



Quick asset management and performance of pottery-making businesses: A correlational study

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ABSTRACT

This study assessed quick asset management and its effect on the performance of pottery-making businesses in San Nicolas, Ilocos Norte. Using a descriptive correlational research design and survey data from 34 pottery-making business owners, the study examined business profiles, quick asset management, and associated problems. Data were analyzed using frequency and percentage, weighted mean, and Spearman's Rank-Order Correlation Coefficient (Spearman's Rho).

Findings revealed that pottery-making businesses in San Nicolas, Ilocos Norte, Philippines, are well-established, with experienced operators sustaining the industry. However, owners often lack formal financial education and literacy, resulting in several operational challenges. These include inadequate use of forecasting tools, limited understanding of cash-flow patterns, insufficient systems for monitoring collections, and restricted access to modern tools and equipment. Such weaknesses can hinder financial efficiency and overall business performance.

This study concludes that pottery-making businesses with many years of operation continue to exhibit weak financial performance. In contrast, the non-financial performance of pottery-making businesses helped maintain their years of operation. Recommendations include strengthening financial management skills, encouraging simple bookkeeping, leveraging online marketplaces and local trade fairs, providing skills and entrepreneurship training, and conducting further research.

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Introduction

In traditional Filipino communities, pottery was integral to daily life. It served practical functions, including food and water storage, cooking, and serving vessels. According to Astera (2023), pottery is the process of forming objects using clay and other ceramic materials. The materials are fired at high temperatures to produce them as hard, well-formed, and durable. Pottery items were carefully crafted to meet specific needs and adapted to local environments. The person who makes pottery is called a potter. Additionally, pottery held cultural and social significance, being used in celebrations, rituals, and important life events. It served as a symbol of tradition, heritage, and community cohesion, connecting individuals to their roots and fostering a sense of belonging.

According to Continuing Professional Development (CPD) Online College (2023), effective financial management is vital to the success of businesses, particularly small- and medium-sized enterprises (SMEs), such as pottery-making businesses. They

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often face unique challenges in managing their cash flows and receivables. Quick asset management is a critical component of business financial management, ensuring smooth operations and fostering long-term sustainability. The pottery industry, known for its artistic craftsmanship, often operates in an informal or semi-formal market structure. Because demand shifts seasonally, managing financial resources is challenging due to inconsistent cash flows, delayed customer payments, and limited access to formal financial systems. Proper management of cash and receivables not only ensures liquidity but also enables businesses to meet operational expenses and fund investment growth, thereby avoiding financial distress.

Pottery making in San Nicolas, Ilocos Norte, remains an important cultural tradition and local business, supporting livelihoods and preserving community identity. According to Lazaro (2015), the town's pottery industry has sustained generations of artisans and contributes to the local economy through small-scale enterprises rooted in traditional craftsmanship. More recent discussions highlight how this long-standing practice has adapted to changing economic conditions while maintaining its cultural significance. As noted by Yodisphere (2021), pottery making in Ilocos Norte reflects the resilience of indigenous skills passed down over time and remains closely tied to local heritage. Furthermore, according to the Philippine News Agency (2020), government-supported initiatives and programs for micro, small, and medium enterprises (MSMEs) have helped promote traditional industries such as pottery, strengthening their visibility and market opportunities in modern settings.

Despite its importance, there is limited research on quick asset management in pottery-making businesses, particularly in regions where this industry is an essential part of local economies, such as San Nicolas, Ilocos Norte, Philippines. Pottery-making businesses, ranging from small family-owned workshops to larger production facilities, face unique financial challenges, including irregular sales patterns, seasonality, and limited access to modern financial tools. This research aimed to fill this gap by investigating the practices, challenges, and strategies used by pottery-making businesses to manage their working capital.

The study examined how pottery-making businesses manage their financial resources, focusing on cash flow management, accounts receivable management, and the impact of quick asset management on operations, particularly in San Nicolas, Ilocos Norte, Philippines. Furthermore, this study examined how these practices influence overall firm performance, including both financial and non-financial dimensions. By analyzing quick management in the pottery-making industry, this research contributed to a broader understanding of financial management in small and medium-sized enterprises (SMEs), offering insights to improve operational efficiency and financial stability within the pottery industry.

Literature review

This section reviewed the literature relevant to the current topic, providing a theoretical foundation for the study. The concepts and theories are organized and presented in a theoretical manner.

Pottery-making business

Pottery making in the Philippines has a long and rich history, deeply rooted in the cultural heritage of various indigenous communities. Pottery is not merely a craft but an essential part of Filipino identity, particularly in regions such as Ilocos Norte, where pottery-making is a major economic activity. Known for its *damili* (handcrafted earthenware), the province of Ilocos Norte is one of the key centres of pottery production in the Philippines. Local artisans employ traditional methods passed down through generations to create a wide variety of functional and decorative pottery pieces that serve both local and international markets.

According to Agustin (2020), the Philippine pottery industry has faced various challenges over the years, including competition from mass-produced, lower-cost alternatives and limited modernization of production techniques. Despite these challenges, pottery remains a significant economic activity, particularly in rural areas, where it provides livelihoods for many families. The pottery-making sector in the Philippines is characterized by small to medium-sized businesses that are often family-owned and operated. These businesses, while crucial to local economies, tend to operate in informal or semi-formal market structures, making it difficult to track finances and assets effectively.

Quick asset management

According to the Corporate Finance Institution (n.d.), quick assets are liquid assets that are cash or can be readily converted into cash. These usually include cash, cash equivalents, accounts receivable, and marketable securities. Many business managers track quick assets to assess a company's ability to meet short-term obligations and to evaluate overall financial health. Both accounts receivable and marketable securities are included in the calculation of quick assets because they are readily convertible into cash in the near term, enabling a business to meet its short-term obligations without relying on the sale of less liquid assets, such as inventory.

Cash management. Effective cash management is a key determinant of business performance, particularly for small and medium-sized enterprises (SMEs). The pottery business often experiences seasonal fluctuations in demand, which can lead to cash-flow issues if not properly managed. Effective cash management, including forecasting cash requirements and maintaining a cash buffer, enables pottery businesses to sustain smooth production even during off-peak seasons, preventing disruptions and ensuring continuous operations. Small and medium enterprises (SMEs) that engage in proactive cash management are better able to navigate financial challenges, reducing the likelihood of a cash shortage that could otherwise halt production (Oluoch, 2016).

Cash management is not a new concept; discussions and studies on the subject date back years. According to Karadag (2018), accurate cash flow forecasting is a cornerstone of effective cash management. By projecting future inflows and outflows, businesses can anticipate cash shortages or surpluses, enabling proactive liquidity management. Research by Hamza (2015) and Ogundipe (2023) highlights the significance of robust forecasting models and the integration of various financial data sources. The cash conversion cycle (CCC) is the time required for a company to convert its investments in inventory and accounts receivable into cash.

According to Abuhommous et al. (2022), effective cash management involves strategically deploying surplus cash in short-term investments while ensuring sufficient liquidity to meet operational needs. Sah (2022) explored the trade-off between maximizing returns on cash investments and maintaining adequate cash reserves. Ogundipe et al. (2023) highlighted the benefits of incorporating these technologies. They say that technology plays an increasingly important role in cash management because its automated systems and digital tools enable companies to streamline cash flow processes, improve forecasting accuracy, and gain real-time insights into cash balances. However, there is a need for research on the impact of emerging technologies, such as artificial intelligence and blockchain, and the development of ethical frameworks for their implementation.

Receivable management. According to Deloitte (2020), businesses should carefully consider the impact of credit terms on their cash flow. Offering flexible payment options can enhance customer satisfaction and decrease the risk of late payments. KPMG (2021) also emphasized the need for effective collection strategies to minimize bad debt. They recommended proactive communication, timely follow-ups, and the use of debt collection agencies. The American Bankers Association (2021) underscored the need for clear and transparent credit policies. This includes setting realistic credit terms and actively monitoring receivables to address potential issues promptly. Also, the Institute of Credit Management (2022) emphasized the importance of strong customer relationships and open communication regarding payment expectations. They also advocated the use of innovative technologies to streamline receivables processes.

The cash conversion cycle (CCC), the interval between acquiring raw materials or providing services and receiving cash from the sale of those items or services, is the most widely used indicator of working capital management. The issue of large, accumulated accounts receivable balances, which are occasionally written off and impede the organization's activities, is one that many firms confront today.

