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## Financial Management Practices of Selected Agribusiness Enterprises in Marinduque

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### Abstract

Financial resources, being the lifeblood of any enterprise, when utilized and managed efficiently result to optimal business performance and survival in times of financial crisis. Hence, the paper sought to assess the financial management practices of selected manufacturing agribusiness under the Small Enterprise Technology Upgrading Program (SETUP) and Grants-In-Aid (GIA) programs of the Department of Science and Technology (DOST) Marinduque. The study used descriptive methods in gathering and analyzing data with the aid of a survey questionnaire and interview guide. Out of the 35 participating enterprises, 13 or 42% are GIA and 18 or 58% are SETUP. Using non-financial descriptors, the analysis resulted to the following mean values interpreted as very satisfactory: record keeping and management (3.81), profitability (3.64), sales (3.65), and income (3.57) while mean values for liquidity (3.39) and leverage (3.15) are interpreted as satisfactory. The majority of the enterprises do not have regular bookkeepers. For GIA recipients, treasurers are assigned, while under SETUP, part-timers are hired occasionally or every end of the year to prepare Financial Statements. Financial management practices need further attention. Thus, beneficiaries of GIA need to: a) install a proper auditing policy for checks and balances, and b) increase sales to generate higher income. For SETUP, there is a need to manage receivables so as not to escalate and to avoid bad debts. The practice of applying credit to finance production and maximize government loans and grants is acceptable, but the use of credit to finance daily production can be used as a leverage to a) grow the business, b) increase available cash to finance other needs, c) increase trust relationship with the lenders to manifest positive firm performance in paying debts, and d) minimize the risk of bankruptcy.

**Keywords:** financial management practices, agribusiness finance

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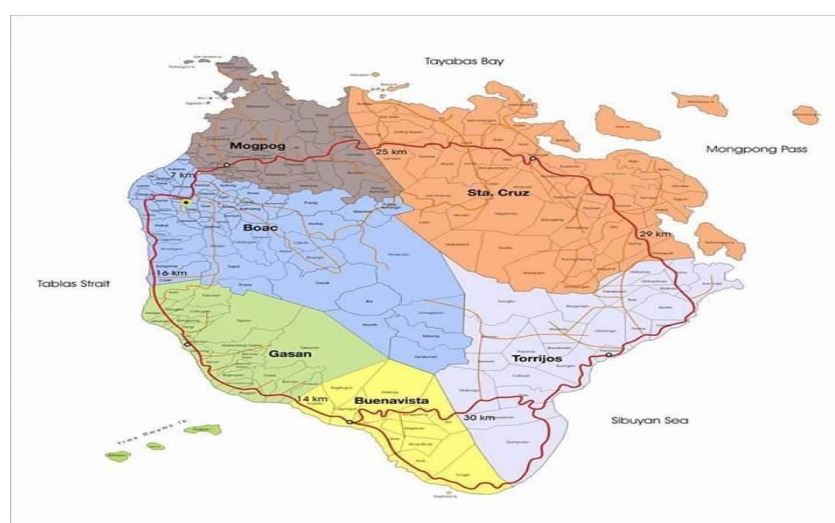
### 1. Introduction

Management the act of doing things better while practices is performing it regularly or commonly. Thus, management practices refer to the methods and innovations that manager's practice to improve the effectiveness of work performance. On the other hand, one of the financial aspects of the enterprise most specially the agribusiness plays an important role in

performing better. This is among the most important indicator of success and progress of any business activity.

Financial management practices of selected manufacturing agribusiness under the Small Enterprise Technology Upgrading Program (SETUP) and Grants-In-Aid (GIA) programs of Department of Science and Technology (DOST) in Marinduque sought to investigate and study how these practices affect their performance.

Broszeit et al (2016) explicitly investigated the impact of formal management practices on MSME performance, finding that such practices has a positive effect, but one which is weaker than that found among larger firms. Those studies which do exist have used subjective ratings of performance provided by the same respondents who report on the firm's use of management practices.



**Figure 1. Research Local**

The sample of the study was based on the DOST- Marinduque Assisted Projects as of 2016-2018 which is composed of 69 business establishments. Assistance being downloaded by DOST to the MSMEs come either from two types of assistance namely: Grant in Aid (GIA) for group while Small Enterprise Technology Upgrading (SETUP) for individual.

Purposive sampling was used in the selection of respondents. It basically involves having one or more specific predefined groups. Participants in this study were selected based on the following criteria: a) Business establishments registered in the 6 municipalities of Marinduque and are categorized as agribusiness enterprise; b) Established operation for about 3 years; c) Recipient of DOST GIA and SETUP project for about 3 years; and d) Involved in Manufacturing. Meanwhile, the participants for qualitative methods are the randomly selected 8 top management officials of GIA and SETUP consisting of 16 who underwent the process through interview.

To obtain reliable and valid information, the researcher used a self-made survey questionnaire and guide questions validated by experts. To test the reliability of the research instruments, a pilot study was carried out. Specifically, the questionnaire was tested for internal consistency reliability using Cronbach's coefficient alpha determined using SPSS.

