Research Article

Financial Stability of Microenterprises

Mabel O. Lopez

College of Accountancy, Business, Economics and International Hospitality Management,
Batangas State University, JPLPC, Malvar Campus, Philippines
Email: mabellopez0526@gmail.com

Abstract: Microenterprises are significant to the country's economic development since they effectively serve as source of Filipino entrepreneurial talent, however, despite their contributions to the country, they face numerous financial challenges. With this, the researcher analysed the financial stability of microenterprises in the city of Sto. Tomas, Batangas, Philippines in terms of capital adequacy, asset quality, management, earnings ability and liquidity. Descriptive method was used using self-constructed questionnaires to the 113 microenterprises. Different statistical tools were used such as frequency and percentage, weighted mean and composite mean, t-test and analysis of variance. The researchers found out that majority of microenterprises are sole proprietorship, engaged in merchandising business, having 1 to two employees and operating for 1 to 3 years. The level of financial stability of microenterprises is stable and the number of employees has a significant difference on the level of financial stability. Based on the result, the researchers recommended that the microenterprises collect the accounts receivable of their debtors by setting charges to unpaid debts on agreed date of payment. The time frame of this activity must be depending upon the compliance of the debtors in paying their debts. This action will ensure the liquidity of their business since the collection of receivables was added to their working capital and will be converted into cash.

Keywords: Financial Stability, Microenterprises, CAMEL Rating System, Capital Adequacy, Asset Quality, Management, Earnings Ability, Liquidity.

1. Introduction

In the Philippines, there are a lot of microbusinesses conducting their business everywhere. In fact, in urban areas, there are a lot of microenterprises that give people convenience and ease in satisfying their needs and wants. It is also essential in the growth of the Philippine economy. Microenterprises are significant to the country's economic development since they effectively serve as source of Filipino entrepreneurial talent. It especially aims to coordinate microenterprises in the formal sector of the mainstream of the economy. They contribute more jobs and livelihood for the benefit of the quality of life of the Filipinos. It also improves employment rate in the country because Filipinos build their own microbusinesses and hire people to execute their businesses. They also provide Filipinos income and knowledge in establishing an enterprise. According to Abrugar (2013), a micro business or enterprise is defined as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value of not more than 3 million pesos (Sec. 3. of R.A. 9501, otherwise known as the Magna Carta for Micro, Small and Medium Enterprises (MSMEs).

Furthermore, Hassan and Ahmad (2016) stated that micro enterprises play an important role in employment creation and income generation. It is stated that these small-scale enterprises are more efficient in the nation's economy as they create employment and can provide income generation opportunity for low income groups. Moreover, it is mentioned that the small-scale enterprises provide the entrepreneurial culture and boast of the economy against economic crises such as low per capita income, poverty and unemployment.

The microenterprises in the country are actually growing. As stated by Department of Trade and Industry (DTI, 2016) which was based from Philippine Statistics Authority (PSA), in terms of number of establishments, it recorded a total of 915,726 business enterprises operating in the Philippines. It was mentioned that Micro, Small and Medium Enterprises (MSMEs) account for 99.57% (911,768) of the total establishments, of which 89.63% (820,795) were microenterprises, 9.50% (86,955) were small enterprises, and 0.44% (4,018) were medium enterprises. Large enterprises made up the remaining 0.43% (3,958). It shows that microenterprises are really predominant in the Philippines. In terms of geographical spread of MSMEs, it can be found that most number of MSMEs is located at National Capital Region (NCR) with 190,166 business establishments, followed by the Region IV-A (CALABARZON), Region 3 (Central Luzon), Region 7 (Central Visayas) and Region 1 (Ilocos). It is also stated that in terms of employment distribution, MSMEs contributed 63.3% of the total jobs. Of these, 30.4% jobs were generated by microenterprises. Sto. Tomas, Batangas, one of the cities in the Philippines, is a home of microenterprises. It is considered as entrepreneurial city as evident by MSMEs flourishing on the said city. However, despite their growing number, they face numerous challenges. As mentioned by Abrugar (2013), microenterprises in the Philippines do not have a long-life expectancy. Most of them would fail in less than 5 years for several reasons. Many Filipinos fail in business because they only consider their business as a hobby and not a serious business.

