

Cash Management Practices and Financial Stability Among Pawnshops in General Santos City: A Basis for Policy Intervention to Improve Operational Efficiency

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Abstract—Cash management is vitally important as it is the key factor to any successful business. The purpose of this study was to determine the cash management practices and financial stability as measured by the sound cash position among pawnshops in General Santos City. The study used a quantitative descriptive-correlational approach that involved fifty (50) respondents from different pawnshops. Quantitative data was analyzed using descriptive statistics, Spearman correlation, and Analysis of Variance (ANOVA). Results revealed that Pawnshops in General Santos City constantly employed cash management practices and maintained a sound cash position. Among the four key areas assessed, Preventing Fraud and Internal Control received the highest mean, which highlights a strong emphasis on safeguarding transactions and daily operations. Cash Flow Monitoring is also regularly practiced while Liquidity Management is effectively applied, findings suggest that strategies for maintaining adequate cash reserves may require further improvement. On the other hand, Budget Management received the lowest mean, indicating that although budgeting practices existed, they are less rigorously practiced compared to other areas. The study concluded that cash management practices have a significant relationship to financial stability. This suggests that an increase in cash management practices also increases financial stability. However, among the moderating variables, the number of employees significantly moderates the relationship between cash management and financial stability, where pawnshops with only 1–2 employees show a slightly weaker positive impact. The study provides recommendations for strengthening cash management strategies to enhance financial stability and ensure the long-term sustainability of pawnshops in General Santos City.

Index Terms—Cash management, financial stability, pawnshops.

1. Introduction

Cash is often referred to as the "king of assets" due to its highly liquid nature. It serves as the primary medium for conducting daily financial transactions, such as paying expenses, settling bills, and saving for future uncertainties. Beyond personal use, cash plays an equally vital role in businesses, serving as the lifeblood that sustains operations and ensures responsiveness to customer demands. This significance

is particularly evident in cash-dependent enterprises, where liquidity is essential for maintaining operational continuity. However, even well-managed businesses may experience cash flow challenges due to unforeseen circumstances [1]. Accordingly, cash is the most valuable resource in a business enterprise due to its stability in value and the critical consequences associated with its mismanagement [2]. A lack of knowledge or actual shortage of cash can severely affect a business, potentially leading to insolvency or closure.

In the Philippine context, a large segment of the population remains financially underserved. Based on data from Bangko Sentral ng Pilipinas [3], approximately 44% of Filipino adults were still unbanked as of 2021. This limits their ability to access formal, reliable sources of credit and emergency funds. In response, pawnshops have emerged as accessible financial intermediaries that help bridge this gap, particularly for unbanked and underbanked individuals [4]. As of 2021, over 14,000 pawnshop branches operated across 83% of local government units, making them more prevalent than traditional banking institutions in many rural and underserved areas [5]. Unlike banks, pawnshops are widely recognized for their simplified loan processes, minimal documentary requirements, and acceptance of various forms of collateral such as jewelry, electronic devices, and other valuable items. Over the years, pawnshops have evolved from offering traditional pawning services into multifunctional financial service providers, including money remittance, bills payment, money changing, and mobile load services [6].

Pawnshops have become especially vital during financial crises, such as the COVID-19 pandemic. They provided quick access to funds for cash-strapped individuals using personal items as collateral. This situation led to a surge in loan demand. However, it also highlighted a significant challenge: liquidity management. When pledged items are not redeemed, pawnshops experience decreased cash inflows from loan repayments, reducing their capacity to issue new loans. To mitigate this, the BSP temporarily raised the borrowing limit from 50% to 70% to address liquidity shortages amid decreased

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customer activity and rising operational costs [7]. In addition, pawnshops may find it difficult to liquidate unredeemed items promptly, especially due to the volatile market values of collateral, which can result in unrecovered loan amounts.

Furthermore, pawnshops must contend with increasing regulatory requirements. As the industry expands and integrates digital services alongside traditional lending, the BSP has introduced stricter regulations. These include capital requirements, anti-money laundering policies, and enhanced reporting systems [8]. While these regulations aim to protect consumers and promote financial transparency, they pose challenges, particularly for smaller pawnshops with limited capital. Compliance costs and operational demands can hinder these businesses from maintaining competitiveness and, in some cases, may lead to closure if requirements are not met [5].