## Results and Discussion

### 1. Kind of DOST Assistance

The Department of Science and Technology (DOST) recognizes the importance of manufacturing agribusiness in promoting inclusive economic growth in the country. They are one of the most active government agencies providing programs and projects interventions in the province of Marinduque. Some of their program and project interventions are: Small Enterprise Technology Upgrading Program (SETUP) and Grants-In-Aid (GIA). Small Enterprise Technology Upgrading Program (SETUP) encourages and assists them to adopt technology innovations to improve their operations and thus boost their productivity and competitiveness through better product quality, human resources development, cost minimization and waste management, and other operation related activities intended for single proprietorship or partnership. On the other hand, Grants-In-Aid (GIA) program aims to harness the country's scientific and technological capabilities to spur and attain a sustainable economic growth and development of the community-based enterprise managed by marginal sector such as associations, organizations, and cooperatives. SETUP was provided in a form of loan with no collateral and interest free payable in three years while GIA is a funding assistance in the form of grant.

Results of the study revealed that out of the 35 selected manufacturing MSMEs, 13 or 42% are GIA commonly cooperatives and farmers organization and 18 or 58% are SETUP or single proprietorship. Four of the identified SETUP did not respond due to health issue and emergency case during the conduct of the study. Around 74 out of 105 or 70.47% of the target respondent participated in the study.

Table 1. Number of Respondents Participated

<b>Respondents</b>	<b>GIA</b>	<b>SETUP</b>	<b>Total</b>	<b>Percentage</b>
Officers/Board of Directors	12		12	16.22%
Owner		18	18	24.32%
Manager	10	10	20	27.03%
Employee	11	13	24	32.43%
<b>Total</b>	<b>33</b>	<b>41</b>	<b>74</b>	<b>100.00%</b>

Table 1 presents the number of respondents participated in the study. Profiles of the respondents were mostly managers and owners about 67.57%.

Fortunato dela Peña the DOST Secretary, during the awarding of the Search for the Best SETUP Adopter 2017 held in Pasay City stated that “realizing the vast potential of the MSMEs, the DOST positioned itself to play a vital role in revving up the engines of economic performance through the appropriate use of science, technology and innovation in pushing MSMEs higher in the value chain”. Meanwhile, Herpacio and Hidalgo (2018) affirmed that the Department of Science and Technology- Small Enterprise Technology Upgrading Program (DOST-SETUP) has shown increase in enterprises' production volume, sales level, generated employment, and positive increase in income. Through the program, MSMEs operations have

increased their productivity, improve their product quality, and sustain operations, thus worthy for continuous implementation.

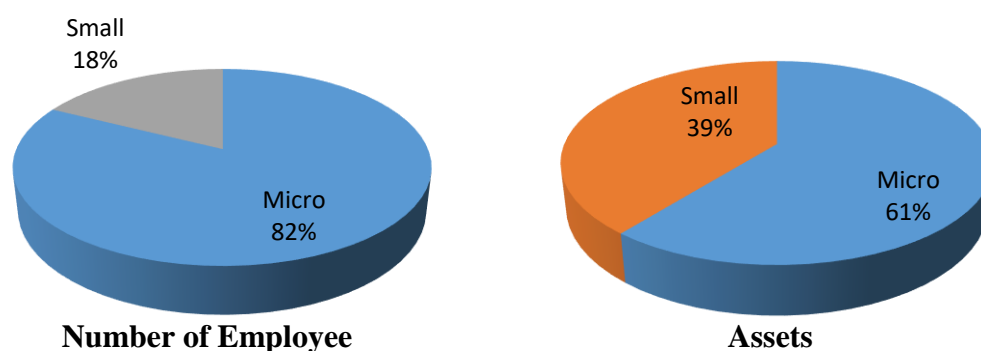
## 2. Profile of the Respondents

Profile of the respondent agribusiness enterprises shows in the following table and figure. In Table 2, the years of operations and in Figure 2, category of agribusiness enterprise as to number of employee and assets based on the following criteria set by DTI:

- (a) Micro enterprise – with up to P 3 million in assets, and 1 to 9 employees
- (b) Small enterprise – P 3 million to P 15 million in assets, and 10-99 employees
- (c) Medium enterprise – P 15 million to P 100 million in assets, and 100-199 employees
- (d) Large enterprise – More than P 100 million in assets, and 200 or more employees

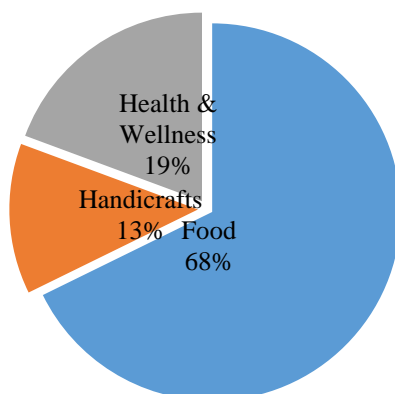
**Table 2. Years of operation**

	GIA	SETUP	Total	Percentage
<b>3 to 5</b>	25	2	27	36.49%
<b>6 to10</b>	8	8	16	21.62%
<b>10 above</b>		31	31	41.89%
<b>Total</b>	<b>33</b>	<b>41</b>	<b>74</b>	<b>100%</b>



**Figure 2. Category of agribusiness enterprises as to number of employee and assets**

On the other hand, Figure 3 was the types of products manufactured by agribusiness enterprises while Table 3, the distribution of each type manufactured products.