In addition, Hatten (2012) stated that operating a small business involves certain risks that entrepreneurs may encounter. Operating one's own business is not simple and easy. It is not simply creating concepts, ideas and strategies that once can apply overnight for the betterment of the business. Running a small firm is complex and difficult, infact as stated by Lopez (2018) for a business to become successful, they must be able to project the right image of quality to the customers. One of the challenges they are facing is their financial stability. Financial stability is the ability of an individual or a business to withstand financial imbalances. According to Bofah (2017), financial stability is the ability to pay overhead expenses, pare down debt and return capital to investors. Federal Deposit Insurance Corporation (2014), provide a measure on financial stability which is termed as CAMEL system stands for Capital adequacy, Asset quality, Management, Earnings Power and Liquidity. Asset quality is the ability of management to identify, measure, monitor, and control credit risk.

Meanwhile, management is the capability of the management in their respective roles, to identify, measure, monitor, and control the risks of an institution's activities and to ensure a financial institution's safe, sound, and efficient operation in compliance with applicable laws and regulations. Earnings power, however, refers to the sustainability or quality of earnings. Lastly, liquidity refers to the adequacy of funds management practices relative to the institution's size, complexity, and risk profile. With all those contentions, the researcher analysed the financial stability of the microenterprises in Sto. Tomas Batangas, Philippines. This research identified the business profile of microenterprises, determined the financial stability using CAMEL system, analysed the relationship between profile and their financial

stability. The researcher believed that through this study, microenterprises would be knowledgeable on how well they are doing financially and they could identify their weak points. Thus, they would be able to come up with strategies that will enhance their finances.

2. Methodology
Research Design
The research design used by the researchers was the descriptive method. According to Shuttleworth (2008), descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. This research design was appropriate to come up with the needed answer in the study since the purpose was to describe the profile of microenterprises and to determine the level of financial stability which was perfect with the research design.

Respondents of the Study
The respondents of the study were the owners or the managers of the registered microenterprises in the selected city in the Philippines. The researcher targeted the total population of 212 microenterprises, however, due to unavailability of some owners, confidentiality and refusal to answer the questionnaire, they failed to achieve the target. Only 60% or 130 respondents were retrieved.

Data Gathering Instruments
The main instrument in the gathering of data was the self-constructed. They were guided by the survey questionnaire available in related studies.

Questionnaire: The self-constructed questionnaire was composed of two (2) parts. The first part includes the profile of the micro enterprises in terms of form of business ownership, nature of business organization, number of employees and length of business operation. The second part of the questionnaire consists of statements to be answered by the respondents to help in determining the level of financial stability of microenterprises.

The four (4) point Likert scale was used by the researchers to be able to interpret the computed weighted mean and composite mean. The following rating scale and verbal interpretation were used by the researchers.

Scale	Responses
4	Strongly Agree
3	Agree
2	Moderately Agree
1	Disagree

Mean Ranges	Verbal interpretation
3.51-4.00	Very Stable
2.51-3.50	Stable
1.51-2.50	Moderately Stable
1.00-1.50	Not Stable

The questionnaire was validated by the industry experts. After the self-constructed questionnaire was validated, the researchers tested the reliability by distributing it to non-respondents in microenterprises in other city in the Philippines. The result of the reliability test of the questionnaire was 0.86.

Data Gathering Procedures

The researcher distributed the survey questionnaires to microenterprise owners in City of Sto. Tomas, Batangas. They started the distribution of questionnaires to the barangay with most number of listed registered microenterprises. The researcher approached the microenterprises in their spare time. The copies of the survey questionnaires were personally retrieved at the time of distribution to avoid lost. The distribution and retrieval of the self-constructed questionnaires lasted for two months. The data gathered was tallied, tabulated, analyzed and interpreted by the researcher with the help of the statistician. The data also helped the researchers in formulating a financial management strategy that can be used by the microenterprises to be financially stable.

Statistical Treatment of Data

The data gathered from the questionnaire are classified, tallied and tabulated by researchers. The following statistical tools were used in analyzing and interpreting the data gathered.

Frequency and Percentage Distribution: This method was used to determine the current status of the profile of microenterprises in terms of form of business ownership, nature of business organization, number of employees and length of business operation.

Weighted Mean and Composite Mean: This method was employed to interpret the respondent's assessment on the performance and financial stability of business in terms of capital adequacy, asset quality, management, earning's ability/power and liquidity.

t-test: This method was employed to test the significant difference on the financial stability when grouped according to form of business ownership.

Analysis of Variance (ANOVA): This was used to determine if there is a significant difference on the financial stability when grouped according to nature of business organization, number of employees and length of business operation.

