

The Implementation of Bookkeeping Practices and the Growth of Micro and Small Enterprises in Tupi, South Cotabato

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Abstract—Micro and Small Enterprises (MSEs) play a crucial role in local economic development; however, many continue to underutilize proper bookkeeping due to perceived complexity and limited financial knowledge. This study examined the relationship between the implementation of bookkeeping practices and business growth among MSEs in Tupi, South Cotabato. Using a quantitative descriptive–correlational design, data were collected from 124 MSEs selected through purposive sampling guided by Cochran’s formula. Descriptive statistics were used to analyze business profiles and bookkeeping practices, while Spearman’s Rank Correlation tested the relationship between bookkeeping implementation and business growth. Results indicated that bookkeeping practices were moderately implemented and exerted a moderate influence on business growth. Further analysis revealed a significant positive relationship between the level of bookkeeping implementation and MSE growth. The findings underscore the importance of strengthening bookkeeping practices as a strategic tool to support sustainable growth among MSEs.

Index Terms—Bookkeeping practices, business growth, micro and small enterprises, Spearman’s rank correlation.

1. Introduction

The document starts here. Copy and paste the content in the paragraphs. Micro and small enterprises (MSEs) play a crucial role in national economic development, as their performance and sustainability significantly influence employment generation, income creation, and overall economic growth.

One of the key factors contributing to the success of MSEs is effective bookkeeping, which serves as a vital tool for monitoring business performance and assessing financial health. Accurate bookkeeping enables business owners to manage finances efficiently, track transactions, and gain insights into business growth and sustainability.

Bookkeeping is a fundamental component of the accounting process that focuses on classifying, recording, and organizing financial transactions (Hennigan, 2024). It involves tracking income and expenses, maintaining financial records, and managing cash flow and short-term financial obligations. Proper bookkeeping provides clarity regarding a firm’s financial position, allowing business owners to evaluate profitability, control operations, and make informed decisions

(Eriyani & Bidiantara, 2023). Despite its importance, bookkeeping is often neglected by MSE owners due to limited accounting knowledge and the perception that bookkeeping is complex and time-consuming (Moore, 2015; Purwanti et al., 2024; Febriansyah et al., 2024).

In the Philippine context, MSEs account for 99.25% of all business establishments and generate 60.20% of total employment, underscoring their substantial contribution to the national economy (Philippine Statistics Authority [PSA], 2023). These enterprises improve local economic conditions by providing goods and services, increasing income levels, and enhancing purchasing power (The Investopedia Team, 2024). Business growth among MSEs is commonly linked to financial performance, which is highly dependent on sound financial management practices such as bookkeeping (Adela et al., 2023).

Several studies have demonstrated the positive relationship between bookkeeping and business growth. Pascal et al. (2022) emphasized that proper bookkeeping allows business owners to record transactions systematically and evaluate profitability. Similarly, Micabalo et al. (2022) found that MSE growth in the Philippines is strongly associated with bookkeeping practices. Lewis et al. (2023) further reported that enterprises maintaining accurate financial records are better able to monitor sales, productivity, profitability, and customer growth, while those without bookkeeping systems struggle to assess business performance. The continued neglect of bookkeeping among MSEs may therefore limit growth opportunities and increase the risk of business failure.

In South Cotabato, excluding General Santos City, micro and small enterprises comprise 92.41% (8,591) and 6.97% (643) of total establishments, respectively, making them the dominant business sectors in the province (PSA, 2024). Micro enterprises also account for 43.27% (112,567) of total employment in the region (PSA, 2019). Tupi, South Cotabato, a first-class municipality with revenues exceeding PHP 371 million, has a business environment largely composed of MSEs, indicating strong potential for sustained local economic growth (PSA, 2024).

Given the significant role of MSEs and the observed

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challenges in bookkeeping practices, this study aimed to determine the level of implementation of bookkeeping practices and their impact on the growth of micro and small enterprises in Tupi, South Cotabato. Specifically, it examined the business profile of MSEs, identified prevailing bookkeeping practices, assessed the level of bookkeeping implementation and its impact on business growth, and determined whether a significant relationship exists between bookkeeping practices and enterprise growth. The findings of this study may help address gaps in bookkeeping knowledge among MSE owners and provide empirical evidence on the importance of bookkeeping as a tool for business growth and sustainability.

A. Statement of the Problem

This study sought to determine the bookkeeping practices and its impacts on the growth of Micro and Small Enterprises in Tupi, South Cotabato.