Receivables management is a concern for all institutions that provide credit to their customers. The challenge for organizations is to safeguard their profit margins by minimizing write-offs, reducing collection costs, and optimizing cash collected. Receivable management refers to how a business manages payments owed by customers, particularly those who purchase products on credit (Xiaoli et al, 2025). Pottery businesses that extend credit to wholesalers, retailers, or individual

customers may experience payment delays, thereby disrupting cash flow. According to Karadag (2018), effective receivable management practices, such as setting clear payment terms, following up on overdue accounts, and offering discounts for early payments, can significantly improve a business's financial position. For a pottery business, efficient accounts receivable management ensures timely cash collection, reduces bad-debt risk, and enhances liquidity. According to Sah (2022), timely follow-ups for receivable collection are important. SMEs that promptly follow up on overdue accounts are better able to reduce delinquent payments and improve their liquidity position. By sending regular reminders, engaging with customers, and negotiating payment plans when necessary, businesses ensure that accounts receivable are collected efficiently, thereby minimizing the risk of financial strain from delayed payments. Pottery businesses can adopt clear credit terms to ensure customers understand payment deadlines and use invoicing systems to monitor payments effectively.

Problems encountered by pottery-making businesses

The pottery industry faces several significant challenges, including a shortage of funding, insufficient raw materials, outdated technology, inadequate training, outdated production methods, inadequate infrastructure, a weak marketing network, and competition. Additionally, the industry lags due to a lack of investment, limited product diversification, the availability of machine-manufactured plastic products, inadequate research and development, and ineffective management (Akilandeewari & Pitchai, 2016).

Financial-related issues remain among the most critical constraints faced by pottery producers. Rising prices of raw materials such as clay and glaze, coupled with increasing electricity and fuel costs for kiln operations, have significantly reduced profit margins (Martinez, 2018; Singh, 2020). Inflation, supply chain disruptions, and the COVID-19 pandemic further exacerbated these problems by reducing material availability and increasing production costs (Zhou & Liu, 2021). Moreover, a lack of working capital has limited small-scale pottery entrepreneurs' ability to sustain and expand their businesses. Most artisans lack access to sufficient credit or financial support, preventing investment in equipment or improved production methods (Ahmed, 2019; Akilandeewari & Pitchai, 2016). The influx of cheaper, mass-produced imports and a shift in consumer preference toward low-cost alternatives have also weakened local competitiveness and forced price reductions (Nguyen & Tran, 2019; Lee, 2017). Additionally, the industry faces high transportation costs due to the fragile nature of ceramic products and increased courier fees during the pandemic, which further affect profitability (Harris, 2020). Compliance with strict environmental regulations imposes an additional financial burden, as many small producers struggle to afford the necessary technological upgrades and meet sustainable production requirements (Thomas, 2018; Lopez, 2022). Collectively, these financial constraints have resulted in reduced profit margins, declining production, and weakened market resilience for pottery enterprises.

Non-financial issues are equally significant and contribute to the industry's overall decline. The irregular supply and inconsistent quality of raw materials have been major production challenges, with artisans reporting delays and difficulties in sourcing suitable inputs (Pankoj Pal, n.d.; Sumon Pal, n.d.; Babul Pal, n.d.; Sudhan Pal, n.d.). Outdated production techniques, inadequate training, poor infrastructure, and limited technology adoption have further constrained productivity and innovation (Akilandeewari & Pitchai, 2016; Ahmed, 2019). The rise of the digital economy presents opportunities for marketing and sales, yet many traditional potters struggle to adapt due to low digital literacy and limited access to online tools. This digital divide is especially evident between younger entrepreneurs—who more readily engage in social media and e-commerce—and older artisans, who rely heavily on conventional selling methods (Anderson, 2020; Garcia & Ramos, 2021). The COVID-19 pandemic further exacerbated these non-financial issues, as lockdowns, event cancellations, and the decline in tourism severely affected potters who depend on physical markets and face-to-face transactions (UNESCO, 2020; Kim & Park, 2021). Furthermore, the sector faces a steady decline in skilled artisans, largely due to low interest among younger generations, who view pottery as labour-intensive and offering limited rewards (Osei, 2019). Weak institutional coordination, poor management, and insufficient amenities have also been reported as barriers to the industry's development (Ismail, 2020). In addition, stricter environmental laws and sustainability requirements have complicated operations, increasing both technical and managerial demands (Thomas, 2018; Lopez, 2022).

As raw materials such as clay, glazes, and electricity become increasingly expensive, traditional pottery firms often have narrow profit margins (Martinez, 2018). For small-scale manufacturers with limited output, the frequently rising costs of kiln fuel and, in particular, electricity have reduced profitability (Singh, 2020). Globally, the pandemic seriously impacted the financial stability of craft companies. More than 60% of small artisan businesses reported a more than 30% loss in sales in 2020, according to Kim and Park (2021). The most affected were pottery businesses that relied on workshops, physical marketplaces, and guests (UNESCO, 2020).

For potters, online platforms have opened up new business opportunities. Businesses using e-commerce, whether via personal websites, Instagram, or Etsy, reported higher sales and access to global markets, according to Garcia and Ramos (2021). During and after the pandemic, online training sessions and virtual exhibitions also became common sources of revenue. Businesses' financial results have closely tracked worldwide travel trends in nations like Mexico, India, and Morocco, where pottery is associated with cultural tourism. Artisanal exports fell during the pandemic but began to recover in 2022, when tourists resumed travel (World Bank, 2019). Profit margins have meanwhile been strained by rising international shipping costs and logistical delays (Harris, 2020).

Many pottery companies have seen improved financial performance since 2021, primarily driven by rising public demand for handcrafted, sustainable products. Customers are increasingly willing to pay higher prices for locally produced, distinctive goods (Handmade Business, 2022). This increases profitability for manufacturers serving niche and luxury markets.

Profitability

Profitability refers to a company's capacity to generate earnings or profits relative to its revenue, assets, equity, or other financial strength. Profitability is essential for a company's long-term survival, as it enables reinvestment, debt repayment, dividend payments, and growth. Profitability is the net result of several policies and decisions. Profitability ratios measure a firm's ability to earn an adequate return on sales, total assets, and invested capital. These ratios show the combined effects of liquidity, asset management, and debt on operating results. They indicate how well a firm performs in generating profit from its operations (Brigham & Houston, 2019).

In other words, profitability is not merely about generating revenue but about managing expenses and using the company's resources effectively to ensure that revenue exceeds costs, thereby supporting sustained growth and financial stability. It is a key metric used by investors, creditors, and management to assess a business's financial health and prospects.

Profitability may benefit from an efficient cash disbursement and payment policy (Lasmana et al., 2022). Organizations can increase cash flow, reduce late-payment costs, and ultimately enhance their financial performance by adopting streamlined payment methods. According to Puspitarini et al. (2023), effective cash distribution and payment strategy management can boost profitability by improving cash flow and reducing transaction costs, thereby improving investment opportunities.

Return on equity (ROE) and return on assets (ROA) are two important metrics for evaluating profitability (Diana & Maria, 2020).

Cash flow

Cash flow refers to the movement of cash into and out of a business over a specific period. They show the amount of cash a company generates or uses through its operating, investing, and financing activities. Unlike net income, which includes non-cash items such as depreciation, cash flow focuses solely on the liquidity needed to fund day-to-day operations, pay debt, and invest in growth.

Cash flows are the lifeblood of a company, indicating whether it generates sufficient cash to sustain operations, meet obligations, and invest in growth opportunities. Cash flow information is essential for assessing the timing, amount, and uncertainty of future cash inflows, making it a vital tool for both investors and management (Fraser & Ormiston, 2016).

Since sales and receivables generate cash flows, cash flow issues may be linked to declines in sales or increases in irrecoverable debt, both of which would affect the organization's performance (Muneer et al., 2017).

Mazzarol et al. (2015) found that working capital and cash flow management are the two most crucial components of financial management procedures. A company cannot function without a steady flow of cash or liquid assets, which are the mainstays of working capital management.

According to Bintara (2020), SMEs' profitability is strongly influenced by efficient cash flow management, as it enables greater control over spending and maximizes revenue. Furthermore, Almeida (2021) emphasized that effective cash flow management is crucial for maintaining sufficient liquidity, thereby reducing the risk of financial distress and improving SMEs' overall solvency.

Non-financial performance of pottery-making businesses

Pottery workshops function as cultural centres in numerous places, where local identity is maintained, and intergenerational skills are transmitted. Potters maintained these intangible historical values even during financial crises. Pottery-making businesses are often essential to the growth of their local communities. According to IFAD (2018), these companies typically empower and employ marginalized groups, including women and rural artisans. Social inclusion, skill development, and poverty reduction have all benefited from community-based pottery initiatives. As many potters reinvest in local training, education, and cooperative development, social entrepreneurship models in this industry are emerging.