3. Results and Discussion

This chapter presents the analysis and interpretation of data gathered from the responses of the respondents to the questionnaire given by the researchers. The data are presented in tabular form and organized in sequential manner, following the order of presentation of the specific problems posed at the beginning of the study.

Business Profile of Microenterprises

This portion of the study dealt with the profile of the microenterprises in terms of the form of business ownership, nature of business organization, number of employees and length of business operation. The succeeding tables present the profile of the respondents.

Forms of Business Ownership

Table 1 shows the distribution of the business in terms of form of business ownership and was determined and interpreted using frequency and percentage.

Table 1. Distribution of the Microenterprises in terms of Form of Business Ownership

Form of Business Ownership	Frequency	Percentage
Sole Proprietorship	123	95
Partnership	7	5
Total	**130**	**100**

It can be interpreted that majority of microenterprises are sole proprietorship because being a microbusiness does not need to be managed and owned by many individuals, as one person can solely take care of the business. Also, it is easy to start and does not use a high capitalization. Being a sole proprietor, the owner will carry all the profits and will pay only minimal tax. It was revealed that partnership got the lowest frequency of 7. This was supported by Garrison (2018) that sole proprietorship is easy to form and dissolve. Also, as stated by Joyner (2018), the sole owner can maintain complete control over all aspects of the business while Catimbang (2013) stressed that some entrepreneurs think that it is easier to manage the business of their own. Since the owner receives all profits and assumes all responsibilities.

Nature of Business Organization
The profile of the business in terms of nature of business organization in the table below was determined and interpreted using frequency and percentage.

Table 2. Distribution of the Microenterprises in terms of their Nature of Business Organization

Nature of Business Organization	Frequency	Percentage
Services	20	15
Manufacturing	3	3
Merchandising	107	82
Total	**130**	**100**

As shown in the table above, majority of the businesses are engaged in retailing/merchandising with a frequency of 107 and a percentage of 82. The second highest number of businesses are services having a frequency of 20 and a percentage of 15 while there are only manufacturing businesses with a frequency of 3 and a percentage of 3.

The findings is attributed to the fact that merchandising is perceived to be the easiest way of doing business which consist of simply buying and selling of merchandise. According to Boa *et al.,* (2015), the owners believe that this nature of business is most convenient and profitable. Moreover, the firms prefer to have more merchandising than the other nature of the business for the reason that the businessmen adapt their business and business activities to the most common needs of the residents. The manufacturing got the lowest frequency of 3. It can be interpreted that manufacturing businesses may require a large capitalization and cannot be established easily. Unlike merchandising, manufacturing needs more employees in the production.

Number of Employees
Table 3 presents the frequency and percentage distribution of the profile of the respondents according to their number of employees.

Table 3. Distribution of the Microenterprises in terms of Number of Employees

Number of Employees	Frequency	Percentage
1-2 employees	115	88
3-4 employees	6	5
5-6 employees	3	2
7-9 employees	6	**5**
Total	**130**	**100**

It is reflected in the table that a large number of businesses have 1-2 employees with a frequency of 115 which yield a percentage of 88. It was followed by the businesses employing 3-4 employees and 7 and above employees with a frequency of 6 and a percentage of 5, respectively. However, only three businesses have 5-6 employees which generated a percentage of 2. This means that only 1-2 employees are hired by microenterprises. Microenterprises are a very small business and does not need to have many employees in conducting the business.

Microenterprises do not also have enough financial resources to pay the salary of many employees and they only have limited capitalization. Also, since majority of microenterprises are sole proprietorship and merchandising, it requires only simple organizational chart with owner and one employee. The 5-6 employees got the least percentage. It can be interpreted that micro businesses do not need a large number of employees. The job can be done by few employees. According to Coleman as cited in Antatico (2013), due to the size and limited number of personnel of microenterprises, they are usually managed according to the temperament and professional background of their owners.

Length of Business Operation
The profile of the businesses in terms of years of business operation in the table 4 below was determined and interpreted using frequency and percentage.

Table 4. Profile of the Microenterprises in terms of Length of Business Operation

Length of Business Operation	Frequency	Percentage
1-3 years	70	54
4-5 years	22	17
6-10 years	20	15
10 years and above	18	14
Total	**130**	**100**

As shown in the table above, majority of the businesses existed for 1-3 years with a frequency of 70 and a percentage of 54. Meanwhile, some businesses are in operation for 4-5 years with a frequency of 22 and a percentage of 17. It was followed by some businesses which are operating 6-10 years having a frequency of 20 with equivalent percentage of 15.