Specifically, this study aimed to answer the following research questions:

1. What is the business profile of the MSEs in Tupi, South Cotabato in terms of:
 - 1) Business type
 - 2) Capital invested
 - 3) Source of capital
 - 4) Years in business operations
2. What is the bookkeeping practices of the MSEs in Tupi, South Cotabato in terms of:
 - 1) Person-in-charge of bookkeeping
 - 2) Level of knowledge of the person-in-charge of bookkeeping
 - 3) Type of bookkeeping
 - 4) Record-keeping systems
 - 5) Accounting method
 - 6) Kinds of bookkeeping records kept
3. What is the level of implementation of the bookkeeping practices of the MSEs in Tupi, South Cotabato?
4. What is the level of impact of the bookkeeping practices on the growth of the MSEs Tupi, South Cotabato?
5. Is there a significant relationship between the level of implementation of bookkeeping practices and the level of impact of bookkeeping practices on the growth of the MSEs in Tupi, South Cotabato?

2. Materials and Methods

This study employed a quantitative descriptive–correlational research design to examine the relationship between bookkeeping practices and the growth of micro and small enterprises (MSEs) in Tupi, South Cotabato. Data were collected using a structured survey questionnaire.

A quantitative approach was adopted to systematically gather, analyze, and interpret numerical data (Kadence International, n.d.). The descriptive component focused on objectively describing the existing bookkeeping practices of MSEs, while the correlational aspect examined the relationship between the level of bookkeeping implementation and business

growth without manipulating the variables (McCombes, 2023; McBurney & White, 2009). This research design enabled the collection of factual, unbiased primary data and was appropriate for determining the extent to which bookkeeping practices influence the growth of MSEs in the study area.

A. Research Locale

The study was conducted in the Municipality of Tupi, a first-class municipality in Region XII. As of October 18, 2024, the municipality recorded 1,178 registered micro and small enterprises (MSEs), making it an appropriate setting for examining bookkeeping practices among small business establishments.

Tupi has a total land area of 228 square kilometers and a population of 73,459 based on the 2020 census (PhilAtlas). The municipality's economy is largely driven by agriculture and related industries, and it has been recognized as a suitable location for poultry production. These economic characteristics highlight the presence of diverse business activities and underscore the relevance of studying MSE growth and financial practices within the locality.

B. Research Respondents

The respondents of this study were micro and small enterprises (MSEs) operating in various barangays in the Municipality of Tupi. Medium enterprises and large corporations were excluded to maintain alignment with the study's objectives.

As of October 2024, the municipality recorded 1,178 registered MSEs. From this population, a total of 124 MSEs were selected as respondents. While respondents were drawn from different barangays, the majority were located in areas with high business concentration, including the Tupi Public Market and its vicinity.

Table 1
Distribution of respondents

| Respondents | Population | Sample |
|--|------------|--------|
| Registered MSEs in Tupi, South Cotabato (2024) | 1,178 | 124 |

C. Sample Size Determination

The sample size was determined using Cochran's formula, with a finite population adjustment, which is appropriate when surveying large populations where complete enumeration is impractical (Ajireloja, 2023). A 95% confidence level and 5% margin of error were applied. The parameters used included an estimated population proportion (p) of 0.90, yielding a final computed sample size of 124 respondents.

This sampling approach ensured adequate representation of MSEs in the municipality while maintaining statistical reliability and feasibility of data collection.

D. Research Instrument

A structured physical survey questionnaire was used to collect objective and reliable data. The instrument consisted of a four-page questionnaire, excluding the informed consent form, and was divided into three major sections. The questionnaire was adapted from the study of Micabalo et al.

(2022), which examined the impact of bookkeeping practices on the growth of micro and small enterprises (MSEs).

The first section gathered information on the business profile of MSEs, including business type, capital amount and source, years of operation, and bookkeeping practices. These practices covered the person responsible for bookkeeping, level and type of bookkeeping, record-keeping system, accounting method, and types of records maintained. Responses in this section were selected from predetermined options.

The second section assessed the level of implementation of bookkeeping practices using a 4-point Likert scale across 15 statements, with response options ranging from 4 – Highly Practiced to 1 – Not Practiced.

The third section measured the impact of bookkeeping practices on business growth, also using 15 statements rated on a 4-point Likert scale, ranging from 4 – High Impact to 1 – No Impact. This section addressed the primary objective of the study by determining how bookkeeping practices influence the growth of MSEs in Tupi, South Cotabato.