Nguyen and Tran (2021) highlighted that consumer interest in unique, handmade, and locally crafted products remains strong, largely due to high customer satisfaction. Handmade pottery is often viewed as authentic, high-quality, and emotionally meaningful. Online reviews and surveys from craft fairs indicate that buyers value the craftsmanship, uniqueness, and personal story behind each item—qualities typically missing in mass-produced alternatives. To address market changes, many pottery businesses have expanded their offerings and incorporated modern design trends to better align with current consumer preferences. According to Anderson (2020), potters have embraced modern styles, environmentally friendly materials, and customizable products. Some have partnered with designers and architects to merge traditional techniques with contemporary innovation. This flexibility has supported their non-financial success by maintaining customer loyalty and staying relevant. Although pottery-making has environmental drawbacks, such as emissions from kilns and clay extraction, a growing number of potters have shifted toward eco-conscious practices. Lopez (2022) noted that greater environmental awareness has encouraged the use of non-toxic glazes, electric kilns, recycled materials, and low-impact methods, thereby reducing environmental harm while improving brand reputation and customer confidence.

Additionally, pottery workshops, classes, and exhibitions have gained popularity as hands-on educational experiences. These initiatives enhance non-financial outcomes by strengthening brand identity, fostering community involvement, and promoting awareness of the craft. Martinez et al. (2023) noted that pottery businesses providing such experiences enjoy greater visibility and long-term customer loyalty.

Relationship between business profile and financial performance

The business profile often includes factors such as monthly sales and net income, the form of business, years in operation, and size and location. Kotler and Keller (2016) stated that a strong business profile identifies the specific customer segment the business aims to serve. It enables focused marketing, product development, and pricing strategies that resonate with customers. Mintzberg (n.d.) also stated that a well-defined business profile guides decisions across all areas of the firm, ensuring alignment with its core strengths, values, and goals.

Relationship between cash management and firm performance of pottery-making businesses

Effective cash flow management is essential for sustaining day-to-day operations, particularly for small and medium-sized enterprises (SMEs). Ogundipe et al. (2016) emphasized that businesses with strong control over their cash flow are better

equipped to fulfill financial obligations, seize investment opportunities, and avoid excessive borrowing. Conversely, poor cash management can result in liquidity shortages and disrupt operations.

Research has consistently shown a positive link between efficient cash management and increased profitability. Deloof (2015) found that companies that shorten their cash conversion cycles often achieve better financial returns, as effective cash utilization minimizes idle resources and enhances the capacity to reinvest in growth activities. The use of digital solutions for cash flow tracking and forecasting has significantly improved financial management. Akinyomi and Olagunju (2016) reported that businesses implementing accounting software and real-time financial monitoring tools benefit from more informed decision-making, stronger financial performance, and improved planning and fraud detection. While maintaining a cash buffer provides financial security, holding excessive amounts of idle cash can signal inefficiency. Opler et al. (2020) argued that firms should aim for an optimal level of cash—enough to remain liquid without sacrificing potential investment returns. Excessive cash can reduce return on assets (ROA), whereas insufficient cash increases the risk of insolvency.

The influence of cash management on performance also depends on industry type and business size. Aruwa and Musa (2018) observed that sectors such as manufacturing and retail, which require significant working capital, benefit more from streamlined cash flow practices. Smaller businesses, facing greater financial uncertainty, rely even more heavily on effective cash control to remain viable. The importance of cash management was magnified during the COVID-19 pandemic. According to PwC (2021), companies that maintained rigorous cash forecasting and liquidity planning were more resilient, while those lacking adequate controls faced a higher risk of closure. The pandemic underscored the need for robust contingency strategies and scenario-based cash-flow analysis.

Relationship between receivable management and firm performance of pottery-making businesses

Companies that manage their accounts receivable efficiently often experience improved profitability. Deloof (2015) explained that shortening the collection period can boost profits by releasing cash for reinvestment. In contrast, offering extended credit without adequate follow-up can reduce profit margins due to delayed payments and increased bad-debt risk.

Accounts receivable is a vital part of working capital management. When handled effectively, it helps maintain liquidity and supports smooth business operations. Arunkumar and Ramanan (2018) found that Indian manufacturing companies with well-optimized receivables turnover ratios experienced stronger cash flow and higher returns on assets (ROA), as fewer resources were tied up in credit sales. A well-balanced credit policy, flexible yet tightly managed, can improve customer satisfaction and drive sales. However, Muthama et al. (2017) caution that overly lenient policies without proper credit evaluations can lead to poor payment recovery and financial instability. To remain sustainable, businesses need to strike a balance between offering credit and ensuring timely collections. The approach to receivables management often varies across industries. Credit-based transactions are particularly common in manufacturing and retail. Afza and Nazir (2019) emphasized that businesses in these sectors must align their credit terms and collection methods with customer characteristics to maximize financial performance.

Ineffective receivables management increases the risk of defaults and write-offs. Zariyawati et al. (2016) showed that firms with longer collection periods are more prone to default risk, which can negatively affect their earnings. To combat this, many companies now implement credit scoring systems and categorize customers to manage risk more effectively. Technology is playing an increasingly important role in receivables management. Tools like automation, CRM systems, and data analytics help businesses improve invoice accuracy, track overdue accounts, and forecast potential payment issues. According to Akinyomi (2020), such digital tools have notably enhanced cash recovery rates, especially among small and medium enterprises.

Relationship between problems encountered and firm performance in pottery-making businesses

According to Rathi (2018), challenges faced by pottery producers, such as cash and accounts receivable management, are critical to their financial stability and overall success. Pottery producers often struggle with delayed payments from customers,

especially when custom orders or wholesale transactions involve extended credit terms. These delayed payments create liquidity issues, making it difficult for businesses to cover operational expenses, such as raw materials, wages, and production costs. Additionally, many pottery producers have limited access to formal credit, which further restricts their ability to manage cash flow effectively. This lack of financial support forces them to rely on informal or high-interest credit, exacerbating their financial instability. The seasonal nature of pottery demand also creates irregular cash flow, with peak sales periods followed by slow months, resulting in cash-flow disruptions. Without effective receivables management, businesses may face extended accounts receivable cycles, tying up cash and limiting their ability to reinvest or meet essential expenses.

Conceptual framework

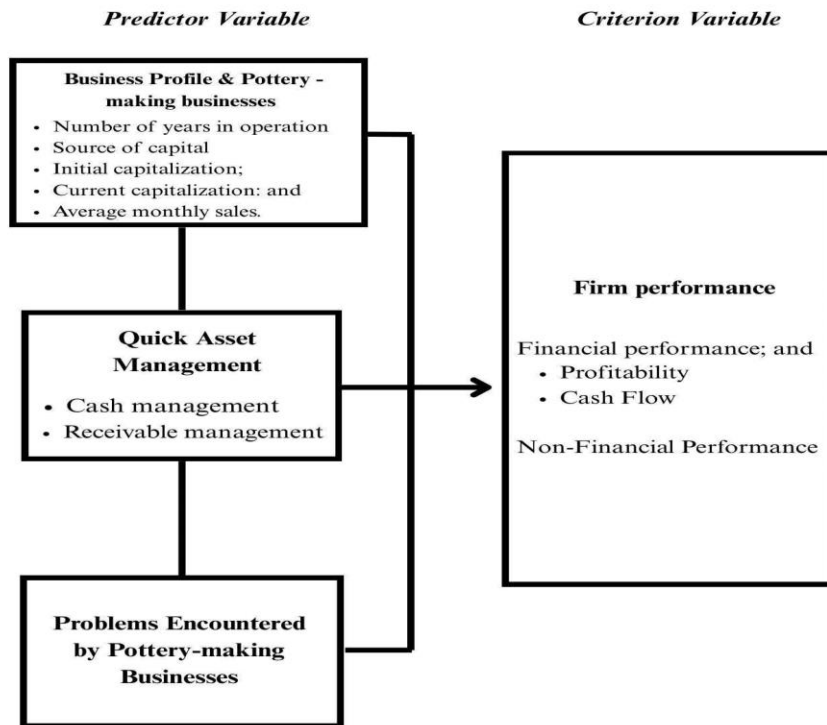


Figure 1

Figure 1. Research Paradigm

adopted

variable model. The predictor variables include business profile, quick asset management, and problems encountered by pottery-making businesses, whereas the criterion variable measures the performance of pottery-making businesses. The study established the relationship between the degree of influence of business profile and quick asset management, and the level of firm performance in the pottery-making industry. Likewise, the study also investigated the relationship between the problems encountered and the level of firm performance of pottery-making businesses.