Given these challenges, effective cash management is essential to ensuring the financial sustainability of pawnshops. Despite this, there is limited research specifically focused on cash management practices within pawnshop operations, particularly in General Santos City. Existing literature primarily explores cash management in other sectors such as banks, credit cooperatives, or SMEs, which have different operational dynamics. This study seeks to address that gap by assessing the cash management practices of pawnshops in General Santos City and their relationship to financial sustainability. The findings aim to provide insights that can assist owners and managers in strengthening their financial operations and resilience.

2. Objectives of the Study

This study was conducted to address the following objectives: (1) determine the business profile of the pawnshops in terms of years of operation, business structure, and number of employees; (2) determine the level of cash management practices employed by pawnshops in General Santos City in terms of monitoring cash flow, liquidity management, preventing fraud and internal control, and budget management; (3) determine the level of financial stability as measured by sound cash position among pawnshops in General Santos City; (4) determine if there is a significant relationship between cash management practices and financial stability among pawnshops in General Santos City; and (5) determine if the moderating variables such as years of operation, business structure, and number of employees significantly moderate the relationship between cash management practices and financial stability. Ultimately, the findings aim to provide practical insights for pawnshop owners and managers to strengthen their financial operations and ensure sustainability in an evolving financial environment.

3. Materials and Method

This study employed a quantitative descriptive-correlational approach. The descriptive research evaluated the degree of cash management practices and financial stability among pawnshops in General Santos City. The study described and summarized these variables based on the descriptive data. In particular, it

assessed cash flow management, liquidity planning, fraud prevention, internal controls, and budget management activities of the pawnshop. The correlated part of the study aimed to explore the relationship between cash management practices and the financial stability of the pawnshop industry. The quantitative research examined whether cash management practices are associated with the degree of financial stability.

The study was conducted in the highly urbanized City of General Santos, bounded by the SOCCSKSARGEN region of Mindanao. It is the primary commercial, financial, agro-industrial, and logistical center in the area (Green City Action Plan for General Santos City Launched | BIMP-EAGA, n.d.) [8]. According to PSA (2023), among the major industries, service industries contribute 3.9 percentage points to the region's growth. The dynamic economic environment of this city supports a wide range of financial services, one of which is that pawnshops offer short-term credit and liquidity solutions to individuals and small businesses. Thus, General Santos City provides the relevant setting for looking at the cash management practices within the pawnshop industry.

General Santos City's registered pawnshops as listed in the Business Permit and Licensing, range from large, nationally recognized chains like Cebuana Lhuillier, M. Lhuillier, RD Pawnshop, and Palawan Pawnshop to smaller, locally owned ones. The diversity allows for studying the different scales of operations and cash management practices.

The respondents were the Managers from the different pawnshops operating in General Santos City. From the Business Permit and Licensing Office listing, there were seventy-five (75) registered (renewed and new) pawnshops classified under the financial intermediary line of business in General Santos City from January to December 2024. The Managers will provide strategic and operational insight into best practices in cash management and implementation, and overall impacts on financial stability. However, during the actual administration of the survey, only fifty (50) pawnshops participated. Several managers declined to participate, and some pawnshops have already closed their operations.

This study gathered data using the adapted and modified questionnaire from Turgut's (2022) [9] study. There are three sections to the survey questionnaire. The pawnshop's years of operation, business structure, and number of employees are all covered in the first section of the business profile. The second part deals with the cash management practices employed by the pawnshops. It has four categories: monitoring cash flow, liquidity management, preventing fraud and internal control, and budget management. The third part of the questionnaire was used to assess the level of financial stability among pawnshops in General Santos City. The questions will be closed-ended and interpreted on a 4-point Likert scale.