However, only 18 businesses were operating 10 years and above with a percentage of 14. This means that most of the microenterprises are a new entrant and operating their business for only 1-3 years. It indicates that the city of Sto Tomas are very attractive to new investors, thus majority would like to put up their business in the city.

Level of Financial Stability of Microenterprises
The succeeding tables present the data gathered through the questionnaire accomplished by the respondents. The data presented herein concern on the assessment on the financial stability of microenterprises. The factors considered on the assessment are classified as follows: capital adequacy, asset quality, management, earning's ability and liquidity.

Capital Adequacy
This is one of the factors used by the researcher in determining the level of financial stability of microenterprises. Table 5 presents the determination of level of financial stability of microenterprises in terms of capital adequacy.

Table 5. Financial Stability of Microenterprises in terms of Capital Adequacy

Statement	Mean	Interpretation
1. There is appropriateness in the funds used in operating the business activities.	3.54	Strongly Agree
2. There is an access of funds among credit and financial institutions in the enterprises.	2.73	Agree
3. There is an ability to maintain sufficient capital by proper management of money of the business.	3.51	Strongly Agree
4. There is an ability to buy raw materials and goods of good quality	3.67	Strongly Agree
5. There is an income in the day to day business operation.	3.82	Strongly Agree
Composite Mean	3.45	**Stable**

As shown in the table above, it can be gleaned that the respondents strongly agree that microenterprises have the income in the day to day operation having the highest mean of 3.82. Business do business to have income and not to gain losses.

One of the primary objectives of establishing the business is to gain profit; thus, it is obvious that the microenterprises ensure the generation of income.

According to Grimsley (2018), the primary purpose of a business is to generate sufficient income from its activities to pay its expenses, provide a profit to its owners and increase the intrinsic value of the business as an income-generating asset. Also, they strongly agree that the enterprise "has an ability to buy raw materials and goods of good quality which have the second highest mean of 3.67". This means that being microbusiness, they still manage to acquire quality products and raw materials.

The respondents agreed that they have access on funds among credit and financial institutions in the enterprise to ensure their capital adequacy which have the lowest mean of 2.73. This means that they have access of funds.

However, there are minimal number of enterprises who does not have access on additional funds in credit and financial institutions. In general, the determination of the level of financial stability in terms of capital adequacy when it comes to their composite mean of 3.45, with a verbal interpretation of "Stable". This means that microenterprises' level of financial stability in terms of capital adequacy is stable. It can be interpreted that the respondents can manage the capital and income of the business efficiently. They ensure that they have sufficient cash to be able to sustain all the business expenses.

As stated by Ilagan (2017), the businesses always ensure to have sufficient cash for their daily transactions. It helps them to manage their business smoothly and effectively with regards to their operations. They allot enough cash funds in their business because they are aware that no business can survive long without enough cash to meet its immediate needs.

Asset Quality
Table 6 presents the determination of level of financial stability of microenterprises in terms of asset quality.

Table 6. Financial Stability of Microenterprises in terms of Asset Quality

Statement	Mean	Interpretation
Our microenterprise… 1. has the ability to properly administer assets, including the timely identification and collection of the problem assets in the management.	3.18	Agree
2. monitors the wellness and total assets of the business and identify the possible risks of its assets.	3.36	Agree
3. has the equipment and machineries that makes task easier and fast.	3.40	Agree
4. uses equipment and machineries to increase the production and income.	3.35	Agree
5. checks the facility inside and outside the location regularity is priority in the enterprise.	3.21	Agree
Composite Mean	**3.30**	**Stable**

As shown in the table, it can be gleaned that the respondents agree that microenterprises have the equipment and machineries that makes the tasks easier and fast, having a highest mean of 3.40. It means that machineries and equipment have a great role in making a task easier and faster compared to usual. It makes employees more effective and efficient. This was supported by Seth (2018), which he stated that machineries have harnessed the forces of nature in the service of man.

They also agree that the microenterprise monitors the wellness and total assets of the business and identifies the possible risks of its assets with a second highest mean of 3.36. This means that the businesses took good care of its assets and ensures that all their assets are in good condition. They also monitor it time by time to be able to identify possible risks and create alternative courses of action to avoid it. However, the respondents agree that their microenterprises have the ability to properly administer assets, including the timely identification and collection of the problem assets in the management, which got the lowest mean of 3.18. It means that enterprises are properly administrating their assets and identifying the problem of it to their management. It can be interpreted that if the assets are not properly managed, there might be an effect with regards to its quality and may become ineffective.

