financial attitude and most likely manage finances efficiently and make sound financial judgments. This implies that maintaining a positive attitude and systematic perceptual judgment on financial matters positively affects business performance. This is supported by the study of Razak

and Amin (2020), who indicates that a good financial attitude positively affects business performance and allows business owners-managers to develop business related skills and strengthen financial expertise. Furthermore, Hidayati et al. (2021), concluded that maintaining a positive financial attitude has a significant effect on SMEs business performance.

Table 21. *Roles of Encouraging a Positive Financial Socialization in Institutions on Business Performance*

| <i>Contributing Factors</i> | <i>Mean</i> | <i>Remarks</i> |
|--|-------------|---------------------|
| 1. Effective management of business finances | 4.71 | Great Extent |
| 2. Increased stability and competitiveness of the firm | 4.60 | Great Extent |
| 3. Attainment of an acceptable degree of sustainable performance | 4.67 | Great Extent |
| 4. Improvement in financial well-being | 4.74 | Great Extent |
| 5. Facilitates financial viability and higher productivity | 4.72 | Great Extent |
| 6. Better future financial planning | 4.73 | Great Extent |
| TOTAL AVERAGE MEAN | 4.70 | Great Extent |

Table 21 shows the roles of Encouraging a positive financial socialization in institutions on business performance. It details that “Encouraging a positive financial socialization in institutions” as financial literacy practices would help business owners and managers get “Improvement in financial well-being” with the highest mean of 4.74 interpreted as “Great extent”. The other contributing factors got a weighted mean ranging from 4.60 to 4.73 as determined from the table. This result is supported by the study of Senevirathne et al. (2016), stating that financial socialization provides business owners and managers the opportunity to be financially literate and develop financial skills necessary for firm viability. Positive financial socialization and interactions with institutions increase the knowledge and behavior of a person which enhances financial well-being. Moreover, it was stated that improved financial well-being aids individuals in appropriate management of finances and meeting future goals. This implies that this practice has a significant effect on business performance. This is supported by the study of Razak and Amin (2020), which concluded that financial socialization has a positive impact on SMEs performance. Business owners and managers who employ this practice could fulfill financial responsibilities that stimulate optimum business performance.

Table 22. Pearson-R Correlation (Financial Literacy Practices and Business Performance)

| | | Financial Literacy Practices | Business Performance |
|------------------------------|---------------------|------------------------------|----------------------|
| Financial Literacy Practices | Pearson Correlation | 1 | .920(**) |
| | Sig. (2-tailed) | . | .001 |
| | N | 100 | 100 |
| Business Performance | Pearson Correlation | .920(**) | 1 |
| | Sig. (2-tailed) | .001 | . |
| | N | 100 | 100 |

Table 22 shows the Pearson r test results between the relationship of the financial literacy practices to business performance. The value of r is 0.920 at 0.01 level of significance, the computation gave a result of 0.920 for financial literacy practices.

The Pearson r test results between the relationship of the financial literacy practices to business performance, the value of r is 0.920 interpreted as 'Very Strong Correlation'. This indicates that the relationship of variables financial literacy practices and business performance are positively significant. Therefore, if the financial literacy practices are low, the performance of the business will also be affected.

This result concurred with the quantitative study of Kanyundo (2018), it was concluded that financial literacy has a strong positive relationship with business performance. In addition, research made by Utami et al. (2021), and Kibobi et al. (2020) confirmed that financial literacy has a positive relationship with business performance. It came out that financial proficiency is an essential element to any organization to be economically competitive. It should be deemed as an important part of business operations because it is vital to a firm's performance. Therefore, to increase business success and improve overall business performance, entrepreneurs must develop their financial literacy skills.

Conclusion

Based on the research findings, it came to light that the levels of financial behavior and financial knowledge of the respondents are low, whereas the respondent's level of financial attitude is average. This means that the majority of the respondents are lacking in financial literacy which leads to ineffective management of

finances and unsound financial decisions. Thus, the maximum utilization of financial literacy practices can optimize the business performance, financial health and competitiveness of MSMEs. It is the responsibility of the business owners and managers to utilize and implement the financial literacy practices effectively and competently for sound financial and budgeting decisions.

The effects of financial literacy practices on business performances were to a great extent. The application of these financial practices results in the achievement of reliable financial statements, maintained records of business transactions, effective management of financial resources and secured stability of the firm. It can be concluded that financial literacy practices are factors in the attainment of business success.

The City Government of Navotas should conduct motivational seminars and training programs to encourage the involvement of MSMEs owners and managers in the fishing industry to develop their financial literacy that will strengthen the viability of their business. Therefore, micro, small and medium-sized enterprises (MSMEs) should apply financial literacy practices to reduce failure rate and be economically competitive. This will also lead to an increased long-term survival of the business and improved organizational performance.

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