This study followed numerous steps to ensure the accuracy and confidentiality of the data. The procedure begins with preparing the research instruments, which will be validated to ensure its reliability and accuracy. The letters for appropriate approvals will be personally delivered to the pawnshop respondents, informed about the study's objective, the importance of their involvement in it, and the confidentiality of

the data provided. To maintain ethical standards, respondents will be given informed consent before participating in the survey. The researcher gathered data through a survey questionnaire and personally visited the pawnshops. The data from the completed questionnaires will then be validated and reviewed for completeness and consistency. Finally, the researcher will proceed to the interpretation and analysis of the data gathered.

Several statistical instruments were used to analyze the study's results accurately. The researcher used frequency and percentage to assess and analyze the data to characterize the study's respondents' profile. These were utilized to ascertain the pawnshops' characteristics, including their number of staff, business structure, and years of operation. Descriptive statistics, particularly Weighted Mean, were used to compute the responses using the Four-Likert Scale. These were used to determine the level of cash management practices and financial stability among pawnshops. Moreover, to determine the relationship between cash management practices and financial stability among pawnshops in General Santos City, the Spearman correlation was utilized. Analysis of Variance (ANOVA) was used to determine if there are significant differences in the relationship between cash management practices and financial stability among pawnshops with different business profiles.

This study followed several ethical considerations as mandated by Mindanao State University – General Santos City Graduate School's Ethical Review Board to ensure integrity, respect, and fairness in conducting the study. To ensure the voluntary participation of the respondents, informed consent was secured. This involved explaining the purpose of the study, procedures, and respondents' right to decline or withdraw at any time without consequences. During the conduct of the study, steps will be taken to ensure the privacy of the survey responses provided by the participants. This includes making a nondisclosure agreement where all personal and business information will be kept confidential and with utmost respect. To safeguard respondents' and their organizations' privacy, respondent identities will also be anonymized and stored securely. Similarly, survey questionnaires won't be sent out until participants have given their approval and agreed to take part in the study. These ethical safeguards were implemented to promote responsible research practices and to foster trust between the researcher and the participants.

4. Results and Discussion

The results discussion based on the statistical data gathered from the surveys answered by 50 Managers from different pawnshops in General Santos City.

Table 1
Business profile of pawnshops in terms of years in operation

Variable	Frequency	Percentage
Less than 1 year	1	2
1-3 years	3	6
4-6 years	9	18
More than 6 years	37	74
Total	50	100

A significant majority of pawnshops have been operating for more than 6 years, indicating a well-established industry with experience. This suggests stability and established operational practices within the industry. Conversely, only a small fraction (8%) have been in operation for less than 4 years, implying low entry of new businesses in recent years.

The substantial length of operation for a majority of pawnshops supports the earlier literature that emphasizes the key role of pawnshops in the financial service industry, specifically in the Philippines (A Brief Overview of the Role of Pawnshops in the Philippines, 2010) [10]. The pawnshops' stability is evidence of their continued value in providing financial services to the unbanked individuals. Its longevity can be attributed to the BSP, which introduced the regulatory frameworks that strengthened the confidence of the public and allowed diversification of services such as money remittance, bill payment, and e-load (Borres, 2020) [6]. As Arboleda and Mendoza (2021) [11] emphasized, pawnshops play a significant role in addressing the financing needs of Filipinos who lack access to traditional banking. Pawnshop's stability guarantees the continued provision of financial services, supports community development, financial inclusion, and local economic activity.

Moreover, the small portion of pawnshops operating for less than four years can be attributed to several regulatory challenges that pawnshops face when considering entering this industry. Although BSP imposed stricter regulatory requirements to protect consumers and guarantee financial accountability, they may unintentionally create barriers to entry in the market. (Agcaoili, 2022) [5] These challenges have a big impact on the pawnshop industry's health and structure, the service accessibility of customers, financial stability, and competition.