In general, the determination of the level of financial stability in terms of asset quality when it comes to their composite mean of 3.30, with a verbal interpretation of "stable". It can be interpreted that micro enterprises' level of financial stability in terms of asset quality is stable. It means that the respondents are timely managing its asset to be able to ensure that the assets are in good condition and workable which can help the business operation performing better.

They also agree that the microenterprise monitors the wellness and total assets of the business and identifies the possible risks of its assets with a second highest mean of 3.36. This means that the businesses took good care of its assets and ensures that all their assets are in good condition. They also monitor it time by time to be able to identify possible risks and create alternative courses of action to avoid it. However, the respondents agree that microenterprise has the ability to properly administer assets, including the timely identification and collection of the problem assets in the management, which got the lowest mean of 3.18. It means that enterprises are properly administrating their assets and identifying the problem of it to their

management. It can be interpreted that if the assets are not properly managed, there might be an effect with regards to its quality and may become ineffective.

In general, the determination of the level of financial stability in terms of asset quality when it comes to their composite mean of 3.30, with a verbal interpretation of "stable". It can be interpreted that micro enterprises' level of financial stability in terms of asset quality is stable. It means that the respondents are timely managing its asset to be able to ensure that the assets are in good condition and workable which can help the business operation performs better. According to AER Worldwide (2016), keeping track of the assets of the company is an important task that can save companies money and time. Asset management is the process of maximizing the assets of the company to provide the best returns to stakeholders. More often than not, it involves asset recovery as well. Businesses have a wide range of assets that include fixed and liquid assets. It is important for a business to be able to manage its assets, and use them to get the maximum possible returns.

Management
This is one of the factors used by the researchers in determining the level of financial stability of microenterprises. Table 7 presents the determination of level of financial stability of microenterprises in terms of management.

Table 7. Financial Stability of Microenterprises in terms of Management

Statement	Mean	Interpretation
1. There is efficiency in management capabilities for short and long-term decisions among managers.	3.29	Agree
2. There is sufficiency of knowledge on capital planning and budget management.	3.52	Strongly Agree
3. There is adequacy in high technology level and access to modern technology	3.21	Agree
4. There is compliance with laws and regulations that the management firmly follows.	3.72	Strongly Agree
5. There is a strong cooperation and interaction between the owners and employees.	3.19	Agree
Composite Mean	**3.39**	**Stable**

The table shows that the respondents strongly agree that in managing the business, they firmly follow the compliance with laws and regulations, which have a highest mean of 3.72. It means that they consider all the applicable laws and regulations in their management because they do not want to execute actions against the law and also to secure their business to the charges of illegal actions. According to Trainor (2012), no business wants to face criminal charges for not adhering to the law. There are so many different regulations and laws with regards to how a business should manage. With a proper compliance, management of a company can stay on the light side of the law. As stated by Aguila *et al.,* (2017), in starting up a business, compliance with laws and regulations which the government imposed is a must to secure the business. Also, the respondents strongly agree that microenterprises have sufficient knowledge in planning and budget management, having the second highest mean of 3.52. It can be interpreted that they practice a financial planning and budgeting when it comes to their financials.

The statement that got the lowest mean of 3.19 with a verbal interpretation of "agree" is "there is a strong cooperation and interaction between the owners and employees". It means

that the owners and employees interact with each other and implies good relationship and cooperation that can lead to a good business outcome.

According to Aguila et al (2017), employer-employee relationship is one factor to maintain an on-going business. The employees build a good relationship inside and outside the company and providing trainings as well will be their competitive advantage. In general, the microenterprises are "stable" with regard to management, with a composite mean of 3.39. It means that proper management of resources of a business enterprise can lead to a financially stable business.

According to Kalpana (2018), organizations are using input resources such as men, money, material and machinery efficiently by properly allocating them to reduce the wastage which ultimately decreases cost and, thus leads to higher profits.

Earnings Ability

Table 8 presents the level of financial stability microenterprises in terms of earnings ability.