**Figure 3. Types of products manufactured by agribusiness enterprises**

**Table 3. Distribution of the type of manufactured products of agribusiness enterprises**

<b>Food</b>	<b>Frequency</b>	<b>Health &amp; Wellness</b>	<b>Frequency</b>
Fish based products	4	Food supplement product	1
Rootcrops based products	4	Stingless bee	1
Food snacks	3	Virgin coconut oil based products	2
Bakery products	3	Nutrient enrich snack	1
Fast food restaurant	2	Malungay powder	1
Coconut based products	2	<b>Total</b>	<b>6</b>
Native delicacies	1	<b>Handicrafts</b>	
Beverages	1	Buntal	1
Process meat	1	Soft broom	1
<b>Total</b>	<b>21</b>	Abaca	1
		Candle making	1
		<b>Total</b>	<b>4</b>

More than 10 years and above got the highest number of participated MSMEs, while as to assets and number of employees categorized as micro enterprise. As to the type of products they manufactured, food products got the highest percentage followed by health & wellness, and handicrafts.

### 3. Financial Management practices

Table 4 shows the results of the survey as to financial management practices. As shown, the overall mean is 3.50, which is interpreted as “Very Satisfactory” affirming the fact that finance is the “life blood” of the enterprise and their success is measured thru financial indicator like Financial Statement or FS. Result of the survey on the financial aspect covered the following: record keeping & management, profitability, liquidity, and leverage. Among the areas that need further attention and emphasis by both projects assisted by DOST are liquidity and leverage.

**Table 4. Financial Management Practices**

<b>Financial Areas</b>	<b>Management</b>	<b>DOST Assistance</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Verbal Description</b>
Record Keeping & Management		GIA	0.866	3.55	Very Satisfactory
		SETUP	0.844	4.07	Very Satisfactory
Profitability		GIA	0.800	3.19	Satisfactory
		SETUP	0.764	4.08	Very Satisfactory
Liquidity		GIA	0.796	3.06	Satisfactory
		SETUP	0.783	3.71	Very Satisfactory
Leverage		GIA	0.864	2.99	Satisfactory
		SETUP	0.959	3.31	Satisfactory
<b>Overall</b>			<b>0.745</b>	<b>3.50</b>	Very Satisfactory

Table 4 discloses results of the survey as to Financial Management Practices. SETUP projects garnered a mean of 3.71 which is interpreted as “very satisfactory” although they make short-term obligations and sometimes do not borrow funds unless it is necessary or with minimal cost like what DOST offered. Liquidity is a financial health indicator which measures the

organizations' ability to meet short-term obligations. An organization is said to be liquid if it has enough cash and other current assets to cover its obligations for the current period. In addition, having a positive net working capital indicates liquidity. Statements from the participants reveal little to no practices of applying credits to finance their production and only maximize government loans and grants with minimal interest.

Though it is acceptable to spend within one's means, it is, however, raises questions with regards to the financial management ability of the participants. The use of credit or terms from suppliers, to finance the business and their daily production can be used as leverage to grow the business. Additionally, the use of credit increases available cash for a set period of time to finance other needs of the business.

On the other hand, Leverage got a mean of 3.31, which is interpreted as "satisfactory" which means that most probably are afraid of long-term obligation. On the other hand, leverage measures the total exposure of an organization to outside debts. Unlike liquidity, leverage measures solvency and the ability to meet long-term obligations. An important factor in measuring solvency is the timely payment of principal and interest. Since participants avail of government grants and aid to leverage their business, they are not exposed to repayment of loan principal and interest.

Likewise, GIA projects also got means of 3.06 and 2.99 respectively for liquidity and leverage, which are both interpreted as "satisfactory". This is because the government's support is very lively and most of the time, they are the beneficiaries of the grant or fund transfer from the government without an obligation of paying but making sure that the operation is sustained.

**Table 5. Liquidity**

Liquidity	DOST Assistance	Std. Deviation	Mean	Verbal Description
1. Ability of the firm to meet or pay short term obligation	GIA	0.662	3.24	Satisfactory
	SETUP	0.866	4.27	Very Satisfactory
2. Ability to meet or pay short term debts without having to sell inventories	GIA	0.913	3.09	Satisfactory
	SETUP	0.895	4.27	Very Satisfactory
3. No pending past due accounts in any financial institutions	GIA	1.023	3.21	Satisfactory
	SETUP	0.853	4.15	Very Satisfactory
4. As much as possible avails short term loan for urgent needs and pay on time	GIA	0.951	3.03	Satisfactory
	SETUP	1.466	3.27	Satisfactory
5. Firm avails short term loan and pay when due	GIA	1.068	2.73	Satisfactory
	SETUP	1.392	2.63	Satisfactory
<b>Overall</b>		<b>0.849</b>	<b>3.39</b>	Satisfactory

Table 5 houses the results of the survey as to liquidity. As shown, the overall mean is 3.39, which is interpreted as "satisfactory". Although it's practiced, the commitment is less. This is alarming because having a liquidity management strategy means the business has a plan for

meeting its short-term and immediate cash obligations without experiencing significant losses. This means that the company is managing its assets, including cash to meet all liabilities, cover all expenses and maintain financial stability (Jackson, 2019).