Table 2
Business profile of pawnshops in terms of business structure

Variable	Frequency	Percentage
Sole Proprietorship	13	26
Partnership	2	4
Corporation	35	70
Cooperative	0	0
Total	50	100

Table 2 shows that corporation (70%) is the dominant business structure among pawnshops in General Santos City, which typically suggests a formalized, large-scale operation. A smaller portion operates as sole proprietorships (26%), which may reflect smaller businesses. The absence of cooperatives suggests that this model is not preferred or practical in the pawnshop sector. According to BSP regulations, pawnshops are subject to strict capitalization depending on location and compliance requirements, which makes corporation and sole proprietorship structures more applicable compared to cooperatives. Unlike corporations, cooperatives accumulate capital more slowly because they build their capital through membership contributions and retained earnings rather than external investors, making it more difficult to meet capitalization requirements set by the BSP quickly for

expansion or compliance (International Cooperative Alliance, n.d.) [12].

Table 3
Business profile of pawnshops in terms of number of employees

Variable	Frequency	Percentage
1-2	24	48
3-5	26	52
6-10	0	0
More than 10	0	0
Total	50	100

As to the number of employees shown in Table 3, all pawnshops surveyed have 5 or fewer employees, with 48% having only 1–2 employees and 52% having 3–5 employees. This indicates that pawnshops are generally small-scale operations in terms of manpower. The absence of businesses with more than 5 employees suggests that even well-established or corporately structured pawnshops operate with lean staffing models. In the study of Alkhoraif *et al.* (2020) [12], emphasized that SME often implement lean staffing to enhance operational efficiency while controlling costs. Moreover, the concept of lean operations introduced by Womack and Jones (1996) supports the idea that organizations should maximize customer value with fewer resources.

Table 4

Level of cash management practices in terms of monitoring cash flow			
Indicators	Mean	Description	
1. I regularly monitor daily cash inflows and outflows.	3.96	Always Observed	
2. A cash flow plan helps management confidently evaluate funding options	3.88	Always Observed	
3. Cash flow reports are prepared and reviewed frequently.	3.78	Always Observed	
4. I am able to identify potential cash problems and decide on how to adjust them to improve the pawnshop's cash position.	3.62	Always Observed	
5. I often keep up-to-date cash flow statements for the business.	3.80	Always Observed	
Overall Mean	3.81	Always Observed	

Table 4 shows that monitoring cash flow is the most consistently practiced area in cash management, indicating that pawnshops actively track daily inflows and outflows, and regularly prepare cash flow reports. The findings support the literature emphasizing the critical role of monitoring cash flow to maintain financial stability.

According to Cash Management Solutions, active cash monitoring and forecasting give a better understanding of the flow of cash within the business, which allows them to identify and manage cash surpluses and deficits. With this practice, it ultimately helps businesses navigate financial uncertainties and improve cash resources for better financial performance.

However, the lowest indicator, “I am able to identify potential cash problems and decide on how to adjust them to improve the pawnshop's cash position,” is still within the “Always Observed” range but comparatively lower than other indicators. This suggests that while pawnshops are effective in some practices, particularly in technical monitoring, there may be gaps in interpreting the data and applying corrective actions

when cash flow problems arise.

These findings are supported in the study of Nieves *et al.* (2025) [13], that monitoring and forecasting cash flow practices are directly linked to better performance. This emphasized that effective cash flow management requires not only monitoring but also the ability to forecast and solve potential cash flow issues. While cash flow monitoring practices were always observed among pawnshops, the lowest indicator highlights a need to strengthen their forecasting and decision-making capabilities to enhance their overall financial stability.

Additionally, the result supports the Cash Management Theory, which emphasizes how crucial it is to monitor and control cash to preserve liquidity and financial stability. The consistent practice of monitoring cash inflows and outflows aligns with this theory's goal of preventing shortages and improving operational efficiency. It is also aligned with the Miller-Orr Model's which focuses on managing changes in cash flow by setting limits and making adjustments when needed. The ability of pawnshops to detect and respond to potential cash problems demonstrates the practical application of this model's principle of making timely adjustments to maintain optimal cash levels.