Table 8. Financial Stability of Microenterprises in terms of Earnings Ability

Statement	Mean	Interpretation
1. There is an increase in the actual sale than the projected sale because of higher demand on market and also good product and service.	2.98	Agree
2. The products and goods are sold faster because of its good quality.	3.20	Agree
3. There are sufficient earnings to cover possible losses and pay the expenses.	3.18	Agree
4. The location of the business contributes to increase the income.	3.65	Strongly Agree
5. There is an affordable set of prices for the customers that result in higher sales.	3.77	Strongly Agree
Composite Mean	**3.35**	**Stable**

As shown in the table, the respondents strongly agree that the enterprises set an affordable price that resulted to higher sales, having the highest mean of 3.77. It probably due to the fact that having an affordable price, the customers tend to buy often at their store that will bring the sales higher. The respondents also strongly agree that the enterprises' location contributed to the increase of income of the business with the second highest mean of 3.65. It can be interpreted that most of the microenterprises are located in strategic places, making them visible to customer which enhances their sales.

However, the respondents agree that there is an increase in the actual sale than the projected sale because of higher demand on market and good product and service, having the lowest weighted mean of 2.98. This indicates that some microenterprises exceeded their expected sales probably because they have given much on strategy.

In general, the earnings ability of the microenterprises are stable which acquired a composite mean of 3.35. It can be interpreted that microenterprises' level of financial stability in terms of earnings ability is stable. It means that the earnings and profit of a business largely contribute to the stability of the business because it cannot be operated if the business does not have enough profit.

Liquidity

Table 9 presents the determination of level of financial stability microenterprises in terms of liquidity.

Table 9. Financial Stability of Microenterprises in terms of Liquidity

Statement	Mean	Interpretation
Our microenterprise… 1. has an efficiency in collecting accounts receivable.	2.57	Agree
2. has a sufficiency to pay current obligations in the enterprises.	3.02	Agree
3. has the ability to pay the interest charge on time.	2.94	Agree
4. has the ability to pay interest charges before its due date.	2.95	Agree
5. has a sufficient cash or savings account in case of an emergency.	3.34	Agree
Composite Mean	**2.96**	**Stable**

As shown in the table above, it can be gleaned that the respondents agree that the enterprise has sufficient cash or saving in case of an emergency, having the highest mean of 3.34. Microenterprises foresee that emergency happens in the least it was expected which makes them ready on such occurrences. This was supported by Matt (2013), building a business emergency fund is the ideal way to pay for expenses that simply cannot be covered by reduced cash flow in emergency times.

Also, emergency funds can minimize the risk of bankruptcy because of loan borrowing of the business in case it needed additional funds. Also, they agree that the enterprise has a sufficiency to pay current obligations in the enterprises, which got the second highest mean of 3.02. This means that they have the ability to ensure that they can pay their current obligations.

The respondents agree that the enterprise has efficiency in collecting accounts receivable, which got the lowest mean of 2.57. This is probably due to the fact that the business manages the accounts receivables efficiently to be able to increase its cash inflows. This was supported by Siddiqui (2014), effective management of accounts receivable is of great importance as it, by increasing cash flows, leads to sound financial health and flexibility of a business entity.

In general, the determination of the level of financial stability in terms of liquidity when it comes to their composite mean of 2.96 has a verbal interpretation of "stable". This means that micro enterprises have readily available resources to pay current obligations and for emergency purposes.

According to Aguila (2017), a liquid asset is a resource that can easily be converted into cash and used to pay for goods and services or pay off liabilities such as interests charges and other current obligations. Managers have to make sure that the assets are flexible enough to be readily converted into cash.

The respondents agree that the enterprise has an efficiency in collecting accounts receivable, which got the lowest mean of 2.57. This is probably due to the fact that the business manages the accounts receivables efficiently to be able to increase its cash inflows. This was supported

by Siddiqui (2014), effective management of accounts receivable is of great importance as it, by increasing cash flows, leads to sound financial health and flexibility of a business entity.

In general, the determination of the level of financial stability in terms of liquidity when it comes to their composite mean of 2.96 has a verbal interpretation of "stable". This means that micro enterprises have readily available resources to pay current obligations and for emergency purposes.

According to Ilagan *et al.,* (2017), the main reason why most of the retailers ensure to have sufficient funds that are readily available is to meet financial obligations and it plays a vital role in the ongoing financial health of small businesses. It also enables business to avoid cash shortages for their operations, since cash is the most liquid asset and can be used immediately to perform economic actions like buying, selling, paying debt and meeting immediate wants and needs.

Difference analysis on the respondents' assessment when grouped according to their profile

Table 10 presents the significant difference on respondents' assessment when they are grouped according to profile. The table includes the computed p-values at 5% level of significance and the corresponding F-values.