E. Research Procedure

Data collection was carried out through a series of systematic phases to ensure ethical compliance and methodological rigor.

1) Phase 1: Adoption of the Survey Questionnaire

The researchers adopted a survey questionnaire from a previous study that examined the impact of bookkeeping practices on the growth of micro and small enterprises (MSEs). Prior to adoption, formal permission was secured from the original author via email.

2) Phase 2: Ethics Clearance

Ethics clearance was obtained from the Institutional Ethics Review Committee (IERC) of Mindanao State University – General Santos City. The researchers complied with all ethical requirements, including submission of required documents and adherence to the approved review process. This ensured the protection of respondents' rights, welfare, and confidentiality.

3) Phase 3: Permission to Conduct the Study

Following ethics approval, a formal request was submitted to the research adviser seeking authorization to proceed with data collection.

4) Phase 4: Data Collection

The survey questionnaires were administered to business owners, bookkeepers, and other personnel knowledgeable about the bookkeeping practices of MSEs in the Municipality of Tupi, South Cotabato.

5) Phase 5: Retrieval of Questionnaires

Completed questionnaires were retrieved personally from respondents within the study area to ensure completeness and accuracy of data.

6) Phase 6: Data Analysis

A statistician assisted in analyzing the collected data. The relationship between the level of implementation of bookkeeping practices and their impact on MSE growth was examined and interpreted. Relevant literature and related studies were integrated into the discussion to support and contextualize the findings.

F. Statistical Treatment of Data

Data collected through physical survey questionnaires were encoded using Google Forms and exported into a spreadsheet for tabulation. Responses were organized using a data matrix, where raw data were converted into numerical codes corresponding to the variables in the research instrument. The encoded data were analyzed using the IBM Statistical Package for the Social Sciences (SPSS) to test the study's hypotheses and generate statistical results.

To address the first and second research questions, frequency and percentage distribution were used to describe the respondents' business profiles and bookkeeping practices. The third and fourth research questions, which focused on the level of implementation of bookkeeping practices and their impact on business growth, were analyzed using the weighted arithmetic mean.

For the fifth research question, tests of normality were conducted using the Shapiro–Wilk and Kolmogorov–Smirnov tests. Since the data did not meet the assumption of normality, Spearman's Rank Correlation Coefficient was employed to determine the significant relationship between the level of implementation of bookkeeping practices and the growth of micro and small enterprises.

G. Frequency and Percentage Distribution

Frequency and percentage distribution were used to summarize data from the first section of the questionnaire, particularly the business profile and bookkeeping practices of the respondents. This statistical treatment allowed the classification and comparison of responses based on their occurrence.

The percentage was computed using the formula:

$$P = \frac{f}{N} \times 100$$

Table 2

| Weight | Range | Description | Interpretation |
|--------|-------------|----------------------|---|
| 4 | 3.50 - 4.00 | Highly Practiced | Respondents highly implement the bookkeeping practices in their business. |
| 3 | 2.50 - 3.49 | Moderately Practiced | Respondents moderately implement the practice of bookkeeping in their business. |
| 2 | 1.50 - 2.49 | Less Practiced | Respondents less implement the practice of bookkeeping in their business. |
| 1 | 1.00 - 1.49 | Not Practiced | Respondents do not implement the practice of bookkeeping in their business. |

Table 3

4-point Likert scale for the level of impact of the bookkeeping practices on the growth of the micro and small enterprises

| Weight | Range | Description | Interpretation |
|--------|-------------|-----------------|---|
| 4 | 3.50 - 4.00 | High Impact | The respondents' level of implementation of bookkeeping have a high impact to growth on their enterprise |
| 3 | 2.50 - 3.49 | Moderate Impact | The respondents' level of implementation of bookkeeping have a moderate impact to growth on their enterprise |
| 2 | 1.50 - 2.49 | Low Impact | The respondents' level of implementation of bookkeeping only have a little impact to growth on their enterprise |
| 1 | 1.00 - 1.49 | No Impact | The respondents' level of implementation of bookkeeping does not impact to growth at all on their enterprise |

where:

P = percentage

f = frequency

N = number of respondents

H. Weighted Arithmetic Mean and Mean

The weighted arithmetic mean was used to determine the level of implementation of bookkeeping practices and the level of impact of bookkeeping practices on the growth of micro and small enterprises (MSEs). This statistical tool was appropriate for summarizing respondents' perceptions measured using a Likert-type scale.