Table 5

Level of cash management practices in terms of liquidity management			
Indicators	Mean	Description	
1. The pawnshop has sufficient cash reserves for its daily operations and for the generation of a profit.	3.84	Always Observed	
2. Cash inflows primarily come from loan repayments, redemptions, and sales of unredeemed items.	3.54	Always Observed	
3. I plan and prioritize the payments of the expenses in order of importance and due dates.	3.58	Always Observed	
4. The pawnshop can meet its short-term obligations (e.g. customer's loan payouts, operating expenses) as they become due.	3.54	Always Observed	
5. The pawnshop can meet its long-term obligations (e.g. payment to creditors/suppliers) as and when they fall due.	3.52	Always Observed	
Overall Mean	3.60	Always Observed	

Table 5 shows that liquidity management was well-practiced among pawnshops, with strong cash reserves and effective meeting of short-term obligations. However, there may be room for improvement in planning payments and managing long-term obligations. The highest mean in the result suggests that pawnshops prioritize keeping enough cash on hand to support daily operations and ensure profitability. This aligns with Anoop's (2024) [14] emphasis on the significance of viewing cash reserves as a strategic asset to improve financial stability, not just as protection against financial difficulties.

However, among the indicators, the ability of pawnshops to meet the long-term obligations indicates the lowest mean, although it is still consistently observed. This result is consistent with HighRadius (2024) [15], which emphasized that businesses often face challenges in predicting cash flow over longer periods, which impact their ability to fulfill future commitments. Aluodo and Musau (2024) [16] also emphasized that poor long-term liquidity management, whether due to excessive or insufficient reserves, can hinder financial

performance. This suggests that continuous improvement in liquidity and forecasting is significant to ensure operational stability.

Table 6
Level of cash management practices in terms of preventing fraud and internal control

Indicators	Mean	Description
1. Proper records of transactions are kept as proof against fraudulent manipulation.	3.94	Always Observed
2. Internal controls (use of vaults, security systems) are implemented to safeguard cash transactions.	3.94	Always Observed
3. Cash flow management helps the enterprise maintain adequate cash on hand to meet the daily cash requirements.	3.88	Always Observed
4. There is a clear segregation of duties in handling of cash (as to preparation, checking, verifying and approval)	3.88	Always Observed
5. Techniques are used (e.g. automated payment reminder) in faster collections of loan interest due, fees, etc.	3.74	Always Observed
Overall Mean	3.88	Always Observed

Table 6 shows the level of cash management practices of pawnshops in terms of preventing fraud and internal control. Among the four areas in cash management, this practice has the highest mean, highlighting that pawnshops place strong emphasis on safeguarding cash transactions, maintaining proper records, and implementing internal control systems. This suggests that pawnshops in General Santos City recognize the important role of this practice in protecting business operations and financial stability.

Given the high volume of cash transactions and the sensitive nature of the operation, pawnshops cannot escape the possibility of risks of fraud, theft, and operational errors. The data suggest that pawnshops are aware of these vulnerabilities and have put in place robust controls to minimize risks.

These findings are consistent with Ahmad's (2016) [17] study, which highlighted that even if many businesses have sound cash handling procedures, weaknesses in internal control can still expose them to risk for financial loss. As such, preventing fraud and internal control is the top priority for pawnshops to prevent losses, protect liquidity, and maintain operational integrity.

Similarly, the results are also in line with Abei's (2021) [18] study, which shows that internal control positively influences fraud detection and the prevention of microfinance institutions. Accordingly, internal control reduces fraud incentives, opportunities, and capability. Thus, by reducing the opportunities and incentives for fraudulent activities, internal controls serve as an essential safeguard that contributes to the overall financial stability of the pawnshops.

However, among the indicators, "Techniques are used (e.g., automated payment reminder) in faster collections of loan interest due, fees, etc.," received the lowest mean score of although it is still interpreted as "Always Observed." This suggests that while strong internal controls are in place, there is comparatively less emphasis on or access to automated systems that could enhance the timeliness and efficiency of collections. This finding aligns with Usendok et al. (2023) [19], who

emphasized that effective credit management, including a timely collection of loan repayments, requires the support of internal control systems and technological tools. The lack or limited use of techniques may lead to a less effective collection process and a higher chance that customers may miss or delay payments, which puts financial strain on businesses and affects cash flows and overall financial stability. Therefore, increasing automation in collection techniques could help pawnshops manage credit better and lower the risk of late or defaulted payments.