Majority have no problem maintaining sufficient cash to finance their daily operations. Based on Table 5, SETUP beneficiaries have the highest mean in liquidity descriptor 1 and 2 of both 4.27 and have the lowest mean in liquidity question 5 of 2.63. Accordingly, since SETUP beneficiaries have the least practice of availing short-term loan and paying when it is due, it is quite certain that they have no problem with regards to their ability to meet or pay shorter obligation, even without having to sell inventories. One may also infer that SETUP beneficiaries may not be exposed to short-term obligations, or may not be availing of suppliers' credit to boost-up operations, or not knowledgeable that credits or loans can help leverage the business to do better. If the latter is true, the national government should also focus on training agribusiness enterprise on the matter, in addition to the financial grants they offer. The same observation is also true with the GIA beneficiaries.

Specifically, the indicator, "Ability of the firm to meet or pay short term obligation." got the highest mean of 4.27, which is a good indication because the company has a good reputation at least with its short-term obligations enabling the business survive on a daily basis. Meanwhile, the indicator, "Firm avails short term loan and pay when due." got the lowest mean of 2.63. This means that this action is not given much attention although this type of loan improves issues with cash flow, keeps up with seasonal trends, expands the business, takes care of emergencies, improves company's credit rating, and it's just short-term debt which could really help a firm in many aspects.

**Table 6. Leverage**

<b>Leverage</b>	<b>DOST Assistance</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Verbal Description</b>
1. Updates payments on long term loan	GIA	1.074	2.82	Satisfactory
	SETUP	1.345	3.88	Very Satisfactory
2. Almost 60% of the firm capital is financed by external investors	GIA	0.883	2.70	Satisfactory
	SETUP	1.295	2.15	Satisfactory
3. Almost 40% of assets acquisition is financed by internal financing	GIA	0.939	2.85	Satisfactory
	SETUP	1.374	3.24	Satisfactory
4. Receives government and non-government financial assistance	GIA	1.108	3.33	Satisfactory
	SETUP	1.116	3.95	Very Satisfactory
5. Firm operations can be sustained without external financing	GIA	1.090	3.24	Satisfactory
	SETUP	1.174	3.34	Satisfactory
<b>Overall</b>		<b>0.926</b>	<b>3.15</b>	Satisfactory

Table 6 shows details why leverage only got the mean 3.15, which is interpreted as "satisfactory". Paying their short-term obligations need more commitment to eliminate problems in the future. While sourcing of funds from outside is better most especially for

expansions and long-term investment of the enterprise. It was only satisfactory because they are all beneficiaries of government financial assistance where ease of payment applies.

Based on Table 6, GIA and SETUP beneficiaries, both having the highest mean in leverage descriptor no. 4 of 3.33 and 3.95, respectively, acknowledge that their operations are significantly influenced by the external financing provided by the national government through the DOST. This means that they may not be truly exposed to the customary external financing through long-term loans and borrowings with the burden of paying interests and bank charges. Since government financing are generally not onerous in nature, the participating agribusiness enterprise are not subject to regular principal repayment, interest payment, and bank charges. Hence, it is assumed that they will have no problem maintaining their solvency.

The participants must be cautious with their current financing strategy since government subsidies and grants may not be always available in the future to leverage their business. Their reliance with government assistance has a significant impact on their operations, and therefore its absence may expose them to unnecessary risks of liquidity and solvency.

Financial records and record keeping play an important role in managing financial matters of the agribusiness enterprise. This helps in tracing problems and discrepancy in terms lapses and areas needing improvements. They say that a clock without hands is like a business without records. This is indeed true because the importance of record keeping management in evaluating and planning the directions of the business in just indispensable.

**Table 7. Record keeping and management**

<b>Record keeping and management</b>	<b>DOST Assistance</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Verbal Description</b>
1. Hires book keepers or assigned personnel in-charge to record business transactions	GIA	1.090	3.42	Satisfactory
	SETUP	1.130	3.85	Very Satisfactory
2. Updates and records daily business transactions	GIA	0.998	3.61	Very Satisfactory
	SETUP	0.859	4.24	Very Satisfactory
3. Uses simple bookkeeping and record management platform	GIA	0.859	3.64	Very Satisfactory
	SETUP	0.851	4.22	Very Satisfactory
4. There is a system of checking and auditing financial records	GIA	1.092	3.55	Very Satisfactory
	SETUP	0.908	3.98	Very Satisfactory
5. Always prepare financial statement	GIA	0.832	3.55	Very Satisfactory
	SETUP	1.058	4.07	Very Satisfactory
<b>Overall</b>		<b>0.887</b>	<b>3.81</b>	Very Satisfactory



Table 7 shows the results of the survey as to record keeping and management. As shown, the overall mean is 3.81 which is interpreted as “**very satisfactory**”. On the average GIA has 3.55 mean while SETUP has 4.07 mean both mostly practiced resulting to 3.81 overall mean with a verbal description of “very satisfactory”. The agribusiness enterprise acknowledges the importance of bookkeeping or recordkeeping in their business. Further, they are also interested in the information pertaining to their business’ condition, performance, and cash flows that could be derived from their financial statements.

