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Financial Management Practices and Financial Performance of Tinap-anan (Traditional Delicacy of Smoked Fish) Businesses in Danao City, Cebu

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ABSTRACT

This study examined the financial management practices and perceived financial performance of tinap-anan (smoked fish) businesses in Danao City, Cebu, and tested whether significant relationships existed between the two variables. A descriptive-correlational research design was employed and the study covered the identified population of 30 tinap-anan businesses. Data were collected through a researcher-made questionnaire that underwent validation and pilot testing. Financial management practices were assessed in terms of budgeting, recording, cash management, and inventory management, while financial performance was assessed in terms of sales, costs, and gross profit using a four-point Likert scale. Weighted means were used for descriptive analysis and chi-square tests of independence were used at the 0.05 significance level. Financial management practices obtained an overall mean of 3.66, interpreted as Highly Practiced, with budgeting at 3.70, recording at 3.50, cash management at 3.74, and inventory management at 3.71. Financial performance obtained an overall mean of 3.62, interpreted as Strongly Agree, with sales at 3.70, costs at 3.57, and gross profit at 3.61. The inferential analysis showed a statistically significant association between budgeting and sales ($\chi^2 = 66.467$, $df = 30$, $p < .05$). The other tested relationships between budgeting, recording, cash management, inventory management, and the three performance indicators were not statistically significant. The findings indicate that financial management practices are commonly reported among the businesses, but their statistical association with performance varies according to the practice and outcome examined. Strengthening formal budgeting, daily sales recording, cost monitoring, cash-flow analysis, and integrated financial controls may support more consistent financial decision-making and business sustainability.

Keywords: *Financial management practices; budgeting; recording; cash management; inventory management; financial performance; tinap-anan; Danao City*

INTRODUCTION

Micro and small businesses operate with constrained resources, making financial planning, resource allocation, and day-to-day financial control important to business continuity. Financial management includes budgeting, financial recording, cash management, and inventory management, which provide information for planning, control, and decision-making (Sharma, 2023; Strutner, 2023). Appropriate financial practices may also support operational efficiency, risk management, and sustainability (Chitta & Soni, 2023; Nkwinika & Akinola, 2023).

Financial performance provides an indication of a business's financial condition and operating outcomes. The present study operationalized performance through sales, costs, and gross profit. Sales represent revenue generation, costs represent expenditures associated with production and selling, and gross profit represents the amount remaining after costs are deducted from sales. Financial performance measures can support managerial assessment and planning (Tudose et al., 2022; Puente Riofrio et al., 2023).

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Tinap-anan, or smoked fish, is a locally recognized food product associated with Danao City, Cebu. The source study describes the product as part of Danao's culinary heritage and a livelihood activity supported by small-scale businesses. Fish smoking is a traditional preservation method in the Philippines and other countries and contributes both preservation and characteristic flavor to fish products (Belichovska et al., 2019; Tahiluddin & Terzi, 2021).

The source study identified a need for more focused evidence on the financial management of tinap-anan businesses. Existing research on SMEs has reported positive relationships between financial management practices and performance, while other studies have found non-significant relationships for particular practices or performance measures. For example, Somathilake and Pathirawasam (2020) reported positive effects of financial management practices on SME performance, whereas Otoo (2024) reported a non-significant influence for a particular financial management dimension. These mixed findings support examining specific practices and outcomes within a defined local business context.

The study was anchored on Decision Theory, which the source thesis presents as a framework for decision-making under risk and uncertainty. The theory was used to frame choices involving budgeting, recording, cash management, and inventory management (Szczepocki, 2024). For microbusiness owners, decisions concerning cash availability, purchasing, inventory, spending, and resource allocation occur continually under conditions of limited resources.

Accordingly, the study aimed to determine the financial management practices of tinap-anan businesses in budgeting, recording, cash management, and inventory management; assess financial performance in terms of sales, costs, and gross profit; and determine whether significant relationships existed between the financial management practices and financial performance. The null hypothesis stated that there is no significant relationship between financial management practices and financial performance at the 0.05 level.

METHODOLOGY

Research Design

A descriptive-correlational research design was used to describe the financial management practices and perceived financial performance of tinap-anan businesses and to examine statistical associations between the variables. No variable was manipulated. The financial management dimensions were budgeting, recording, cash management, and inventory management; financial performance was represented by sales, costs, and gross profit.