Table 7
Level of cash management practices in terms of budget management

Indicators	Mean	Description
1. I can draw a simple business budget.	3.36	Frequently Observed
2. Cash budget helps to determine potential usages for the planned incomes as well as how to plan for future payments.	3.56	Always Observed
3. I use a monthly budget to plan pawnshop's operational expenses.	3.50	Always Observed
4. Cash budget helps me foresee and overcome cash flow difficulties when there is little cash available.	3.46	Frequently Observed
5. Cash budget provides future-oriented information which facilitates monitoring and management of business performance.	3.62	Always Observed
Overall Mean	3.50	Always Observed

Table 7 shows that Budget Management registered the lowest mean among the cash management practices employed among pawnshops, though still within the "Always Observed" range. This indicates that while budgeting practices are present, they are not as rigorously applied as other aspects of cash management. Particularly, items such as drawing up simple business budgets and using budgets to manage limited cash resources are observed less frequently, suggesting room for improvement in proactive financial planning.

This result is consistent with Greyling (2024) [20], who emphasized that while budget management is important for the development and financial stability of the business, without proper application, its full potential is often not maximized. Similarly, the studies of Abdi (2023) [18] and Owusu (2015) [21] show that although budgetary management system significantly improves business performance and allocation of resources, they are also prone to challenges such as weak communication, poor forecasting, and time consumption when not effectively implemented. Thus, the lower emphasis on some budgeting practices observed in this study suggests that addressing these gaps could improve the financial stability and operational efficiency of pawnshops in General Santos City.

Table 8
Summary result of the level of cash management practices

Cash Management Practices	Mean	Description
1. Monitoring Cash Flow	3.81	Always Observed
2. Liquidity Management	3.60	Always Observed
3. Preventing Fraud and Internal Control	3.88	Always Observed
4. Budget Management	3.50	Always Observed
Overall Mean	3.70	Always Observed

The overall mean in Table 8 implies that pawnshops in

General Santos City consistently applied effective cash management practices. While focused intervention, especially in budget planning and long-term liquidity strategies, is necessary to improve financial stability.

Table 9

Level of financial stability employed by pawnshops in general santos city

Indicator	Mean	Description
Sound Cash Position		
1. The pawnshop maintains a set amount of impress cash to handle minor contingencies, ensuring operational continuity without involving substantial amounts.	3.70	Always Observed
2. The pawnshop consistently maintains a sound cash position, to ensure enough liquidity to meet its daily operations.	3.70	Always Observed
3. Cash planning helps the pawnshop protect its financial situation by developing forward-looking statements of projected cash inflows and outflows over a specific period.	3.76	Always Observed
4. The pawnshop ensures it has sufficient current assets to support its daily operations and financial needs.	3.74	Always Observed
5. The pawnshop does not experience difficulties in repaying debts owed to suppliers or financial institutions.	3.48	Frequently Observed
6. Temporary cash surpluses are invested in short-term investments, ensuring the pawnshop maintains liquidity while generating additional income.	3.10	Frequently Observed
7. The pawnshop incurs minimal credit losses as the number of debtors unable to repay their loans or interest is kept under control.	3.12	Frequently Observed
Overall Mean	3.51	Always Observed

Table 9 reveals that pawnshops in General Santos City generally maintain a sound cash position. The highest-rated indicator is "Cash planning helps the pawnshop protect its financial situation by developing forward-looking statements of projected cash inflows and outflows over a specific period," indicating that pawnshops in General Santos City highly value an active cash planning to ensure financial stability. This supports the view of Iershova et al. (2024) [22] that determining early signs of financial difficulties and taking steps are necessary strategies to protect the financial future of a business.

On the other hand, the lowest-rated indicator is "Temporary cash surpluses are invested in short-term investments, ensuring the pawnshop maintains liquidity while generating additional income," showing that opportunities to optimize excess funds are only frequently observed. The lack of this practice can negatively affect business stability, as emphasized in the study of Corpuz and Bool (2021) [23]. The less frequently observed investment of temporary cash surplus may limit the ability of pawnshops to maximize profitability and long-term financial viability.