A 4-point Likert scale was employed as part of the statistical treatment. The scale measured the degree to which bookkeeping practices were implemented and the extent of their impact on business growth. Mean scores were interpreted based on predefined ranges corresponding to the scale weights.

I. Normality Tests

To determine the appropriate correlation analysis, Shapiro–Wilk and Kolmogorov–Smirnov tests were employed to assess data normality. These tests determine whether the data follow a normal distribution (Thomas, 2023). If the data satisfied the assumption of normality, Pearson's correlation was considered. However, when the data violated normality assumptions, Spearman's Rank Correlation was applied.

J. Spearman's Rank Correlation

Spearman's Rank Correlation Coefficient was used to determine the strength and direction of the relationship between the level of implementation of bookkeeping practices and the growth of MSEs. This non-parametric test is appropriate for ordinal data and does not require normal distribution assumptions (McClenaghan, 2024). It measures the degree of a monotonic relationship, wherein an increase in one variable corresponds to an increase or decrease in another. The appropriate Spearman's formula was applied depending on the presence or absence of tied ranks.

K. Ethical Considerations

This study was conducted in accordance with established ethical standards to protect the rights and welfare of respondents.

First, since the research instrument was adopted from a previous study, formal permission was obtained from the original author via email, with proper acknowledgment ensured. Second, official permission was secured from the concerned municipal agency in Tupi, South Cotabato to access data on registered micro and small enterprises, with assurance that such data were used solely for academic purposes.

Prior to data collection, the study underwent ethical review by the Institutional Ethics Review Committee (IERC) of Mindanao State University – General Santos City, which issued a Certificate of Exemption from Ethics Review. Informed consent was obtained from all respondents before participation.

Respondents' identities were kept anonymous, and all information was treated with strict confidentiality in compliance with Republic Act No. 10173 (Data Privacy Act of

2012). Participation was voluntary, and respondents were informed of their right to withdraw at any time without consequence. The study avoided sensitive or discriminatory content and ensured fairness regardless of age, gender, ethnicity, religion, socio-economic status, or language. All collected data were securely stored and used exclusively for the purposes of this study.

3. Results and Discussion

A. Business Profile of Micro and Small Enterprises

Table 4
Distribution of business type among micro and small enterprises in Tupi, South Cotabato

| Business Type | Frequency | Percentage |
|------------------------------------|------------|--------------|
| Food & Beverage Business | 40 | 32.3 |
| Merchandise Store | 30 | 24.2 |
| Laundry | 5 | 4.0 |
| Printing Shop | 5 | 4.0 |
| Auto Repair and Parts Shop | 5 | 4.0 |
| Hair Salon / Barbershop | 5 | 4.0 |
| Hardware | 4 | 3.2 |
| School Supplies | 4 | 3.2 |
| Agricultural Products | 4 | 3.2 |
| Beauty, Health, and Wellness Shops | 2 | 1.6 |
| Ready-to-Wear Shops | 2 | 1.6 |
| Drugstore | 2 | 1.6 |
| Agri/Vet Supplies | 2 | 1.6 |
| Pet Supplies / Veterinary Clinic | 2 | 1.6 |
| Cellphone Repair and Accessories | 2 | 1.6 |
| Agricultural Supplies | 2 | 1.6 |
| Gasoline Shop | 2 | 1.6 |
| Water Refilling Station | 1 | 0.8 |
| Memorial Park | 1 | 0.8 |
| LPG Refilling Station | 1 | 0.8 |
| Laboratory | 1 | 0.8 |
| Financial Institution | 1 | 0.8 |
| Fitness Gym | 1 | 0.8 |
| Clinic | 1 | 0.8 |
| Fish Retailer | 1 | 0.8 |
| Tutorial Center | 1 | 0.8 |
| Carwash | 0 | 0.0 |
| Licensed Professional Services | 0 | 0.0 |
| Total | 124 | 100.0 |

Table 4 shows the distribution of business types among 124 micro and small enterprises (MSEs) in Tupi, South Cotabato. Food and beverage businesses dominated the sample at 32.3% (40 enterprises), followed by merchandise stores at 24.2% (30 enterprises). Other business types—such as laundry services, printing shops, auto repair and parts shops, and hair salons/barbershops—accounted for smaller proportions, while several specialized services represented only 1.6% each. No car wash or licensed professional services were reported. This pattern reflects the national MSE structure, where food and retail sectors dominate due to low capital and technological requirements (Philippine Statistics Authority, 2019; Santos, 2022).