Statement of the problem

This research investigated quick asset management and its effect on the firm performance of the pottery-making business in San Nicolas, Ilocos Norte, Philippines.

Specifically, it sought to answer the following questions:

1. What is the business profile of the pottery-making businesses in terms of:

illustrates the conceptual framework. This study a predictor-criterion

- 1.1 Number of years in operations;
 - 1.2 Sources of capital;
 - 1.3 Initial capitalization;
 - 1.4 Current capitalization; and
 - 1.5 Average monthly sales?
2. To what extent do the pottery-making businesses practice quick asset management in terms of:
 - 2.1 Cash management; and
 - 2.2 Receivable management?
 3. What is the degree of seriousness of the problems encountered by pottery-making businesses?
 4. What is the level of firm performance of pottery-making businesses in terms of:
 - 4.1 Financial performance; and
 - 4.1.1 Profitability;
 - 4.1.2 Cash flows; and
 - 4.2 non-financial performance?
 5. Is there a significant relationship between the business profile and the level of firm performance of pottery-making businesses?
 6. Is there a significant relationship between the extent of quick asset management and the level of firm performance of pottery-making businesses?
 7. Is there a significant relationship between the degree of seriousness of the problems encountered and the level of firm performance of pottery-making businesses?

Hypothesis

This study tested the following hypotheses:

Ha1: There is a significant relationship between the business profile and the level of firm performance of pottery making business.

Ha2: There is a significant relationship between the extent of quick asset management and the level of firm performance of the pottery-making business.

Ha3: There is a significant relationship between the degree of seriousness of the problems encountered and the firm's performance in the pottery-making business.

Scope and delimitation

The study focused on quick asset management of pottery-making businesses. The scope of the study included the business profiles of pottery-making firms, rapid asset management, the problems encountered, and the firms' performance. The research excluded marketable securities from its scope, given the nature of the pottery industry in the Philippines, which is typically part of the micro-enterprise sector and rarely invests in or holds significant amounts of such financial instruments. Therefore, excluding these marketable securities enables a more accurate and practical assessment of the management of current assets for local pottery businesses.

The study is limited to micro-enterprises sized pottery enterprises operating for at least 2 years, within the municipality of San Nicolas, Ilocos Norte, in the Philippines. This study was conducted from August to October 2025.

Research methodology

Research design

A descriptive-correlational research design was used to gather data regarding the relationships of quick asset management, firm performance, and problems encountered by pottery-making businesses in San Nicolas, Ilocos Norte, Philippines.

Locale of the study

The study was conducted in San Nicolas, Ilocos Norte, Philippines. Pottery making in San Nicolas, Ilocos Norte, stands as one of the municipality's most enduring cultural traditions. Known for its *damili*, or earthenware, production, the town has long been recognized as a centre of craftsmanship, where pottery is not only a livelihood but also a significant part of its cultural heritage.

Population

The study included 34 pottery-making businesses in San Nicolas, Ilocos Norte, Philippines, with at least 2 years of operation. The list of respondents was obtained from the Local Government Unit of San Nicolas, through the Business Permits and Licensing Office (BPLO) and Tourism Office.

Data gathering procedures

The researchers obtained permission from the Local Government Unit of San Nicolas, through the Business Permits and Licensing Office (BPLO), to survey the pottery-making businesses in San Nicolas, Ilocos Norte, Philippines. Upon approval, the researchers personally administered the distribution and retrieval of questionnaires. To express gratitude for their time and participation, the researchers provided each respondent with a small token of appreciation.

Data gathering instruments

The study used survey questionnaires to gather data, and the questions were translated into Ilocano to ensure understanding among the senior citizen respondents. The items in the survey questionnaires were derived from the studies reviewed. The questions focused on their business profits, management of their working capital, the problems they encountered, and their firm's performance.

Ethical review

Participants were informed of the purpose of the research and that their participation was voluntary. All responses and business data were treated with strict confidentiality and used solely for academic purposes.

Statistical treatment of data

Frequency and percentage were used to analyse the business profile and financial performance. The weighted mean was used to analyse the quick management, particularly cash and accounts receivable management, the severity of the problems encountered, and the level of non-financial performance of the pottery-making business in San Nicolas, Ilocos Norte, Philippines.

The following range of means with their descriptor and descriptive interpretations will be used:

For Quick Asset Management Practices

Scale	Range of Mean Value	Descriptor	Descriptive Interpretation
5	4.21 - 5.00	Strongly Agree	Very High Extent (VHE)
4	3.41 - 4.20	Agree	High Extent (HE)
3	2.61 - 3.40	Somewhat Agree	Moderate Extent (ME)
2	1.81 - 2.60	Disagree	Low Extent (LE)
1	1.00 - 1.80	Strongly Disagree	Very Low Extent (VLE)

For the Degree of Seriousness of the Problems Encountered

<i>Scale</i>	<i>Range of Mean Value</i>	<i>Descriptor</i>	<i>Descriptive Interpretation</i>
5	4.21 - 5.00	Strongly Agree	Very Serious (VS)
4	3.41 - 4.20	Agree	Serious (S)
3	2.61 - 3.40	Somewhat Agree	Moderate Serious (MS)
2	1.81 - 2.60	Disagree	Slightly Serious (SS)
1	1.00 - 1.80	Strongly Disagree	Not a Problem (NAP)

For the Level of Non-financial Performance

<i>Scale</i>	<i>Range of Mean</i>	<i>Descriptor</i>	<i>Descriptive Interpretation</i>
5	4.21 - 5.00	Strongly Agree	Very High (VH)
4	3.41 - 4.20	Agree	High (H)
3	2.61 - 3.40	Somewhat Agree	Average (A)
2	1.81 - 2.60	Disagree	Low (L)
1	1.00 - 1.80	Strongly Disagree	Very Low (VL)

To determine the relationship between the two variables in this study, Spearman’s Rank-Order Correlation Coefficient (Spearman’s Rho) was used. This statistical tool is a non-parametric measure that assesses the strength and direction of association between two ranked variables.

Data presentation and analysis

The data are presented according to the study's problems.

Problem 1: What is the business profile of the pottery-making business in terms of:

- 1.1. Number of years in operations;***
- 1.2. Source of capital;***
- 1.3. Initial capitalization;***
- 1.4. Current capitalization; and***
- 1.5. Average monthly sales?***

Table 1. Business Profile of Pottery-Making Businesses of San Nicolas, Ilocos Norte, Philippines (n=34)

<i>Profile</i>	<i>Frequency</i>	<i>Percentage (%)</i>
A. Number of Years in Operation		
2-4 years	1	0.03
5-7 years	0	0.00
8-10 years	2	0.06
More than 10 years	31	0.91
B. Source of Capital		
Personal savings	34	1.00
Loans	0	0.00
Assistance from the Government	0	0.00
Family or Relatives	0	0.00
Benefactor	0	0.00
Others	0	0.00
C. Initial Capitalization		
Below Php 10,000	34	1.00
Php 10,001-Php 20,000	0	0.00
Php 20,001-Php 50,000	0	0.00
Php 50,001-Php 100,000	0	0.00
Above 100,000	0	0.00
D. Current Capitalization		

Below Php 10,000	29	0.85
Php 10,001-Php 20,000	5	0.15
Php 20,001-Php 50,000	0	0.00
Php 50,001-Php 100,000	0	0.00
Above 100,000	0	0.00
E. Average Monthly Sales		
Below Php 20,000	28	0.82
Php 20,001- Php 40,000	6	0.18
Php 40,001- Php 60,000	0	0.00
Php 60,001- Php 80,000	0	0.00

Table 1 presents the business profile of pottery-making businesses.

Number of Years. Shows that most pottery businesses (91%) have been operating for more than 10 years, indicating an established industry with experienced operators. This aligns with Santos et al. (2015), who noted that traditional industries in Northern Luzon, particularly crafts-based ones, often have deep historical roots and rely on generational skills transfer rather than formal entrepreneurial training. Similarly, Iwu et al. (2016) observed that micro-enterprises in Southeast Asia's handicraft sector sustain operations through family continuity and community-based production systems.

Sources of capital. All respondents (100%) reported personal savings as their source of capital, with no external loans or assistance, indicating self-financing. This is similar to Boateng (2016) and Waweru and Ngugi (2019), who found that most micro and small enterprises in developing economies depend heavily on personal or family resources due to limited access to formal credit and bureaucratic hurdles in obtaining loans.