Research Setting and Respondents

The study was conducted in Danao City, Cebu. The researchers identified 30 tinap-anan businesses and included the total identified population in the study. The thesis also describes purposive criteria to ensure that the respondents were actively engaged in operating tinap-anan businesses and had relevant knowledge of the business.

Because the study covered the identified population of 30 businesses, the results describe the participating population rather than a probability sample drawn from a larger population. Generalization to other smoked-fish enterprises or other locations should therefore be made cautiously.

Research Instrument and Pilot Testing

The researchers used a researcher-made questionnaire covering financial management practices and financial performance. Financial management was measured through budgeting, recording, cash management, and inventory management. Financial performance was measured through sales, costs, and gross profit. A four-point Likert scale was used, with the practice items interpreted from Highly Practiced to lower levels of practice and the performance items interpreted through agreement. The instrument was validated and pilot-tested before the main survey. The source thesis reports 15 dry-run respondents.

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The source file contains a reliability-test appendix, but the parsed text available for this conversion does not provide the numerical reliability coefficient. The manuscript therefore does not report an unsupported Cronbach's alpha value.

Data Collection and Ethics

Before data collection, the study underwent ethics evaluation through the University Research Center. Transmittal communications were sent to relevant local authorities, and questionnaires were administered face-to-face using paper forms. Completed questionnaires were retrieved, checked, organized, and treated confidentially. Participation was voluntary, respondents were informed of the study's purpose, and participants could decline or withdraw. The thesis also states that personal information and responses were handled confidentially and that plagiarism and research misconduct were addressed.

Data Analysis

Weighted means were used to summarize respondents' ratings. Chi-square tests of independence were used to examine the relationship between each financial management dimension and each financial performance indicator. Statistical decisions were made at $\alpha = .05$ using the reported calculated and critical chi-square values.

RESULTS

Financial Management Practices

Overall, the respondents reported that financial management practices were Highly Practiced, with an aggregate mean of 3.66. Budgeting obtained a mean of 3.70, recording 3.50, cash management 3.74, and inventory management 3.71. Thus, all four dimensions fell within the study's highest practice category.

Dimension	Mean	Interpretation
Budgeting	3.70	Highly Practiced
Recording	3.50	Highly Practiced
Cash Management	3.74	Highly Practiced
Inventory Management	3.71	Highly Practiced
Overall	3.66	Highly Practiced

Budgeting showed consistently high ratings. Tracking income and expenses received the highest item mean (M = 3.80), while contributing to emergency savings and updating the budget to reflect business performance each received M = 3.60. The results indicate that respondents reported strong routine budgeting, although contingency savings and budget updating were comparatively less emphasized. The finding is consistent with literature describing budgeting as a mechanism for financial control and structured planning (Matsoso et al., 2021; Srbinoska et al., 2023).

Recording had the lowest aggregate mean among the four dimensions (M = 3.50). Organizing financial documents received the highest item mean (M = 3.83), whereas recording and tracking daily sales received the lowest (M = 3.20), interpreted as Moderately Practiced. This suggests that general document organization was stronger than systematic daily sales recording. Such a gap matters because daily sales information can support budgeting, forecasting, and monitoring. Recordkeeping has been identified as an important element of accountability and informed decision-making (Touray, 2021; Pratiwi et al., 2024).

Cash management obtained M = 3.74. Monitoring daily cash balances and negotiating credit terms with suppliers both obtained M = 3.87, while categorizing expenses to identify areas for cost reduction obtained M = 3.53. The pattern suggests strong attention to liquidity and supplier arrangements, with comparatively less emphasis on detailed expense categorization. Cash management

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is important for meeting short-term obligations and maintaining liquidity (Pandey, 2019; Salas-Molina et al., 2023).

Inventory management obtained M = 3.71. Physical counting of stocks had the highest item mean (M = 3.83). Recording new stock purchases, ensuring accurate inventory counts, and maintaining sufficient stock to avoid under- or overstocking each obtained M = 3.67. These results indicate strong reported inventory control, although some formal inventory activities were comparatively less emphasized.

Perceived Financial Performance

Financial performance was favorably rated overall, with an aggregate mean of 3.62, interpreted as Strongly Agree. Sales obtained M = 3.70, costs M = 3.57, and gross profit M = 3.61.