Out of the five descriptors in Table 7, item 1 got the lowest mean for both the GIA and the SETUP at 3.42 and 3.85, respectively. These results are based from the fact that majority of GIAs and SETUPS do not have dedicated bookkeepers who are qualified to do the recordkeeping function. As a matter of practicality and part of cost-control measures, they combine the bookkeeping with the cashiering and property custodianship functions to a single person i.e., the treasurer. This practice may cause problems in the future since acceptable sound internal control practices prescribe that recordkeeping and cashiering are incompatible functions that cannot be assigned to a single person.

Majority of GIA does not have bookkeeper but only assigned person like the treasurer to record daily transactions. Most of the time treasurers manage their cash on hand. With that, SETUP’s check and balance become a problem. Occasionally trust is not enough to protect the fund of the company or associations. Even SETUP does not have regular bookkeeper but only part timers or they hire an accountant every end of the year to facilitate the preparation of Financial Statement. Since most MSMEs are associations and owned by a group of people, “trust and confidence” through the implementation of sound internal control systems should be the foundation and core values of their organizations. The national government should also explore interventions to equip the them with the basic organizational management practices, internal control and accounting information systems that would help MSMEs solidify their organization’s operations. This would not be based on “trust” alone, but also protected by measures that would not allow an individual to exploit their current system that is vulnerable.

Vanguard Systems (2020) affirms that having a regular record keeping reduces room for human error. A dedicated file-management system ensures employees a set of protocols and one simple destination for all record-storing, minimizing confusion, missteps and document disarray. It also minimizes losses, decreases audit and compliance risks. Proper record filing and retention is the first step to upholding industry regulations and wider business compliance. Records management is even more critical for certain document types, such as financial records. Further, good record keeping unburdens employees. Well-designed record management structures a clear pathway for handling files, which alleviates employees from managing ad-hoc systems themselves. Finally, it boosts office peace of mind. This is precisely what a standardized approach to business record-keeping offers, packaged as part of a more significant effort to support efficient workflows and operational systems.

When it comes to frequency of doing the bookkeeping function, both GIAs and SETUPS show high results to question items 2 and 3 i.e., updates and records daily business transactions and uses simple bookkeeping and record management platform. We cannot ascertain whether their bookkeeping practices follow the generally accepted accounting

principles (GAAP) or whether they are using accrual, modified-accrual, or cash basis accounting, or the type of financial reporting standards they adopted. Nevertheless, the complexities of accounting vis a vis the strict reporting compliance with government authorities did not hinder the agribusiness enterprise to produce reports meaningful enough for them to make sound business decisions and track the growth of their businesses.

**Table 8. Profitability**

<b>Profitability</b>	<b>DOST Assistance</b>	<b>Std. Deviation</b>	<b>Mean</b>	<b>Verbal Description</b>
1. Generates revenue more than the target	GIA	0.939	3.15	Satisfactory
	SETUP	0.836	4.00	Very Satisfactory
2. Continues daily operation as expected	GIA	1.068	3.27	Satisfactory
	SETUP	0.738	4.17	Very Satisfactory
3. Generates profits better than the competitors	GIA	0.935	3.00	Satisfactory
	SETUP	1.036	3.98	Very Satisfactory
4. Recovers equity and investment on time	GIA	0.833	3.15	Satisfactory
	SETUP	0.864	4.05	Very Satisfactory
5. Assets of the firm are fully utilized in generating revenue	GIA	0.966	3.39	Satisfactory
	SETUP	0.935	4.22	Very Satisfactory
<b>Overall</b>		<b>0.894</b>	<b>3.64</b>	Very Satisfactory

Table 8 features the results of the survey as to profitability. This aspect got an overall mean of 3.64, which is interpreted as “very satisfactory”. It can also be noticed that for SETUP beneficiaries, they regarded the indicators as “mostly practiced” while the GIA beneficiaries only rated the indicators to “satisfactory”. “Generates profits better than the competitors” is among the indicators that got lowest mean of 3.00 which is interpreted as “satisfactory” specifically among GIA beneficiaries. This indicates that profitability is much lower than their competitor, meaning room for improvement can be realized and needs further attention to attain better profit. Most of the SETUP are doing well in terms of profitability and some of them are ready to expand operations even in the export market. Noticeably, indicator 5, “Assets of the firm are fully utilized in generating revenue.” got the highest mean of 4.22 which is interpreted as “very satisfactory”. This is a good indication because according to experts, a good understanding of the importance of assets can help achieve potential savings, help reduce risk to the business, and help protect the business against infringement. Both GIA and SETUP score the highest in question item 5 at 3.39 and 4.22 mean, respectively, and perceived that their businesses’ assets are fully utilized to generate revenue. In finance, this perception refers to the asset turnover ratio – a ratio analysis used to determine how well a business can generate revenues out of its total assets. The higher the ratio, the better. This serves as a multiplier. The asset turnover ratio multiplied by assets will equal to the total sales revenue generated.

Overall, GIA and SETUP who score a mean of 3.64, interpreted as “very satisfactory” indicates that their business operations are healthy in terms of sales generated (item 1), operational efficiency (item 2), competitiveness (item 3), return on investment and equity (item 4), and total asset and investment management (item 5). The results indicated that the agribusiness enterprises are capable of implementing sound management practices pertaining to finance, operations, and investments.