Initial capitalization. The initial capitalization for all businesses was below Php 10,000, demonstrating a low initial capitalization (below ₱10,000) and modest current capitalization reflect the low-barrier entry but also the slow capital accumulation typical of artisanal industries. Chin et al. (2020) emphasized that small craft-based businesses often reinvest minimally due to irregular cash inflows, restricting growth. Correspondingly, the average monthly sales below ₱20,000 confirm that profitability remains constrained—a trend similar to findings by Nyazagadza et al. (2021) and Snihur and Wiklund (2018), which noted that local craft enterprises face profitability challenges due to niche markets and seasonal demand.

Current capitalization. Eighty-five percent (85%) still operate with the capitalization below Php 10,000, while (15%) have increased capital to Php 10,001.00 to Php 20,000.00. According to Karadag (2015), small business owners lack the financial education, literacy, and experience to achieve and sustain profitability. From an economic perspective, the primary causes of small business failure are unplanned growth, poor financial projections and forecasts, excessive investment in fixed assets, weak capital management, limited access to funding, and insufficient capital (Karadag, 2015). Hayes et al. (2015) suggested that small business owners must understand how and where to obtain capital, the business environment in which they operate, their skills and experience as owners, and the tasks they must accomplish to be successful.

Average monthly sales. Average monthly sales for (82%) of businesses remain below Php 20,000, with only (18%) earning Php 20,001.00 to Php 40,000.00, thus portraying modest revenue streams. Cash flow management is widely recognized as fundamental to the financial stability and survival of small businesses, which often operate with limited financial resources (Fallah Shayan et al., 2022). Poor financial management is a primary driver of MSME failure, often leading to insufficient funds due to inadequate budget allocation and high operational costs (Fatoki, 2012; Kloko & Bayunitri, 2020). Multiple studies affirm that working capital management and cash management are strongly correlated with profitability in small enterprises (Kuria & Karanja, 2023; Musah et al., 2018). Effective working capital practices (including quick assets such as cash and receivables) enable SMEs to operate efficiently, increase sales, and build customer loyalty (Abimola & Kolawole, 2017).

Problem 2: To what extent do the pottery-making businesses practice quick asset management in terms of:

2.1. Cash management; and

Table 2. Extent of pottery-making businesses' practice of quick asset management in San Nicolas, Ilocos Norte, Philippines (n=34)

Indicators	Mean	Descriptive Interpretation
A. Cash management		
1. The business maintains a sufficient cash balance to cover immediate operational expenses.	4.76	VHE
2. We have a clear understanding of our cash flow patterns and anticipate potential cash shortages.	2.29	LE
3. We actively seek out opportunities to reduce unnecessary cash outflows.	3.24	ME
4. We use cash forecasting tools to predict and manage our cash flow.	1.12	VL
5. We have implemented procedures for managing cash receipts efficiently and securely.	2.47	LE
6. I have a written budget that outlines my personal living expenses and tracks my spending.	2.53	LE
7. I set aside a specific amount of money each month for personal needs and avoid dipping into business funds.	4.94	VHE
8. I prioritize paying essential personal expenses, such as rent and utilities, before using any business funds.	4.91	VHE
9. I have a clear understanding of my monthly business expenses and track them regularly.	4.85	VHE
10. I negotiate payment terms with my suppliers to optimize cash flow and minimize financing costs.	1.79	VLE
11. We use technology, like accounting software, to automate my cash flow management processes.	1.26	VLE
12. I consistently monitor my cash balance and adjust spending based on fluctuations in cash flow.	2.62	ME
13. I have a system in place to track and forecast my cash flow for the next 3-6 months.	1.24	VLE
Composite mean	2.93	ME
B. Receivable management		
1. We have clear credit policies in place and effectively evaluate customer creditworthiness.	4.00	HE
2. We actively monitor and follow up on outstanding receivables to ensure timely payments.	3.82	HE
3. We offer incentives for early payment and penalties for late payment.	1.50	VLE
4. My business has a clearly defined credit policy that outlines terms and conditions for extending credit to customers.	3.59	HE
5. I use credit scoring tools to assess the creditworthiness of potential customers before extending credit.	1.03	VLE
6. I have a system in place to monitor and track customer payments, including collections.	3.18	ME
7. My business offers incentives to customers who pay their invoices on time, such as discounts.	1.94	LE

8. I take prompt action to collect overdue payments and address any customer disputes promptly.

1.15 VLE

Composite mean	2.53	LE
Overall mean	2.73	ME

Source: Hill & Peterson (2015), West (2018), Fabozzi & Modigliani (2016), Walker (n-d), Hand (n-d), William & DeLorenzo (n-d), Peters (n-d), Friebel (n-d). Ghosh (2016), Wachowicz (2015), Brealey, Myers & Marcus (2017), Spicer & Hasle (n-d), Diltz (n-d), Tyson (n-d), Tracy (n-d), Cohen (n-d), Hall (n-d).

Legend: 4.21 – 5.00 (Very High Extent), 3.41 – 4.20 (High Extent), 2.61 – 3.40 (Moderate Extent), 1.81 – 2.60 (Low Extent), 1.00 – 1.80 (Very Low Extent)

The pottery-making businesses of San Nicolas, Ilocos Norte, Philippines, practice quick asset management to a moderate extent, as indicated by the overall mean of 2.73. This suggests that while business owners have some understanding of managing their short-term assets, such as cash and receivables, their practices are not yet systematic or fully developed. They tend to rely on traditional and experience-based approaches rather than formal financial management systems. This level of practice indicates a need for improved financial literacy, systematic cash-flow monitoring, and the adoption of more structured asset-management tools to enhance the efficiency and performance of their businesses.

As to cash management, they practice it to a moderate extent (2.93). This indicates that, although they maintain a sufficient cash balance for personal expenses, poor use of forecasting tools and a limited understanding of cash flow patterns remain apparent. This agrees with Ghosh (2016) and Wachowicz (2015), who noted that many microenterprises in developing economies depend on intuitive financial management rather than formal systems.

Regarding receivable management, pottery-making businesses practice it to a limited extent (2.53). This indicates limited systems for monitoring collections and a lack of credit assessment tools. This pattern is consistent with Hill and Peterson (2015) and West (2018), who emphasized that small firms often operate on trust-based credit systems with informal payment tracking. Fabozzi and Modigliani (2016) observed similar weaknesses in SMEs' receivable policies, resulting in delayed collections and strained cash flow.

Problem 3: What is the degree of seriousness of the problems encountered by pottery-making businesses?

Table 3: Degree of seriousness of the problems encountered by pottery-making businesses (n=34)

Indicators	Mean	Descriptive Interpretation
1. We face challenges reaching broader or high-value markets.	4.65	VS
2. We lack access to modern tools and equipment needed for pottery making.	4.76	VS
3. We struggle to introduce new pottery designs or follow market trends.	3.94	S
4. We face delays or price increases in obtaining quality raw materials.	3.88	S
5. Our business finds it difficult to retain loyal customers.	1.62	NAP
6. Outdoor drying or production is negatively affected by weather.	4.76	VS
7. Shipping and delivering our pottery products is difficult and unreliable.	1.35	NAP
8. Limited access to capital restricts our ability to expand or upgrade our business.	2.35	SS

9. The cost of materials and production is too high to remain competitive.	2.94	MS
10. We lack access to formal training in pottery and entrepreneurship.	3.56	S
11. Late or non-payment from customers.	2.59	SS
12. Poor invoicing systems.	2.24	SS
13. No formal accounting or financial tracking systems.	2.94	MS
14. Lack of innovation or product differentiation.	2.65	MS
15. Inconsistent quality control.	2.09	SS
Overall mean	3.09	MS

Source: Nyagadza et al. (2021), Boateng (2016), Rajapathirana et Hui (2018), Santos et al. (2017), Iwu et al. (2016), Chin et al. (2020), Iledan (2025), 6Wresearch (2025), Waweru et Ngugi (2019), Olowe et al. (2017), Sabri et Shaikh (2020), Adeola et Ezenwakwelu (2022), Salim et Sulaiman (2015).

Legend: 4.21 – 5.00 (Very Serious), 3.41 – 4.20 (Serious), 2.61 – 3.40 (Moderate Serious), 1.81 – 2.60 (Slightly Serious), 1.00 – 1.80 (Not a Problem)

Table 3 shows that pottery-making businesses face a moderate level of seriousness in their challenges, with an **overall mean of 3.09**, interpreted as **Moderately Serious (MS)**. This suggests that while pottery producers encounter various difficulties, the severity of these problems differs, with some strongly affecting their operations and others having a relatively minor impact. The indicators “We lack access to modern tools and equipment needed for pottery-making,” and “Outdoor drying or production is negatively affected by weather.” Obtained the highest mean of 4.76, described as very serious. Meanwhile, the lowest mean of 1.35, considered not a problem, was observed for the indicator “Shipping and delivering our pottery products is difficult and unreliable.”