Table 10. Difference Analysis of the Respondents' Assessment when Grouped According to Profile

Profile Variables	Computed F-Values	p-values	Decision H_o	Interpretation
Form of Business Ownership	1.045	0.332	Failed to reject	Not Significant
Nature of Business Organization	1.563	0.214	Failed to reject	Not Significant
Number of Employees	3.124	0.028	Reject	Significant
Length of Business Operation	1.281	0.284	Failed to reject	Not Significant

It can be gleaned from the table that when the assessment of respondents was grouped according to form of business ownership, the p-value of 0.332 was found greater than the level of significance of 0.05, with computed F-values of 1.045; thus, the null hypotheses was failed to reject and there is no significant difference on assessment and nature of the business. This means that the level of financial stability of microenterprises in terms of form of business ownership was just the same regardless of being a sole proprietorship or a partnership. This implies that whatever forms of ownership the microenterprises are engaged in, they can manage to be financially stable and their vision is only one.

Also, in terms of nature of business organization, the responses got the p-value of 0.214, having the computed F- values of 1.563 and were found greater than the level of significance of 0.05; thus, the null hypotheses was failed to reject and there is no significant difference on the assessments and type of the business. It can be deduced that the nature of business organization the microenterprise operated acquired the same level of financial stability.

In addition, the respondents' assessment was compared when they grouped according to number of employees, the p-value of 0.028 was lower than 5% level of significance with computed F-values of 3.124 which direct the researchers to reject the null hypothesis, declaring that there is a significant difference on the financial stability when grouped according to number of employees. It implies that the level of financial stability of microenterprises vary depending to its number of employees.

If the microenterprises have many employees, they tend to pay for many salaries which leads to less financially stable business compared to those microenterprises who employed less employees which have lesser salary expense. As stated by Bautista *et al.,* (2017), most of the time, business owners tend to employ fewer employees because it means less salary expense for them.

In addition, having fewer employees can help business owners to manage the manpower easily. Majority of microenterprise has one to three employees because the lesser there are, the less the salary expense for the employer. Because most of the businesses in Sto. Tomas Batangas are engaged in trading business which required few employees, most of those business usually hire one to three employees.

According to Horne as cited by Antatico (2013), each employee has an impact on the firms' overall performance. Thus, the growth and development of the business is tied to the ability of the owner/s to recruit the proper combination of employees. Since the small business cannot afford to be over-staffed, due to financial constraints, another usual indicator of success is growth in the number of employees.

Lastly, when the respondents' assessment was compared when grouped according to length of business operation, the p-value of 0.284 was greater than 5% level of significance with computed F-values of 1.281 which directed the researchers to reject the null hypothesis, declaring that there is no significant difference between the respondents' assessment when grouped according to length of business operation. This shows that even if the microenterprises are in the start-up, young, mature and old they acquired the same level of financial stability.

Proposed financial management activities to microenterprises to ensure financial stability
After reviewing the result of the data gathered in the study, the researchers conceptualized proposed financial management activities to help the microenterprises to be financially stable in terms of liquidity. Since liquidity has the lowest composite mean of 2.96, it needs improvement in order to achieve a high financially stable business.

The business owners and managers shall collect the accounts receivable of their debtors by setting charges to unpaid debts on agreed date of payment. The time frame of this activity must be depending upon the compliance of the debtors in paying their debts. This action will ensure the liquidity of their business since the collection of receivables was added to their working capital and will be converted into cash.

4. Conclusions
Based on the findings, the following conclusions were drawn.
1) Majority of the respondents were sole proprietorship, engaged in merchandising and retailing businesses, has 1-2 employees and operating for 1-3 years.

2) The microenterprises are stable in terms of capital adequacy, asset quality, management, earning's ability and liquidity.
3) The study revealed that there is a significance difference in the level of financial stability of microenterprises when grouped according to the number of the employees. On the other hand, there is no significant difference when grouped according to the form of business ownership, nature of business organization and length of the business operation.
4) The researchers proposed financial management activities to ensure the financial stability of microenterprises.

5. Recommendations

From the drawn conclusions, the following recommendations were developed:
1) To microenterprises owners as well as managers, they may use the formulated financial management activities of the researcher which could help them in improving their financial stability.
2) To clients and customers of microenterprises, the researchers recommend them to patronize their nearest microenterprises which give them convenience in satisfying their immediate needs so that the microenterprises can achieve a highly financially stable business.
3) To the future microenterprises' owners, they are encouraged to boost their knowledge regarding business management. They must consider the location, market and the capitalization in establishing a good business.
4) To the future researchers, the researchers encourage them to work hard with the use of this study as a guide and basis to their future study. The researchers motivate them to conduct a follow-up study about financial stability.