#### 4. Performance

At the end of every business cycle or calendar, an evaluation of performance and accomplishment of targets measures how wealthy and healthy the business enterprise operation. Performance can be evaluated thru the use of financial analysis as a tool. However, the research study used only the non-financial data and interview with co-participants. Agribusiness enterprise performance focused on the following: sales, production, and income.

**Table 9. Performance of Agribusiness Enterprise**

MSMEs Performance	DOST Assistance	Std. Deviation	Mean	Verbal Description
Sales	GIA	0.777	3.12	Satisfactory
	SETUP	0.784	4.18	Very Satisfactory
Production	GIA	0.802	3.41	Satisfactory
	SETUP	0.791	3.99	Very Satisfactory
Income	GIA	0.858	3.12	Satisfactory
	SETUP	0.824	4.02	Very Satisfactory
<b>Overall</b>		<b>0.863</b>	<b>3.64</b>	Very Satisfactory

Table 9 shows the overall performance of agribusiness enterprises. As shown, the overall mean for this table is 3.64, which is interpreted as “very satisfactory”. Noticeably, GIA projects were assessed as “satisfactory” in all areas while SETUP projects were assessed “very satisfactory” with means of 3.22 and 4.06 respectively. Critical for GIA is “sales and income” which only got a mean of 3.12. It is a manifestation that most of GIA assisted enterprises require more sales to generate higher income. Based on the interview and observation, they have problems on marketing and even in production. Not all were performing well; some them were struggling for better sales and sustainable market.

Marginal production due to low working capital and sluggish market distribution hamper their profitability. However, SETUP was low in production with 3.99 mean though very satisfactory but if enhanced, they will give better outcome. For instance, there were large volumes of orders outside the province or even opportunity to export but they lack raw materials. Most of their raw materials are indigenous to the province like arrowroot, buntal, and abaca, which cannot serve and sustain the large volumes of orders. Majority of single proprietorship and family business enterprise is doing well and is able to sustain operations and gain substantial profit.

**Table 10. Sales**

Sales	DOST Assistance	Std. Deviation	Mean	Verbal Description
1. There is an increasing sales volume yearly	GIA	0.947	3.09	Satisfactory
	SETUP	0.813	4.20	Very Satisfactory
2. Orders from customers are increasing	GIA	0.804	3.09	Satisfactory
	SETUP	0.822	4.22	Very Satisfactory
3. Number of distribution channel are also increasing	GIA	0.769	3.03	Satisfactory
	SETUP	0.800	4.10	Very Satisfactory
4. There are numbers of interested costumer inquiry	GIA	0.875	3.27	Satisfactory
	SETUP	0.823	4.15	Very Satisfactory
5. There are increasing demand for the product	GIA	0.842	3.09	Satisfactory
	SETUP	0.830	4.24	Very Satisfactory
<b>Overall</b>		<b>0.941</b>	<b>3.65</b>	Very Satisfactory

Table 10 shows the performance of MSMEs in sales. GIA assisted projects only assessed “satisfactory” with 3.12 mean, while SETUP was assessed “very satisfactory” with 4.18 mean and overall mean of 3.65, which is interpreted as “very satisfactory”. Crucial indicators for both GIA and SETUP are indicators, “Number of distribution channel are also increasing.” with 3.03 mean, which is interpreted as “satisfactory” and 4.10 which is interpreted as “very satisfactory” respectively.

**Table 11. Sales During Peak and Lean Seasons**

Sales per Month		Co-Participants
Lean	Peak	
P 300,000 to P 400,000	P 500,000 to P1,000,000	SP1, SP4, SP5, SP8
P 100,000 to P 300,000	P 300,000 to P500,000	SP3, SP6
P 50,000 to P 100,000	P 200,000 to P300,000	CA3, SP7
P 25,000 to P 50,000	P 100,000 to P200,000	SP2
P 15,000 to P 25,000	P 50,000 to P100,000	CA5, CA6, CA8
P 5,000 to P 15,000	P 25,000 to P50,000	CA1, CA2, CA4, CA7

Table 10 shows the range of sales generated by the co-participants MSME’s during the lean and peak season. Peak season is during the month of November to May and lean season is from June to October. All Saint’s Day and All Soul’s Day are celebrated in the month of November. Most of Marinduque’s and other Balik- Bayan visit the province to see the remains of their loved ones or relatives. This is the kick-off of the flock of tourist in the province until summer to celebrate the Holy Week and witness the Moriones Festival wherein the province knows to be the Lenten Capital of the Philippines.

**Table 12. Production**

Production	DOST Assistance	Std. Deviation	Mean	Verbal Description
1. There are no back orders and wasted products	GIA	0.933	3.39	Satisfactory
	SETUP	0.942	3.76	Very Satisfactory
2. There is adequate facilities for the production	GIA	0.833	3.48	Satisfactory
	SETUP	0.958	3.93	Very Satisfactory
3. There are available raw materials enough to sustain production	GIA	0.832	3.55	Very Satisfactory
	SETUP	0.767	4.24	Very Satisfactory
4. Labor force is enough to produce products daily	GIA	0.950	3.18	Satisfactory
	SETUP	1.000	3.88	Very Satisfactory
5. Production are continuous whole year round	GIA	1.000	3.42	Satisfactory
	SETUP	0.842	4.12	Very Satisfactory
<b>Overall</b>		<b>0.842</b>	<b>3.70</b>	Very Satisfactory