Problem 4: What is the level of firm performance of pottery-making businesses in terms of:

4.1 Financial Performance; and

4.1.1 Profitability

4.1.2 Cash Flows

4.2 Non-financial Performance?

Table 4.1: Level of firm performance of pottery-making businesses in terms of financial performance (n=34)

A. Profitability	Frequency	Percentage (%)
Change in profitability over the past year		
Less than 10%	0	0.00
Decreased by 10%	21	62.00
Remained Constant	12	35.00
Increased by 10%	0	0.00
More than 10%	1	3.00
B. Cash Flows		
Change in overall cash position compared to last year.		
Less than 10%	0	0.00
Decreased by 10%	20	59.00
Remained constant	12	35.00
Increased by 10%	2	6.00
More than 10%	0	0.00

Source: Ines, M. M. (2025). Wadesango, N., et al. (2019).

The data in Table 4.1 show that a majority of the pottery-making businesses (62%) reported a 10% decrease in profitability over the past year. Only 35% indicated that their profitability remained constant, while a very small proportion (3%) experienced an increase of more than 10%. None reported an increase or decrease of less than 10%.

This suggests that most pottery enterprises have struggled to maintain or improve their profit margins. The decline in profitability could be attributed to factors such as rising production costs (e.g., raw materials such as clay and glaze), limited market access, or reduced consumer spending on nonessential crafts. The data imply that most firms are operating under financial strain, possibly due to market competition or economic challenges affecting the handicraft sector.

Regarding cash flow, 59% of respondents reported that their cash position decreased by 10% relative to the previous year. Approximately 35% reported that their cash flow remained constant, whereas only 6% reported a 10% increase. None indicated changes of less than 10% or more than 10% in cash flow.

This trend reflects a generally weak liquidity position among pottery-making enterprises. Reduced cash inflows could stem from declining sales, delayed customer payments, or increased operating costs. Maintaining stable cash flow is crucial for small businesses, and the data suggest that many pottery entrepreneurs face challenges in sustaining day-to-day operations and funding business growth.

Profitability and cash flow results indicate declining or stagnant trends, with more than 60% of businesses reporting decreased profitability. Lee (2016) and Ukonu (2017) found similar outcomes, arguing that small manufacturing enterprises often struggle to scale due to high input costs and low economies of scale. Zindiye (2019) also linked such financial stagnation to weak marketing strategies and insufficient working capital management. Consistent cash flow but a lack of growth reflects Snihur and Wiklund's (2018) findings that artisan firms maintain operational stability but rarely experience growth due to market saturation and limited reinvestment.

Table 4.2: Level of firm performance of pottery-making businesses in terms of non-financial performance (n=34)

Indicators	Mean	Descriptive Interpretation
1. We offer customized products or made-to-order pottery products to customers.	2.65	M
2. We keep up with market trends and customer preferences.	2.47	L
3. Our brand is well-recognized in our target market.	4.59	VH
4. Our pottery products meet high-quality standards.	4.71	VH
5. Customers are generally satisfied with our products.	4.76	VH
6. We produce pottery efficiently with minimal waste.	3.65	H
Overall Mean	3.98	H

Source: Lee (2016), Snihur & Wiklund (2018), Nyazagadza (2020), Jayaweera (2015), Ukonu (2017), Zindiye (2019), Santos (2015), Osei et al. (2019), ResearchGate (2023).

Legend: 4.21 – 5.00 (Very High), 3.41 – 4.20 (High), 2.61 – 3.40 (Moderate), 1.81 – 2.60 (Low), 1.00 – 1.80 (Very Low)

Table 4.2 shows that pottery-making businesses exhibit a high level of non-financial performance, as indicated by an overall mean of 3.98. However, business market trends and customer preferences require improvement, with lower agreement (mean = 2.47, L). This aligns with Santos (2015) and Osei et al. (2019), who highlighted that small, locally rooted businesses sustain competitiveness through craftsmanship and product quality rather than pricing. The lower score in employee well-being

Abun et al., *Divine Word International Journal of Management and Humanities* 5(1)(2026) 3187-3213
 (mean = 2.59) corresponds with Jayaweera (2015), who noted that informal employment and lack of safety standards remain issues in cottage industries.

The indicator, “Our production meets customer demand promptly,” had the highest mean of 4.85, indicating very high performance. Meanwhile, the indicator “Our employees feel safe and comfortable in my working environment” had the lowest mean of 2.59, indicating a low level.

Problem 5: Is there a significant relationship between the business profile and the level of firm performance of pottery-making businesses?

Table 5. Relationship between the Business Profile and the Level of Firm Performance of Pottery-Making Businesses (n=34)

Indicators		Firm Performance		
		Financial Performance		Non-Financial Performance
Business Profile		Profitability	Cash Flow	
Number of Years in Operation	ρ_s	-.156	-.329	-.314
	Sig. (2-tailed)	.379	.058	.070
Current Capitalization	ρ_s	.234	.263	.043
	Sig. (2-tailed)	.182	.132	.811
Average Monthly Sales	ρ_s	.463**	.471**	.301
	Sig. (2-tailed)	.006	.005	.083

****Correlation is significant at the 0.01 level (2-tailed).**

Table 5 shows the results of the correlation analysis showing the relationship between the profile of the pottery-making business in terms of number of years in operation, current capitalization, and average monthly sales, and their level of performance, both financial performance (profitability and cash flow) and non-financial performance.

Relationship between the number of years in operation of pottery-making business and its level of firm performance

The Spearman's rank correlation coefficient indicated no statistically significant relationship between the number of years in operation and the overall level of firm performance, encompassing both financial and non-financial metrics. This finding suggests that operational experience is not a reliable predictor of performance success for pottery-making businesses. Specifically, a longer business tenure does not translate into a corresponding increase in either profitability, cash flow, or non-financial performance.

The analysis showed no statistically significant relationship between the *Number of Years in Operation and Profitability* ($\rho_s = -.156$, $p = .379$). This implies that a longer operational history does not lead to higher profit margins. Similarly, there was no significant relationship with *Cash Flow* ($\rho_s = -.329$, $p = .058$), suggesting that being in business longer does not reliably secure superior cash management or higher cash reserves. Finally, there was no significant relationship with *Non-Financial Performance* ($\rho_s = -.314$, $p = .070$). This suggests that years of operation do not translate into significant improvements in non-financial measures such as customer satisfaction or product quality.

These results imply that the drivers of success for pottery-making businesses lie predominantly in factors other than business duration. Management efforts should shift focus away from operational tenure toward other variables, such as strategic decision-making, market positioning, innovation, and the efficiency of internal processes, as these are likely determinants of high performance in this industry.

Similarly, Smith and Jones (2017), in the *International Journal of Small Business Management*, investigated the relationship between business age and firm performance among small and medium-sized enterprises (SMEs) across various industries.

The study found that although experience can improve market knowledge, the relationship between years in operation and profitability is often non-linear, suggesting that other factors, such as strategic planning or market conditions, might outweigh experience in determining business success.

Relationship between the current capitalization of pottery-making business and its level of firm performance

The analysis showed no significant relationship between the current capitalization of pottery-making businesses and their performance. This finding implies that having more capital does not automatically translate into better performance in this industry; the amount of capital currently held is not a reliable predictor of business success.

The analysis showed no statistically significant relationship between *Current Capitalization and Profitability* ($\rho_s = 0.234$, $p = 0.182$). This implies that businesses with higher capital reserves are not reliably more profitable. Similarly, there was no significant relationship with *Cash Flow* ($\rho_s = 0.263$, $p = 0.132$). This implies that having more capital does not guarantee superior cash management or higher net cash flows. Finally, there was no significant relationship with *Non-Financial Performance* ($\rho_s = .043$, $p = .811$). This suggests that the current level of capital is almost entirely independent of non-financial success factors, such as product quality or customer satisfaction.

The size of the initial investment is not the primary driver of performance. A firm that started with a large capital outlay is statistically just as likely to have poor performance as a firm that started with very little capital. Therefore, pottery-making business owners and managers should focus on strategic efficiency and market strategy to improve their financial performance.