Table 5 shows the distribution of micro and small enterprises according to capital investment. The majority of businesses (71.8% or 89 enterprises) reported capital investments of less than ₱500,000. This was followed by investments of ₱500,001 to ₱1,000,000 at 18.5% (23 enterprises). Only a few businesses reported higher capital levels, including ₱1,000,001 to ₱2,000,000 (5.6%), ₱2,000,001 to ₱3,000,000 (0.8%), and

more than ₱3,000,000 (3.2%). The findings indicate a strong concentration of low-capital ventures, consistent with evidence that Philippine MSMEs commonly operate under financial constraints (Nomura Foundation & De Ocampo, 2020).

Table 5
Distribution of capital invested among micro and small enterprises in Tupi, South Cotabato

| Capital Invested | Frequency | Percentage |
|-------------------------|------------|--------------|
| Less than ₱500,000 | 89 | 71.8 |
| ₱500,001 – ₱1,000,000 | 23 | 18.5 |
| ₱1,000,001 – ₱2,000,000 | 7 | 5.6 |
| ₱2,000,001 – ₱3,000,000 | 1 | 0.8 |
| More than ₱3,000,000 | 4 | 3.2 |
| Total | 124 | 100.0 |

Table 6
Distribution of source of capital among micro and small enterprises in Tupi, South Cotabato

| Source of Capital | Frequency | Percentage |
|------------------------|------------|--------------|
| Personal Fund | 76 | 61.3 |
| Loan | 9 | 7.3 |
| Both Personal and Loan | 39 | 31.5 |
| Total | 124 | 100.0 |

Table 6 shows the distribution of micro and small enterprises according to sources of capital. Personal funds were the most common source, accounting for 61.3% of businesses, followed by a combination of personal funds and loans at 31.5%. Only 7.3% relied solely on loans. These findings indicate a strong preference for internal financing among MSE owners. Consistent with Panaligan et al. (2018), this pattern reflects hesitancy to access formal credit due to high interest rates, collateral requirements, and complex loan procedures. Moreover, reliance on personal financing may constrain business expansion and long-term growth (Marquez, 2021).

Table 7
Distribution of years in business operation among micro and small enterprises in Tupi, South Cotabato

| Years in Business Operation | Frequency | Percentage |
|-----------------------------|------------|--------------|
| Less than 3 years | 51 | 41.1 |
| 3–7 years | 34 | 27.4 |
| 7–10 years | 8 | 6.5 |
| More than 10 years | 31 | 25.0 |
| Total | 124 | 100.0 |

Table 7 shows the distribution of micro and small enterprises according to years of business operation. Most MSEs have operated for less than three years (41.1%), followed by those in operation for three to seven years (27.4%) and more than ten years (25.0%), while only 6.5% reported seven to ten years of operation. These findings indicate a relatively young but dynamic enterprise sector. Consistent with Cruz and Lopez (2021), early-stage MSEs often face regulatory, financial, and training-related challenges. However, the presence of long-standing businesses suggests operational sustainability supported by resilience, family involvement, and community integration (Francisco, 2019).

B. Bookkeeping Practices of Micro and Small Enterprises

Table 8 shows the distribution of micro and small enterprises according to the person in charge of bookkeeping. Most MSEs

(51.6%) rely on the owner-manager to perform bookkeeping tasks, indicating a strong preference for self-managed financial records, largely driven by cost considerations. Meanwhile, 32.3% employ a bookkeeper and 12.9% outsource bookkeeping services. Only a small proportion combine owner-managed bookkeeping with either employed (2.4%) or outsourced support (0.8%). These findings suggest limited professional involvement in bookkeeping among MSEs, which may affect record accuracy. This contrasts with Grefalde (2020), who found greater outsourcing among SMEs.