This suggests that while pawnshops are generally effective in managing their liquidity and planning for daily operations, they are less focused on maximizing the utility of surplus cash through short-term investments. Therefore, while operational financial stability is well-handled, further improvements in surplus fund management and investment practices could enhance overall financial performance and long-term sustainability, which protect pawnshops from vulnerabilities and allow them to endure possible economic difficulties, as highlighted by Kozachenko (2020) [24].

A Pearson correlation analysis was used to examine the linear

relationship between Cash Management Practices and Financial Stability. The results indicated a strong positive correlation, $r = 0.743$, as shown in Table 10. The strength of this correlation falls within the "strong" range based on commonly accepted benchmarks (e.g., Cohen, 1988, where values above 0.70 are considered strong). Since $p < .001$, the relationship is statistically significant. Therefore, the null hypothesis (H01) stating that there is no significant relationship between Cash Management Practices and Financial Stability is rejected. This suggests that improving Cash Management Practices, the level of Financial Stability also tends to increase.

This strong positive relationship between Cash Management Practices and Financial stability among Pawnshops in General Santos City aligns with various related studies' findings in different contexts. In the study of Alvarez (2023) [25], better cash management practices revealed improved liquidity, validating the important role of cash management practices in promoting financial stability. Likewise, Turgut's (2022) [26] findings revealed that cash forecasting, liquidity management, and budget management were positively significant to SME's financial sustainability. In the context of pawnshops, those that apply the same practices are also more likely to maintain liquidity, meet financial obligations, and respond to changes in the market.

Moreover, cash budgeting and cash control are strong determinants of SME's sustainability as confirmed in Attayi, Emmanuel, and Oluwayemisi (2022) [27]. This implies that enhancing the said practices will give an advantage to pawnshops to ensure a stable financial performance. In contrast, Maina, Kiai, and Kyalo (2020) [28] [found that only cash control was a cash management component that significantly correlated with SACCOs' financial sustainability. The present study findings imply that a comprehensive application of cash management practices will strengthen the financial stability of pawnshops in General Santos City.

Thus, the strong positive correlation found in this study confirms that improving cash management practices such as cash flow monitoring, liquidity management, preventing fraud and internal controls, and budget management will directly improve financial stability among pawnshops in General Santos City.

To further examine whether the relationship between cash management practices and financial stability varies across different business profiles, interaction effects were analyzed. By comparing these groups against a reference category, "corporations, more than six years, and with 3–5 employees", the analysis reveals how contextual factors may strengthen or weaken the effect of cash management on financial stability.

Table 11 shows the effect of moderating variables such as years in operation, business structure, and number of employees on the significant relationship between cash management practices and financial stability.

Table 10

Significant relationship between cash management practices and financial stability among pawnshops in general santos city

Variable	Pearson's r	p-value
Cash Management Practices and Financial Stability	0.743	<.001

Table 11

Effect of moderating variables in the significant relationship between cash management practices and financial stability

Variable	Significance Level		Remarks
	Beta	p-value	
Years of Operation			
Less than 1 year	0.008	0.859	Not significant
1-3 years	0.022	0.187	Not significant
4-6 years	0.01	0.393	Not significant
Business Structure			
Sole Proprietorship	-0.001	0.914	Not significant
Partnership	-0.03	0.378	Not significant
Number of Employees			
1-2 employees	-0.017	0.047	Significantly moderate

The results show that regardless of a business's length of operations or its structure, the positive impact of Cash Management Practices on Financial Stability is slightly reduced for pawnshops with 1–2 employees compared to pawnshops with a larger number of employees. The result in the study suggests that while effective cash management practices such as cash flow monitoring, liquidity management, prevention of fraud and internal control, and budget management contribute to financial stability, pawnshops with only 1-2 employees may face operational limitations such as segregation of duties, be prone to cash handling errors, and fewer internal control which possibly weaken the overall effect of the cash management practices.