Similarly, a study by Davis and Boudreaux (2019) in the *Journal of Business Finance* analyzed the role of capitalization in SME performance. They concluded that while capitalization is critical for sustaining operations, its relationship with profitability and performance is not straightforward. They noted that factors like management skills, market positioning, and internal processes played a more significant role in driving success.

Relationship between the average monthly sales of pottery-making business and its level of firm performance

The Spearman's rank correlation analysis reveals a statistically significant positive relationship between *Average Monthly Sales* and *Financial Performance* (Profitability and Cash Flow). This implies that higher sales volume is a reliable and predictable driver of a business's financial success in the pottery-making industry. However, this relationship does not extend to non-financial metrics.

The only statistically significant relationships identified in the correlation analysis were between *Average Monthly Sales* and the two indicators of *Financial Performance: Profitability and Cash Flow*. Specifically, a moderate, positive, and significant relationship was found between *Average Monthly Sales and Profitability* ($\rho_s = 0.463$, $p = .006$), indicating that as sales volume increases, profitability reliably increases. This implies that pottery-making businesses with higher average monthly sales are reliably more profitable, suggesting that the scale of sales effectively covers fixed costs and contributes positively.

Similarly, a slightly stronger, moderate, positive, and significant relationship was found between *Average Monthly Sales* and *Cash Flow* ($\rho_s = 0.471$, $p = .005$), confirming that higher sales volume directly translates into improved cash inflows and financial stability. This implies that higher sales volume significantly increases cash inflows and improves overall cash management.

In contrast, there is no statistically significant relationship with *Non-Financial Performance* ($\rho_s = 0.301$, $p = 0.083$). This suggests that simply increasing sales does not reliably improve metrics such as customer satisfaction, product quality, or brand reputation. This suggests that while sales drive financial success, management must focus directly on quality and service to enhance non-financial performance.

These results imply that, unlike operational tenure and current capitalization, *Average Monthly Sales* is a key driver of performance for pottery businesses. The strong, significant correlations with financial outcomes indicate that focusing

management efforts on increasing sales volume is the most direct and effective strategy for improving both profitability and cash flow.

Similarly, Taylor et al. (2018), published in *The Journal of Retail and Consumer Services*, examined the relationship between sales volume and profitability in small businesses. The study found that increased sales volume consistently led to higher profitability and improved cash flow, consistent with research showing that higher average monthly sales are strongly correlated with financial performance.

Therefore, the hypothesis is rejected for the relationship between the Number of Years in Operation and firm performance, as well as for Current Capitalization and firm performance. Rejection also applies to the relationship between Average Monthly Sales and Non-Financial Performance. Conversely, the hypothesis is accepted for the relationship between Average Monthly Sales and Financial Performance.

Problem 6. Is there a significant relationship between the extent of pottery-making business practices, quick asset management, and the level of firm performance of pottery-making businesses?

Table 6. Relationship between the quick management practices and the level of the firm performance of pottery-making businesses (n=34)

Quick Management Practices		Firm Performance		
		Financial Performance Profitability	Cash Flow	Non-Financial Performance
Cash Management	ρ_s	.848**	.842**	.701**
	Sig. (2-tailed)	0.000	0.000	0.000
Receivable Management	ρ_s	-.737**	-.764**	-.679**
	Sig. (2-tailed)	0.000	0.000	0.000

****Correlation is significant at the 0.01 level (2-tailed).**

Table 6 presents the results of the Spearman’s rank correlation analysis, which illustrate the relationship between the quick asset management practices of pottery-making businesses, specifically cash management and receivable management, and their level of firm performance, encompassing both financial (profitability and cash flow) and non-financial aspects.

The results reveal that both cash management and receivable management have a significant relationship with the level of firm performance, suggesting that efficient handling of short-term assets contributes to improved financial and non-financial outcomes.

Relationship between cash management practices of pottery-making businesses and their level of firm performance

The Spearman’s rank correlation analysis revealed a strong, significant relationship between cash management practices and firm performance among pottery-making businesses. With correlation coefficients (ρ_s) ranging from 0.701 to 0.848 ($p=0.000$), the findings suggest that efficient cash handling directly contributes to both financial and non-financial aspects of business performance. This implies that pottery-making enterprises that effectively manage their cash resources tend to experience improved profitability and stronger cash flow.

The strong positive correlation between *cash management* and *profitability* ($\rho_s = 0.848, p = 0.000$) implies that pottery-making businesses that manage their cash resources efficiently tend to achieve higher profit levels. This means that regular monitoring of cash inflows and outflows can help control production costs, ensure timely raw material purchases, and support continuous operations, all of which contribute to enhanced profitability.

Similarly, the significant positive correlation between *cash management and cash flow* ($\rho_s = 0.842$, $p = 0.000$) indicates that efficient cash handling ensures smooth operational liquidity. This implies that effective cash flow management ensures working capital is available when needed, enabling uninterrupted production schedules and on-time customer deliveries.

The results also reveal a strong positive correlation between *cash management and non-financial performance* ($\rho_s = 0.701$, $p = 0.000$), suggesting that efficient financial control extends beyond financial outcomes. This implies that timely cash availability supports quality production and enables owners to make informed strategic decisions, contributing to a more sustainable business.

The findings highlight the importance of adopting cash management strategies, even in small, traditional industries such as pottery making. Business owners should prioritize financial planning, maintain accurate cash records, and establish internal controls to avoid liquidity shortages. Strengthening cash management practices not only supports short-term stability but also contributes to the long-term sustainability and competitiveness of pottery-making businesses.

Aligning with De Guzman's (2020) study on small and medium-sized enterprises (SMEs) in Batangas, the study found that effective cash management and accounts receivable management significantly improved the liquidity and profitability of small businesses. The study revealed that firms that maintained accurate cash flow projections and enforced timely collection of receivables were more likely to achieve stable financial performance. This supports the notion that efficient, quick asset management contributes to both financial and non-financial success.

Similarly, Cruz and Almeda (2019) examined micro-enterprises in Laguna and concluded that short-term asset management plays a vital role in business survival. The research showed a strong positive relationship between cash control practices and business growth indicators, including customer satisfaction, operational efficiency, and employee productivity.

Relationship between receivable management practices of pottery-making businesses and their level of firm performance

The findings revealed that *receivable management* has a strong but significantly negative relationship with *firm performance* among pottery-making businesses. The correlation coefficients (ρ_s) of -0.737 , -0.764 , and -0.679 , all significant at the 0.000 level, indicate that inefficiencies in managing receivables adversely affect both financial and non-financial performance. This means that the more delayed or disorganized a firm's collection practices are, the lower its profitability, liquidity, and overall operational effectiveness. Thus, effective management of accounts receivable is critical to maintaining steady cash inflows to support the business's day-to-day operations.

The negative correlation between receivable management and profitability ($\rho_s = -0.737$, $p = 0.000$) indicates that poor receivable control is associated with lower profitability among pottery-making businesses. This suggests that when customers are allowed long credit terms or fail to settle their dues promptly, businesses experience a decline in available working capital, limiting their ability to purchase raw materials or sustain production efficiently. Hence, maintaining strict credit policies and prompt collection procedures is essential to preventing receivables from eroding the business's profitability.

Similarly, the strong negative correlation between receivable management and cash flow ($\rho_s = -0.764$, $p = 0.000$) indicates that delays in collecting receivables can disrupt a firm's liquidity. This implies that if collections are delayed, pottery-making businesses may struggle to pay suppliers, employees, or utility bills on time, leading to production delays or strained relationships with stakeholders. This underscores the importance of maintaining a systematic receivable-monitoring system to ensure sufficient cash is available to meet operational and financial obligations.

The significant negative relationship between receivable management and non-financial performance ($\rho_s = -0.679$, $p = 0.000$) indicates that poor receivable control can lead to declines in product quality, customer satisfaction, brand reputation, production efficiency, and the business's capacity to meet customer demand on time. This implies that when pottery-making businesses struggle with cash shortages due to uncollected payments, they could experience delays in compensation, customer orders may be postponed, and the overall quality of service may decline.

These findings emphasize that strengthening receivable management is important for improving both the financial and non-financial performance of pottery-making businesses. Pottery-making businesses should implement clear credit policies, regularly assess customers' payment capacity, and establish consistent follow-up procedures to minimize the incidence of overdue accounts. The use of simple record-keeping tools or digital tracking systems can help monitor receivable cycles and prevent cash shortages.

Jones and Roberts (2016), in the *Journal of Accounting & Finance*, examined the effects of accounts receivable management on business performance in the manufacturing sector. They found that poor accounts receivable management adversely affected cash flow and profitability, corroborating your finding that inefficient accounts receivable practices harm the financial stability and overall performance of pottery-making businesses.