Indicator	Mean	Interpretation
Sales	3.70	Strongly Agree
Costs	3.57	Strongly Agree
Gross Profit	3.61	Strongly Agree
Overall	3.62	Strongly Agree

Sales received the highest overall mean. Positive customer feedback obtained the highest item mean (M = 3.90), followed by increased repeat purchases (M = 3.83). The lowest sales item was a steady increase in monthly sales (M = 3.43), although it remained within Strongly Agree. This pattern suggests favorable customer response and revenue generation, while continuous month-to-month growth was less strongly reported.

Cost performance obtained M = 3.57. Access to lower pricing through supplier relationships and reduction of unnecessary costs both received M = 3.67. Keeping costs within or below budget received the lowest item mean (M = 3.47). Thus, respondents generally perceived effective cost management, but strict budget adherence was comparatively weaker.

Gross profit obtained M = 3.61. The highest item mean was for the statement that effective financial management had resulted in steady gross profit growth (M = 3.73). The lowest was for gross profit being consistent and growing over time (M = 3.43). The results indicate favorable perceived profitability, while longer-term consistency remained comparatively less strongly endorsed.

Relationship Between Financial Management Practices and Financial Performance

The chi-square analysis showed that only one of the 12 tested practice–performance combinations was statistically significant. Budgeting and sales produced $\chi^2 = 66.467$ with df = 30, exceeding the reported critical value of 43.773; the thesis therefore rejected the null hypothesis for this relationship. All other tested relationships were reported as not statistically significant at $\alpha = .05$.

Practice	Outcome	χ^2	df	Decision
Budgeting	Sales	66.467	30	Significant; H_0 rejected
Budgeting	Costs	35.712	36	Not significant; H_0 accepted
Budgeting	Gross profit	36.271	30	Not significant; H_0 accepted
Recording	Sales	28.340	40	Not significant; H_0 accepted
Recording	Costs	53.412	48	Not significant; H_0 accepted
Recording	Gross profit	45.708	40	Not significant; H_0 accepted
Inventory management	Sales	22.402	25	Not significant; H_0 accepted
Inventory management	Costs	26.596	30	Not significant; H_0 accepted
Inventory management	Gross profit	18.813	25	Not significant; H_0 accepted
Cash management	Sales	27.957	25	Not significant; H_0 accepted
Cash management	Costs	34.604	30	Not significant; H_0 accepted
Cash management	Gross profit	36.552	25	Not significant; H_0 accepted

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The budgeting–sales association suggests that budgeting was the financial management dimension most clearly associated with the sales outcome in this population. This is consistent with the study's conceptualization of budgeting as a process involving allocation of resources, expenditure planning, and demand forecasting. Related SME literature likewise emphasizes the role of structured budgeting in financial decision-making (Matsoso et al., 2021; Srbinoska et al., 2023; Sekar et al., 2024).

The absence of statistically significant associations for recording, inventory management, and cash management should not be interpreted as evidence that these practices have no practical value. It means that the reported tests did not detect statistically significant associations under the study's measurement and sample conditions. The thesis suggests that some practices may be implemented informally or may not be sufficiently integrated with broader financial controls. This interpretation is compatible with literature indicating that the effect of an individual practice can depend on implementation quality and integration (Nestariya & Rahayu, 2024).

DISCUSSION

The findings reveal a notable combination: the participating businesses reported high use of financial management practices and favorable financial performance, but most individual relationships between management practices and performance were not statistically significant. This pattern underscores the difference between the presence of a practice and its measurable association with a particular outcome.

Budgeting's significant association with sales may reflect the direct connection between planning and revenue-related decisions. Budgeting requires owners to anticipate income and expenses, prioritize expenditures, and allocate resources. For tinap-anan businesses, these decisions can affect purchasing, production, promotion, and the ability to respond to demand. The result is consistent with studies that identify budgeting as an important financial-control practice among SMEs (Matsoso et al., 2021; Srbinoska et al., 2023).

At the same time, budgeting was not significantly associated with costs or gross profit. The lower rating for keeping costs within or below budget (M = 3.47) may indicate that budgeting is not always accompanied by systematic variance analysis or detailed cost-control procedures. This provides a practical basis for strengthening the link between budget preparation and subsequent monitoring.