Table 12 presents the performance of MSMEs in terms of production. The GIA assisted enterprise was assessed as “satisfactory” with a mean of 3.41, while SETUP was assessed as “very satisfactory” with a mean of 3.99, resulting to an overall mean of 3.70, interpreted as “very satisfactory”. Specifically, indicator that has lowest mean for GIA is indicator 4, “Labor force is enough to produce products daily.” with the mean of 3.18, which is interpreted as “satisfactory”. This is an indication that they experienced lack of laborers because based on the interview conducted, they didn’t have enough working capital to sustain, that’s why they only hire when needed, resulting to no permanent labor force. For SETUP, indicator 1, “There are no back orders and wasted products.” got a mean of 3.76, which is interpreted as “very satisfactory”. Minimizing waste during production results to additional revenue and reduced cost, although minimally. This needs to be considered in utilizing waste and improving production process and use of technology.

Experts agree that minimizing waste in production is important because it helps protect the environment, makes good business sense, saves money through avoided disposal and raw materials purchase costs, reduces regulatory burdens and compliance costs, builds better community relations, minimizes short and long term liability, creates safer working conditions for employees, protects human health and the environment, demonstrates environmental leadership, and improves competitiveness through greater efficiencies and decreased overhead costs.

**Table 13. Income**

Income	DOST Assistance	Std. Deviation	Mean	Verbal Description
1. There is increasing income every year	GIA	1.000	3.24	Satisfactory
	SETUP	0.813	4.20	Very Satisfactory
2. Revenue is always greater than expenses	GIA	0.979	3.09	Satisfactory
	SETUP	0.905	3.93	Very Satisfactory
3. Sales is easily converted into cash or almost no receivables	GIA	0.918	3.03	Satisfactory
	SETUP	0.899	3.88	Very Satisfactory
4. There is enough cash to pay loans and daily expenses	GIA	0.902	3.24	Satisfactory
	SETUP	0.935	4.02	Very Satisfactory
5. Capital is enough to sustain daily operation	GIA	1.030	3.00	Satisfactory
	SETUP	0.932	4.07	Very Satisfactory
<b>Overall</b>		<b>0.947</b>	<b>3.57</b>	Very Satisfactory

Table 13 shows MSMEs performance on income with an overall mean of 3.57 which is interpreted as “very satisfactory”. Indicator that has lowest mean value for GIA is indicator 5, “Capital is enough to sustain daily operation.” with a mean of 3.00 which is interpreted as “satisfactory”. Problem on working capital results to low production and income. For SETUP, indicator 3, “Sales is easily converted into cash or almost no receivables” got the lowest mean of 3.88, which is interpreted as “very satisfactory” while for GIA it was 2nd to the lowest mean. Though very satisfactory and satisfactory, there is a need to manage receivables in order not to escalate and to avoid bad debts.

As affirmed by Rocket Receivables Staff (2017), when business fails to manage receivables, the business is put in jeopardy because this is responsible for cash flow used to pay debts, grow business, and invest in new technology. Further, account receivables matter a lot because it extends a form of credit expected to come back to the business. Finally, failure to do so may lead to missed payments, unsent invoices, and lack of cash flow.

### Summary and Conclusion

The study sought to assess the financial management practices of selected manufacturing agribusiness. Specifically, the study has the following summary findings:

1. DOST flagship programs are Small Enterprise Technology Upgrading Programs (SETUP) for single proprietor and Grants-In-Aid (GIA) for cooperative and other community-based enterprise. They encourage and assist MSMEs and agribusiness enterprise to adopt technology innovations to improve their operations and give financial support thru a loan with no interest and grant respectively. Out of the 35 selected manufacturing MSMEs, 13 or 42% are GIA and

18 or 58% are SETUP with 70.47% of the target respondent participated in the study or 74 out of 105.

2. Assessment on the financial management practices of the owners/managers:

2.1. Results of the survey as to financial management practices show the overall mean interpreted as “Very Satisfactory” affirming the fact that finance is the “life blood” of the enterprise. Among the areas that need further attention and emphasis by both projects assisted by DOST are liquidity and leverage.

2.2. SETUP projects garnered “very satisfactory” in their financial management aspect although they make short-term obligations and sometimes do not borrow funds unless it is necessary or with minimal cost like what DOST offered. On the other hand, leverage got a mean which is interpreted as “satisfactory”. Likewise, GIA projects also got low for liquidity and leverage, which are both interpreted as “satisfactory”.

2.3. Majority of GIA do not have bookkeeper but only assigned person like the treasurer to record daily transactions. Most of the time treasurers manage their cash on hand. Even SETUP does not have regular bookkeeper but only part timers or they hire an accountant every end of the year to facilitate the preparation of Financial Statement.

2.4. Common experiences of GIA projects on recording and bookkeeping are the use of logbook, not having a bookkeeper but treasurer and general manager oversee everything and attend to daily transactions. SETUP projects manage personally their recording and bookkeeping, hire auditors and accountants at the end of the year, and use computer for recording.

2.5. Approach of knowing financial performance practiced by the co-participants are monthly reporting and comparing sales and expenses to know how much earn for this period.