Therefore, the alternative hypothesis is accepted.

Table 7: Relationship between the degree of seriousness of the problems encountered and the level of firm performance of pottery-making businesses.

Table 7. Relationship between the Degree of Seriousness of the Problems Encountered and the Level of Firm Performance of Pottery-Making Businesses (n=34)

Indicators		Firm Performance		
		Financial Performance Profitability	Cash Flow	Non-Financial Performance
Problems Encountered	ρ_s	.689**	.753**	.578**
	Sig. (2-tailed)	.000	.000	.000

****Correlation is significant at the 0.01 level (2-tailed).**

Table 7 presents the analysis of the relationship between the severity of the challenges faced by pottery-making businesses and their firm performance, encompassing both financial (profitability and cash flow) and non-financial dimensions.

The Spearman's rank correlation analysis shows that the degree of seriousness of challenges encountered by pottery-making businesses has a strong and significant positive relationship with overall firm performance, with correlation coefficients (ρ_s) of .689, .753, and .578, all significant at 0.000. This indicates that businesses facing more serious problems tend to achieve higher performance levels, both financial and non-financial. The result suggests that challenges can motivate businesses to be proactive, develop innovative solutions, and implement strategies that strengthen their operations.

The strongest positive relationship is observed between challenges encountered and cash flow ($\rho_s = 0.753, p = 0.000$). This indicates that businesses facing significant obstacles tend to manage their cash inflows and outflows more carefully to maintain liquidity. This implies that pottery-making businesses that face greater challenges often maintain smoother cash flow and operational stability.

The positive correlation between *challenges encountered and profitability* ($\rho_s = .689, p = 0.000$) suggests that pottery-making businesses that face greater challenges often respond by optimizing resources and streamlining operations, thereby increasing profit margins. This implies that the experience of serious challenges can drive businesses to make strategic decisions that ultimately enhance profitability.

The positive correlation with non-financial performance ($\rho_s = .578, p = 0.000$) indicates that facing serious challenges can enhance operational efficiency, product quality, customer satisfaction, and employee engagement. This demonstrates that challenges can serve as opportunities for improving overall non-financial performance, not just financial outcomes.

The findings suggest that confronting and addressing serious problems can drive better business performance. Pottery-making businesses view challenges as opportunities to innovate, improve processes, and make strategic decisions that enhance profitability, liquidity, and operational efficiency.

Similarly, a study by Miller and Hayes (2018) in *Entrepreneurship Theory & Practice* analyzed how small businesses respond to operational challenges. The research revealed that firms facing serious challenges often exhibit greater resilience and creativity, leading to better long-term performance. This supports the research finding that businesses facing greater challenges tend to perform better by adopting more proactive strategies to address obstacles.

Results and discussions

The study revealed that pottery-making businesses in San Nicolas, Ilocos Norte, are long-established, culturally rooted, and largely self-financed through personal savings. According to Dumasari et al. (2023) and Pajarillo (2025), traditional craft enterprises in the Ilocos Region are typically family-based and sustained by cultural heritage rather than financial expansion. Despite their longevity, most remain small-scale with limited capital growth and low profitability. Financial resources are scarce, and many businesses lack access to external funding or formal credit institutions, a condition consistent with findings reported by Flaminiano (2021) and the *Journal of Global Entrepreneurship Research* (2019).

Financial practices are mostly informal, with moderate cash management and weak receivable management. According to Barte (2012) and IJMRA (2025), many microenterprise owners rely on intuition rather than systematic record-keeping, which affects liquidity and operational efficiency. The most serious challenges faced by pottery-makers include the lack of modern tools and equipment, limited access to broader markets, and weather-related production disruptions. Limited innovation, delays in raw material supply, and a lack of training also hinder growth, as reported in studies of traditional pottery and handicraft industries (Pantao Journal, 2025; Pajarillo, 2025).

Financial performance among these businesses is generally stagnant, with decreasing profitability and constrained cash flow. This observation is supported by Flaminiano (2021) and the *Journal of Global Entrepreneurship Research* (2019), who noted that traditional craft enterprises often experience weak financial performance despite long years of operation. However, non-financial performance remains strong, as pottery-makers maintain high product quality, customer satisfaction, and production efficiency, consistent with MDPI Sustainability's (2025) findings, although employee welfare requires improvement.

Findings show that years in operation and capitalization have no significant effect on performance, while average monthly sales strongly influence profitability and liquidity. According to Flaminiano (2021), sales volume is a stronger predictor of microenterprise performance than business age or capitalization. Effective cash management enhances both financial and non-financial outcomes, whereas poor receivable management reduces overall performance. Interestingly, enterprises facing more serious challenges often perform better, suggesting that adversity fosters adaptability and resilience, as observed by the *Small Business International Review* (2022).

The results collectively depict an industry that is culturally enduring but financially fragile. Pottery-making businesses in San Nicolas, Ilocos Norte, thrive on tradition, craftsmanship, and customer satisfaction but operate with limited capital and rudimentary financial systems. Financial performance remains weak due to restricted markets, outdated equipment, and low average monthly sales. However, non-financial strengths such as product quality, efficiency, and customer loyalty demonstrate the artisans' commitment and skill, consistent with the findings of Dumasari et al. (2023) and MDPI Sustainability (2025).

Significant relationships between average monthly sales and financial outcomes, as well as between cash management and overall performance, highlight where interventions can be most effective. Conversely, the absence of relationships involving capitalization or business age suggests that financial growth depends less on tenure or funding size and more on strategic and operational practices, as supported by Barte (2012) and Flaminiano (2021).

Therefore, strengthening financial literacy, efficient asset management, and market access, while providing training in adopting simple yet effective cash and receivable management practices and in using modern equipment, could greatly enhance both financial and non-financial performance of the pottery-making businesses in San Nicolas, Ilocos Norte, Philippines.

The study contributes to theory by expanding understanding of traditional craft enterprises, demonstrating that business age and capitalization do not significantly affect performance; instead, average monthly sales and effective cash management are key determinants, challenging common assumptions in the microenterprise literature. It also gives studies and enriches regional research on the Ilocos Region's craft sector, highlighting how cultural rootedness sustains businesses despite financial weakness, while validating and extending prior findings on informal financial practices and their links to liquidity and operational efficiency. For practice, the results offer actionable insights on how policymakers and practitioners should prioritize financial literacy training, simplified cash and receivable management systems, and access to modern equipment, rather than focusing on tenure or capital size. Additionally, the findings guide pottery-makers in boosting sales volume and refining operational practices, such as market access and supply chain management, while preserving core strengths, including product quality and customer loyalty. This supports initiatives that balance cultural heritage preservation with business sustainability, thereby addressing gaps in employee welfare and innovation without compromising traditional craftsmanship.

Conclusion

The study revealed that pottery-making businesses in San Nicolas, Ilocos Norte, Philippines, are long-established, culturally rooted, and primarily rely on personal savings for capital. Despite operating for more than ten years, most businesses face financial constraints, with low initial and current capitalization and modest monthly sales. Quick asset management practices are moderate for cash but weak for receivables, indicating a need for improved financial management. The most serious challenges include limited access to modern equipment, difficulty reaching broader or high-value markets, and weather-dependent production processes.

Financial performance is generally declining or stagnant, while non-financial performance, such as product quality, customer satisfaction, and operational efficiency, remains strong. Average monthly sales significantly influenced financial performance, whereas business tenure and capitalization did not. Efficient cash management strongly enhances both financial and non-financial performance, whereas poor management of receivables negatively affects overall outcomes. Interestingly, businesses facing more severe challenges often employed proactive strategies that improved performance, suggesting that resilience and adaptability are key drivers of success in this industry. Overall, the findings highlight that while pottery enterprises excel in craftsmanship and operational execution, financial growth, formal management practices, and employee welfare remain areas needing improvement.

Based on the study's findings and conclusions, several measures are recommended to enhance the performance and sustainability of pottery-making businesses in San Nicolas, Ilocos Norte, Philippines. Pottery-making business owners are encouraged to adopt simple yet effective cash and receivable management systems, use of cash books or simple journals, develop structured budgeting and saving strategies, and take advantage of online platforms and local trade fairs. Other recommendations include establishing the Pottery Development Center, integrating pottery entrepreneurship into educational institutions, and encouraging future researchers to conduct longitudinal and comparative studies of pottery-making businesses.

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Ethical review statement: The study was conducted in accordance with the ethical procedures for data collection. Respondents' consent was required before they answered the questionnaires.

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