Acknowledgements

Conflicts of interest

There is no conflict of interest of any kind.

References

1. Abrugar, V. 2013. Ten Reasons Why Filipinos Don't Succeed In Business. https://businesstips.ph/10-reasons-why-filipinos-dont-succeed-in-business/, Accesses on May 7, 2018.

2. Aguila, Jessa Marie C., Alforque, Mark Joseph B. and Villostas, Queency D. 2017. Assessment on the Financial Stability of Burger Joints and Burger Stands in Batangas City: A Comparative Study". Batangas State University-Main Campus, 2017.

3. Antatico, Cazandra D., Ibardela, Mary Anthonette B. and Pecho Angeline F. 2013. Problems Encountered on Loan Availment of Micro Business in Malvar, Batangas. Batangas State University-Malvar Campus, Malvar, Batangas, 2013.

4. Boa, Jessa May, Mitra, Zyla A. and Morfe, Marjorie C. 2015. Assessment on the Working Capital Management of Micro-Type Business in Malvar, Batangas". BSU-JPLPC, 2015.

5. Bofah, K. 2017. Why is Financial Stability Important in Business? https://bizfluent.com/facts-5890927-financial-stability-important-business-.html, Accessed on August 25, 2018.

6. Catimbang, Lorie Mae R., Maquinana, Chona E. and Mendoza, Jonie E. 2013. Factors that influence the credit availment of small and medium enterprises SMEs in Tanauan City. Batangas State University-JPLPC.

7. Department of Trade and Industry. 2016. 2016 MSMES Statistics. https://www.dti.gov.ph/businesses/msmes/msme-resources/msme-statistics, Accessed on February 15, 2018.

8. Federal Deposit Insurance Corporation. 2014. Camel Rating System. https://www.fdic.gov/regulations/laws/rules/5000-900.html. Accessed on February, 15, 2018

9. Garrison, S. 2018. Types of Business Organization. http://www.studyfinance.com/lessons/busorg/, Accessed on May 26, 2018.

10. Grimsley, s. 2018. Day-To-Day Operations of a Business: Definition and Explanation. https://study.com/academy/lesson/day-to-day-operations-of-a-business-definition-lesson-quiz.html, Accessed on October 29, 2018.

11. Hassan, T. and Ahmad, B. 2016. The Role of Micro Enterprises in Employment and Income Generation: A Case Study of Timergara City Dir (L) Pakistan. International Journal of Economics and Management Sciences, 5(2): 1-5.

12. Hatten, T.S. 2012. Small Business Management: Entrepreneurship and Beyond. 5th Edition, Mason: South-Western Cengage Learning.

13. Ilagan, Katleya Paola B., Lago, Marie Joy J. and Morales, Cheska Marie G. 2017. Cash Management Practices of Retailers in Batangas City. Batangas State University-Main Campus.

14. Joyner, J. 2018. Why are Sole Proprietorships the Most Common Form of Business Ownership. https://smallbusiness.chron.com/sole-proprietorships-common-form-business-ownership-58009.html, October 29, 2018.

15. Kalpana R. 2018. Importance of Management For Every Business Organization. http://www.businessmanagementideas.com/management/importance-of-management-for-every-business-organisation/1783 Accessed on October 29, 2018.

16. Lopez, Mabel O. 2018. Consumer Buying Behavior as Loyalty Antecedents at Selected Fast Food Chain Restaurants. International Journal of Recent Innovations in Academic Research, 2(6): 186-201.

17. Matt, 2013. The importance of building an emergency fund for your business. https://under30ceo.com/the-importance-of-building-an-emergency-fund-for-your-business/, Accessed on November 2, 2018.

18. Seth, T. 2018. Advantages and Disadvantages of the Use of Machinery. http://www.economicsdiscussion.net/articles/advantages-and-disadvantages-of-the-use-of-machinery/1545, Accessed on November 2, 2018.

19. Shuttleworth, M. 2008. Descriptive Research Design. https://explorable.com/descriptive-research-design, Accessed on April 8, 2018.

20. Siddiqui, F. 2014. Accounts Receivable – The Need and Importance of Accounts Receivable. https://www.linkedin.com/pulse/20140810203947-59817714-accounts-receivable-the-need-and-importance-of-accounts-receivable, Accessed on November 2, 2018.

21. Trainor, G. 2012. Importance of compliance in business. https://www.howtolearn.com/2012/08/importance-of-compliance-in-business/, Accessed on November 2, 2018.