2.6. Profitability aspect got an overall mean which is interpreted as “very satisfactory”. It can also be noticed that for SETUP beneficiaries, they regarded the indicators as “very satisfactory” while the GIA beneficiaries only rated the indicators as “satisfactory”. Most of the SETUP is doing well in terms of profitability and some of them are ready to expand operations even in the export market.

3. Agribusiness enterprises performance in terms of sales, production, and income are the following:

3.1. The study used non-financial data and interview with co-participants to assess performance. Overall performance is “very satisfactory”. Noticeably, GIA projects were assessed as “satisfactory” in all areas while SETUP projects were assessed as “very satisfactory”.

3.2. Critical for GIA is “sales and income” which is a manifestation that most of GIA assisted enterprises requiring more sales to generate higher income. Based on the interview and observation, they have problems on marketing and even in production. Not all were performing well; some were struggling for better sales and sustainable market.

3.3. Peak sales are during the month of November to May and lean season is from June to October. Most of Marinduque and other Balik-Bayan visit the province to see the remains of their loved ones or relatives. This is the kick-off of the flock of tourists in the province until summer to celebrate the Holy Week and witness the Moriones Festival wherein the province knows to be the Lenten Capital of the Philippines.

3.4. Performance on income is interpreted as “very satisfactory”. Indicator that has lowest mean value for GIA is problem on working capital results to low production and income. For SETUP there is a need to manage receivables in order not to escalate and to avoid bad debts.

The following conclusions were identified:

- 1) Through the program of DOST, it was identified that the agribusiness enterprise overall operations have increased their productivity, improve their product quality, and sustain operations, thus worthy for continuous implementation.
- 2) Almost 40% of the respondents belong to small enterprise with P 3 million to P 15 million assets and 10-99 employees are among the top performer and considered economically healthy and preparing for capturing market opportunities outside the province.
- 3) Most of the community based agribusiness enterprises by group, organization, and cooperatives have been initiated by the government, religious sector, and non-government organizations, led by the organization leaders or key officials aiming to improve the lives of the community and eradicate poverty.
- 4) On their initial stage of establishing their business enterprise, they sought support and guidance of government agencies and struggles on product development and standardizations thus, experiences and technical knowledge on the type and kind of business is significant during the business start-up implementation.
- 5) Effective record keeping regularly monitors the overall growth of the business, assists in strategizing business policies, determines income sources, and fosters higher work efficiency. Recording and maintaining records and maximizing the responsibilities of the treasurer is mostly practice by GIA projects.
- 6) Profitability of GIA beneficiaries is only rated as “satisfactory” this is because of marginal production due to low working capital and sluggish market distribution.
- 7) Statements from the participants reveal little to no practices of applying credits to finance their production and only maximize government loans and grants with minimal interest. Though it is acceptable to spend within one’s means, it is, however, raises questions with regards to the financial management ability of the participants.
- 8) Majority of single proprietorship and family business enterprise is doing well and is able to sustain operations and gain substantial profit. While cooperatives and associations are struggling for better sales and sustaining day to day operations.
- 9) Maximizing the utilization of facilities and equipment by most of the GIA are not make the most due to small level type of production, low capital, and unavailability of raw materials.
- 10) Based on the experiences of SETUP and GIA, the following have a vital role for the success of agribusiness enterprise such as: type of business organization, decision-



making process, creation of policy, rules, and regulations, planning and implementation, and management directions of the enterprise.

## **Recommendations**

### **1. For GIA projects**

- a) GIA needs to install proper auditing policy for their projects. This shall impose frequent checks, monitor financial record keeping and adapt a policy measure that aims in balancing budgetary targets. Occasionally trust is not enough to protect the fund of the company or enterprise, financial protection needs to integrate a holistic approach directed to business-enabling ways that addresses fines, settlements, sanctions and increase resilience towards financial crime within the internal operations and of external threats towards the business.
- b) Improve production and sales to generate substantial income and attain profitable operation.
- c) Maximize the utilizations of facilities and equipment in order to utilize fixed cost and minimize net loss.

### **2. For both SETUP and GIA projects**

- a) Use credit or terms from suppliers, to finance the business and their daily production can be used as leverage to grow the business. Additionally, the use of credit increases available cash for a set period of time to finance other needs of the business. It also increases trust relationship between a debtor and lender for it shows commitment to have positive firm performance in order to pay debts and minimize the risk of bankruptcy.
- b) Prepare and address cost effective measurements through interventions that can correct and adopt to alternatives that controls incremental costs and effects like transportation cost for outside the province, sources of materials and other inputs; and formulate cost-effective thresholds.
- c) Manage account receivables and cash collections by creating policies on collections, payment scheme and discounts strategies on cash sales.
- d) Product development to cover the enterprises' product to be enhanced to the new target market. Conceptualization and innovations can provide the necessary disciplines needed to systematically structure actual products and be re-designed to strategically market to compete in the local and even international market.
- e) Owners/managers and their personnel should prepare and engage in efficient and sustainable strategic long-term organizational goals that can address allocation of resources, expansion, entry to a competitive market and envisioning to do export should be considered early as possible.

### **3. For researcher/s and the academic community**

- a) Future researcher/s can create how agribusiness enterprise in Marinduque survived during and post-pandemic operations and their experiences on handling financial crisis.

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