Table 8
Distribution of bookkeeping practices in terms of person-in-charge

| Person-in-Charge | Frequency | Percentage |
|---------------------------------------|------------|--------------|
| Owner-manager / Do-it-yourself | 64 | 51.6 |
| Employed bookkeeper | 40 | 32.3 |
| Outsourced bookkeeper | 16 | 12.9 |
| Owner-manager & Employed bookkeeper | 3 | 2.4 |
| Owner-manager & Outsourced bookkeeper | 1 | 0.8 |
| Total | 124 | 100.0 |

Table 9
Distribution of bookkeeping practices in terms of level of knowledge

| Level of Knowledge | Frequency | Percentage |
|--------------------|------------|--------------|
| Basic | 73 | 58.9 |
| Intermediate | 27 | 21.8 |
| Advanced | 13 | 10.5 |
| Novice | 11 | 8.9 |
| Total | 124 | 100.0 |

Table 9 shows most respondents (58.9%) reported only basic bookkeeping knowledge, while 21.8% had intermediate skills and 10.5% reported advanced competence; 8.9% identified as novices. Basic-level knowledge generally covers simple recordkeeping tasks such as managing payables and receivables and performing basic calculations (TestGorilla, n.d.). However, the predominance of basic skills indicates limited advanced bookkeeping competence among MSE operators. This gap may constrain effective financial management, particularly in tax compliance, budgeting, and financial reporting, highlighting the need for targeted capacity-building and financial literacy programs.

Table 10
Distribution of bookkeeping practices in terms of type of bookkeeping system

| Type of Bookkeeping | Frequency | Percentage |
|---------------------|------------|--------------|
| Single-entry | 102 | 82.3 |
| Double-entry | 22 | 17.7 |
| Total | 124 | 100.0 |

Table 10 shows the majority of respondents (82.3%) use single-entry bookkeeping, while only 17.7% employ double-entry systems. The preference for single-entry bookkeeping is largely due to its simplicity, lower cost, and ease of maintenance, making it suitable for small businesses (Tuovila, 2024). However, heavy reliance on this system may limit the ability of MSEs to produce comprehensive financial reports and detect errors or fraud. In contrast, double-entry bookkeeping provides a more accurate representation of financial activities and supports better analysis and forecasting (Basu & Waymire, 2021). Promoting its adoption may enhance long-term financial management among MSEs.

Table 10

Distribution of bookkeeping practices in terms of Record-Keeping system

| Record-Keeping System | Frequency | Percentage |
|------------------------------|------------|--------------|
| Manual | 79 | 63.7 |
| Both Manual and Computerized | 32 | 25.8 |
| Computerized | 7 | 5.6 |
| None | 6 | 4.8 |
| Total | 124 | 100.0 |

Table 11 shows that manual bookkeeping remains predominant among MSEs, with 63.7% relying entirely on manual records. About one-fourth (25.8%) use a combination of manual and computerized systems, while only 5.6% have fully adopted computerized bookkeeping. Notably, 4.8% reported having no record-keeping system. Manual bookkeeping is prone to human error, inefficiencies, and difficulties in timely record maintenance (Schnitt, 2023; Sungkono, 2023). Limited adoption of computerized systems may stem from technical and resource constraints. The absence of any records raises concerns regarding financial control, regulatory compliance, and performance monitoring.

Table 12

Distribution of bookkeeping practices in terms of accounting method

| Accounting Method | Frequency | Percentage |
|-------------------|------------|--------------|
| Cash Basis | 116 | 93.5 |
| Accrual Basis | 8 | 6.5 |
| Total | 124 | 100.0 |

Table 13

Distribution of bookkeeping records maintained

| Kinds of Bookkeeping Records | Frequency | Percentage |
|---------------------------------------|-----------|------------|
| Record of Sales | 80 | 64.5 |
| Tax Returns and Reports | 45 | 36.3 |
| Records of Receipts and Disbursements | 45 | 36.3 |
| Record of Payables and Receivables | 36 | 29.0 |
| Payroll Records | 31 | 25.0 |
| Copies of Bank Statements | 19 | 15.3 |
| Stock Cards | 11 | 8.9 |
| None | 2 | 1.6 |

Table 12 shows that the vast majority of MSEs (93.5%) use the cash basis of accounting, while only 6.5% apply the accrual basis. The preference for the cash method reflects its simplicity, as revenues and expenses are recorded only when cash is received or paid. In contrast, accrual accounting recognizes revenues when earned and expenses when incurred, regardless

of cash flow (Morah, 2024). Although easier to implement, reliance on the cash basis may limit accurate assessment of financial position, particularly for credit transactions. The minimal use of accrual accounting suggests gaps in awareness or capability that may affect financial planning and analysis.