This is consistent in Maina, Kiai, and Kyalo (2020) [28], which observed that “business size has a moderating effect on financial sustainability and cash management practices”. Accordingly, the large size of SACCO has a low chance of being financially unsustainable. Similarly, in the study of Mutunga and Owino (2017) [29], found that the size of a company has a moderating effect on its financial success as well as micro characteristics like production capacity, management style, and operational procedures.

5. Conclusion

Pawnshops in General Santos City were relatively mature, with the majority operating for more than six years and mainly structured as corporations. While operating in a lean staffing setting, pawnshops' level of cash management practices, as evaluated through monitoring cash flow, liquidity management, preventing fraud and internal control, and budget management and financial stability as measured by sound cash position, was always observed. This means that the pawnshops consistently practice sound cash management to ensure operational efficiency to support financial stability.

Moreover, cash management practices have a significant relationship with financial stability among pawnshops in General Santos City. This means that improving Cash Management Practices, the level of Financial Stability also tends to increase. Therefore, the null hypothesis (H01) is rejected. These findings support the Cash Management Theory as the theoretical framework of the study. Thus, effective cash management practices are crucial to the financial stability and operational efficiency of pawnshops.

Regarding the moderating variables, the study found that

business structure and years of operation did not significantly moderate the relationship between cash management practices and financial stability. Thus, the null hypothesis (H02 and H03) is not rejected. However, the number of employees, specifically 1-2 employees, was found to significantly moderate the relationship. Thus, the null hypothesis (H04) in terms of the number of employees as a moderating variable is rejected.

Generally, the results emphasize that while strong cash management practices directly enhance financial stability, the effect is further improved in pawnshops with sufficient employees. These findings emphasize the importance of strengthening financial strategies, especially for smaller or newly opened pawnshops that aim to achieve long-term stability.

In light of the study's findings and conclusions, several recommendations are proposed to improve the cash management practices and financial stability of pawnshops in General Santos City. Pawnshop Industry, specifically the management, may consider the following: (1) Invest in capacity-building initiatives such as training programs or workshops focused on enhancing skills in cash flow analysis, forecasting, and strategic decision-making. Strengthening these competencies will enable pawnshop managers and staff to detect cash flow issues early and implement timely adjustments, thereby improving the overall cash position and financial stability of their operations. (2) May reinforce cash reserve policies and improve cash flow planning to prioritize payments effectively. The adoption of liquidity forecasting tools and enhanced staff training on payment prioritization can further support the ability to meet financial commitments promptly, thereby contributing to greater financial sustainability. (3) May also provide targeted training and capacity-building programs focused on basic budgeting techniques and practical cash budgeting applications. Enhancing these skills will enable management and staff to better plan operational expenses, anticipate cash flow challenges, and improve overall financial performance and stability. (4) Strengthening credit management practices, such as enhancing debtor evaluation and monitoring systems, can help reduce credit losses and improve overall financial stability.

Financial institutions such as banks and microfinance organizations are encouraged to collaborate with pawnshops and the Bangko Sentral ng Pilipinas (BSP) in implementing programs that support service diversification, enhance regulatory compliance, and promote broader financial inclusion. These partnerships can play a vital role in improving financial operations, especially among pawnshops serving unbanked and underbanked communities.

Local government units (LGUs) are likewise recommended to initiate capacity-building initiatives such as seminars and workshops focusing on budgeting, financial planning, and resource allocation techniques. Collaborations with local academic institutions and the Department of Trade and Industry (DTI) can be explored to offer mentoring programs that would assist pawnshops in improving their financial practices and business sustainability.

Clients of pawnshops may support operational improvements

by providing feedback on service quality, transaction delays, and pricing structures. Such feedback can help pawnshop owners identify gaps in service delivery and improve budgeting and resource allocation processes.

Finally, future researchers are encouraged to expand the scope of this study to a regional or national level to allow for broader comparisons and generalizations. Further studies may also explore additional variables such as respondents' profiles, technology adoption, customer satisfaction, profitability, and external environmental factors that may influence the financial stability and performance of pawnshops.

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