Recording was generally highly practiced, but daily sales tracking was only moderately practiced. This distinction is important because daily sales records provide timely information for evaluating revenue, identifying patterns, and updating budgets. A business may maintain documents without using them as an integrated management-information system. Strengthening the completeness and timeliness of sales records could therefore increase the usefulness of the existing recording practice.

Cash and inventory management were also highly practiced but showed no statistically significant association with the performance indicators. One possible contextual explanation is that owners use these practices primarily to maintain daily operations rather than as formal analytical systems. Cash monitoring can preserve liquidity without necessarily increasing gross profit, while physical inventory counting can prevent stock problems without producing a detectable statistical relationship with sales or profit in a small cross-sectional population.

The favorable financial-performance ratings should likewise be interpreted as perceived performance rather than independently verified financial results. Sales, costs, and gross profit were measured through respondent ratings. Consequently, the results provide evidence about business owners' perceptions of their financial outcomes, not audited measures of actual revenue, expenditure, or profitability.

Overall, the findings support a context-specific interpretation: financial management is present and generally practiced among the identified tinap-anan businesses, but formalization and integration may be important for translating routine practices into measurable performance outcomes. The

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significant budgeting–sales relationship provides empirical support within this population for continuing to strengthen budgeting and sales planning, while the other practices remain relevant as components of comprehensive financial control.

CONCLUSION

Tinap-anan businesses in Danao City reported highly practiced financial management practices, with an overall mean of 3.66, and favorable perceived financial performance, with an overall mean of 3.62. Budgeting, recording, cash management, and inventory management were all reported at the Highly Practiced level, while sales, costs, and gross profit were all rated within Strongly Agree.

The inferential findings show that the relationship between financial management practices and financial performance was not uniform. Budgeting was significantly associated with sales, while no significant associations were reported for budgeting with costs or gross profit, or for recording, inventory management, and cash management with any of the three performance indicators. The findings therefore suggest that the existence of financial practices alone does not guarantee a statistically detectable association with every performance measure.

For these microbusinesses, strengthening financial management should focus on consistency, formalization, integration, and use of financial information in decision-making. Particular attention should be given to budgeting and sales planning, while daily sales recording, cost monitoring, cash-flow management, and inventory documentation should be strengthened as complementary components of financial control.

RECOMMENDATIONS

- Prepare simple monthly budgets covering expected sales, raw-material purchases, operating expenses, and target gross profit.
- Record daily sales consistently and reconcile sales records with cash on hand.
- Use basic cost sheets for fish, salt, fuel, packaging, labor, and other major inputs and compare actual costs with planned costs.
- Maintain regular inventory records and periodically reconcile physical counts with written records.
- Prepare simple weekly or monthly cash-flow summaries covering cash inflows, outflows, receivables, payables, and available cash.
- Document supplier prices and terms to support purchasing comparisons and cost monitoring.
- Provide financial-management capability building for vendors on budgeting, bookkeeping, cost-volume-profit analysis, cash-flow management, and inventory control.
- Future studies should use larger and geographically broader populations and, where feasible, objective financial records or longitudinal measures to complement self-reported performance.

Author Contributions

Author 1: Conceptualization, Methodology, **Author 2:** Data curation, Writing-Original draft preparation; **Author 3**: Investigation, Validation, **Author 4**: Visualization, Writing- Reviewing; **Author 5:** Supervision, Editing; **Author 6:** Writing- Reviewing, Supervision.

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The authors used ChatGPT (Open AI) solely as a language-support tool to improve the clarity, coherence, and grammatical accuracy of the manuscript. All AI-assisted outputs were critically reviewed, revised, and validated by the authors to ensure the accuracy, integrity, and originality of the

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content. The authors accept full responsibility for the final version of the manuscript and its published content.

Ethical Considerations

Prior to the data gathering, ethical approval was obtained from the University of Cebu Academic Research Ethics Committee (UCAREC). The approved protocol ensured adherence to the principles of respect for persons, beneficence, justice, voluntary participation, informed consent, confidentiality, and anonymity, and compliance with the Data Privacy Act throughout the research process.

Declaration of Competing Interest

The authors declare that they have no competing financial, professional, or personal interests that could have influenced the conduct, findings, or publication of this study.

Data Availability

Data will be made available by the corresponding author on request.

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