Table 13 shows multiple responses revealed that sales records were the most commonly maintained bookkeeping document, reported by 64.5% of MSEs. Records of tax returns and receipts and disbursements were kept by 36.3% of respondents, while 29.0% maintained records of payables and receivables. Payroll records were kept by 25.0%, bank statements by 15.3%, and stock cards by only 8.9%. Notably, 1.6% of respondents reported having no records at all. These findings indicate selective record-keeping practices, with greater emphasis on sales documentation than on other essential financial records, which may hinder accurate financial monitoring and informed decision-making (Grefalde, 2020). Level of Implementation of Bookkeeping Practices of the MSEs

The table shows that bookkeeping activities among MSEs are generally moderately practiced, with an aggregate mean of 2.86. Core activities such as recording sales (WM = 3.40), cash receipts (WM = 3.32), identifying transactions (WM = 3.31), and recording purchases (WM = 3.15) received higher mean scores, indicating priority for daily transactions. In contrast, more technical tasks—such as preparing adjusting entries, bank reconciliations, and charts of accounts—were less practiced. This pattern suggests partial completion of the accounting cycle, consistent with findings that MSEs prioritize simple tasks due to limited training and resources (Ibarra, 2015; Micabalo et al., 2020; Grefalde, 2020). Capacity-building interventions are therefore necessary.

Table 15 shows the impact of bookkeeping practices on the growth of micro and small enterprises (MSEs). The overall weighted mean of 3.41 indicates a moderate impact on enterprise growth. Of the fifteen indicators, four showed high impact, particularly those related to core financial monitoring: monitoring sales (WM = 3.64), cost of sales (WM = 3.60), expenses (WM = 3.59), and determining business profitability (WM = 3.53). These results indicate that MSEs view bookkeeping as essential for tracking income and expenditures, thereby supporting financial health and operational efficiency.

Table 14

Level of implementation of the bookkeeping practices of the MSEs in Tupi, South Cotabato

| Indicator | WM | Description |
|--|-------------|-----------------------------|
| I record all sales in the Sales Journal. | 3.40 | Moderately Practiced |
| I record all cash receipts in the Cash Receipts Journal. | 3.32 | Moderately Practiced |
| I identify the business transaction to be recorded. | 3.31 | Moderately Practiced |
| I record all purchases in the Purchases Journal. | 3.15 | Moderately Practiced |
| I foot all the journals at the end of the month. | 3.09 | Moderately Practiced |
| I record all cash disbursements in the Cash Disbursements Journal. | 2.98 | Moderately Practiced |
| I prepare the monthly financial statements. | 2.88 | Moderately Practiced |
| I regularly post transactions to the stock cards for inventories. | 2.81 | Moderately Practiced |
| I post totals of the different journals to the General Ledger. | 2.74 | Moderately Practiced |
| I prepare worksheet. | 2.72 | Moderately Practiced |
| I regularly post transactions to the Accounts Receivable and Accounts Payable subsidiary ledger. | 2.60 | Moderately Practiced |
| I prepare the Trial Balance. | 2.52 | Moderately Practiced |
| I create chart of accounts. | 2.50 | Moderately Practiced |
| I prepare the adjusting entries. | 2.49 | Less Practiced |
| I prepare the monthly bank reconciliation. | 2.40 | Less Practiced |
| Mean | 2.86 | Moderately Practiced |

Table 15
Level of impact of the bookkeeping practices on the growth of the MSEs in Tupi, South Cotabato

| Indicator | WM | Description |
|--|-------------|------------------------|
| It helps in monitoring sales. | 3.64 | High Impact |
| It helps in monitoring the cost of sales. | 3.60 | High Impact |
| It helps in monitoring expenses. | 3.59 | High Impact |
| It helps in determining the profitability of the business. | 3.53 | High Impact |
| It helps in monitoring payment to suppliers. | 3.46 | Moderate Impact |
| It helps in determining the need to increase/reduce sales prices. | 3.44 | Moderate Impact |
| It helps in preparing the daily cash position report. | 3.44 | Moderate Impact |
| Accurate and timely financial reports provide information needed in making business decisions. | 3.40 | Moderate Impact |
| It facilitates the preparation of tax returns. | 3.37 | Moderate Impact |
| It helps in comparing actual figures with budgeted figures. | 3.32 | Moderate Impact |
| It helps in determining the liquidity of the business. | 3.32 | Moderate Impact |
| It helps in making a cash budget (for the next six months). | 3.31 | Moderate Impact |
| It helps in monitoring collection of accounts receivable. | 3.30 | Moderate Impact |
| It helps in determining the solvency of the business. | 3.27 | Moderate Impact |
| It helps in determining the need to secure loans for business operations. | 3.16 | Moderate Impact |
| Mean | 3.41 | Moderate Impact |

Table 16
Test of normality

| Variables | Kolmogorov–Smirnov Statistic | Sig. | Shapiro–Wilk Statistic | Sig. |
|--|------------------------------|------|------------------------|------|
| Level of implementation of bookkeeping practices | .085 | .028 | .961 | .001 |
| Impact of bookkeeping practices on growth | .173 | .000 | .847 | .000 |

Table 17
Relationship between the level of implementation of bookkeeping practices and the level of impact on growth

| Variables Correlated | r | r ² | p-value | Extent of Relationship | Remark |
|--|------|----------------|---------|------------------------|-------------|
| Level of implementation of bookkeeping practices and level of impact on growth | .471 | .222 | .000 | Moderate | Significant |

C. Relationship between Bookkeeping Practices and Business Growth

Table 16 shows the normality tests using Kolmogorov–Smirnov and Shapiro–Wilk indicate that the data on the level of implementation of bookkeeping practices and their impact on MSE growth are not normally distributed, as the p-values exceeded .05. Consequently, Spearman’s rank correlation was employed to examine the relationship between the level of bookkeeping practice implementation and its impact on the growth of MSEs in Tupi, South Cotabato.

Table 17 shows the findings support previous studies emphasizing the importance of bookkeeping in MSE growth and sustainability. Amoako (2013) noted that proper bookkeeping enables owners to monitor cash flows, plan investments, and comply with financial regulations, while serving as a foundation for accountability and transparency. Similarly, Maseko and Manyani (2011) observed that although many small businesses operate informally and lack accurate records, those that maintain consistent bookkeeping practices achieve better financial control and decision-making. The present study confirms that effective bookkeeping is significantly linked to MSE sustainability and expansion. Poor financial records remain a key constraint to growth (Wichmann, 1983), whereas sound bookkeeping enhances access to financing, resource management, and strategic planning (Onalapo & Adegbite, 2014; Fujianti *et al.*, 2023).

4. Conclusion and Recommendation

A. Conclusion

This study examined the implementation of bookkeeping practices and their impact on the growth of micro and small enterprises (MSEs) in Tupi, South Cotabato. The findings

revealed that MSEs demonstrated a moderate level of bookkeeping implementation, which correspondingly exerted a moderate impact on enterprise growth. Results of the relationship test confirmed a significant association between bookkeeping practices and business growth, indicating that higher levels of bookkeeping implementation lead to greater growth outcomes, while the absence of bookkeeping yields minimal to no growth impact.

The findings are supported by prior studies and relevant theories. Information Theory emphasizes bookkeeping as a critical information system for organizational success, while Decision Theory highlights its role in providing reliable data for sound decision-making. Measurement Theory further explains how quantifying financial activities enables business owners to assess financial position and performance. Collectively, these frameworks affirm the central role of bookkeeping in fostering MSE growth.

Despite limitations in scope and variables, the study concludes that effective bookkeeping is a vital driver of transparency, accountability, and informed decision-making, ultimately contributing to the sustainability and growth of MSEs.

B. Recommendations

1) Micro and Small Enterprises (MSEs)

MSEs are encouraged to adopt basic but consistent bookkeeping practices, including recording sales, cash receipts, purchases, and other transactions. Where possible, preparing monthly bank reconciliations and adjusting entries is recommended to improve record accuracy. Enterprises with adequate resources may gradually shift from manual, single-entry systems to semi-computerized or double-entry bookkeeping. Owner-managers who handle bookkeeping themselves may benefit from formal training, such as the

Bookkeeping NC III program offered by Technical Education and Skills Development Authority.

2) For Owners and Stakeholders

Owners and stakeholders should strengthen bookkeeping practices as a basis for strategic decision-making. Investing in financial literacy and bookkeeping training, or engaging professional bookkeepers, may improve financial management and access to financing.

3) For Bookkeepers

Bookkeepers are encouraged to enhance their skills in computerized accounting systems and actively offer services to MSEs, given the established link between bookkeeping practices and enterprise growth.

4) For Local Government Units and Government Agencies

LGUs and agencies such as the Department of Trade and Industry may conduct practical bookkeeping training for MSEs and promote simplified accounting frameworks developed by United Nations Conference on Trade and Development. Strengthened bookkeeping practices will also support compliance with the Bureau of Internal Revenue.

5) For Future Researchers

Future studies may include additional variables such as financial literacy and entrepreneurial attitude or adopt longitudinal designs to examine long-term effects of bookkeeping on MSE growth.

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