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## The Relationship Between Financial Literacy and Business Sales Performance of Local Microbusiness Owners

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### Abstract

The purpose of this study is to seek information and address the gap in research about financial literacy and its relation to business sales performance. Particularly considering the generally low levels of financial literacy among microbusiness owners, raised of business failures due to inefficient financial management. It aims to explore the relationship between financial literacy and business sales outcomes. The result of this study can be used to develop financial literacy initiatives, to incorporate business and finance education into local economic development planning, and to help microbusinesses owners gain both confidence and skill to manage and grow their businesses successfully. The study utilized a quantitative research with a descriptive-correlational design. The descriptive design determined the level of financial literacy of microbusiness owners in terms of budgeting, bookkeeping, and debt management, as well as their business sales performance. Findings revealed a very high level of budgeting and debt management except in bookkeeping with moderate level however the overall financial literacy indicates a very high level of owners' financial literacy. The level of businesses sales performance of microbusiness owners revealed a very high level, indicating excellent performance. There were significant positive correlation between financial literacy and business sales performance, underscoring the important role of financial literacy in improving business sales performance. This study recommends that policymakers and relevant government agencies should support the creation and execution of training programs aimed on improving bookkeeping practices. Future researcher may also delve into further exploration to other sector of microbusiness not just retail and wholesale.

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### 1. Introduction

In the modern business world, where businesses have become more highly competitive, microbusiness owners are not only expected to be innovative and resourceful but also to be financially literate. Financial literacy refers to an individual's ability to manage their finances effectively and make informed financial decisions. It also implies the ability to capture financial information, utilize debt prudently, and create a proper budget. It also means the ability of an individual to record financial data, manage debt wisely, and develop adequate budgets. According to Dwyanti (2024)<sup>[6]</sup>, financial literacy is crucial for microbusinesses to manage their finances effectively. Not only does it equip them with the much-needed knowledge, but it also helps them make more informed financial decisions and provides a solid foundation for accurate budget planning.

A study by the Global Financial Literacy Excellence Center (GFLEC) found that entrepreneurs with higher financial literacy tend to maintain better control over their cash flow. By enhancing financial literacy, owners will be better equipped to mitigate risks and capitalize on new market opportunities.

Similarly, the study by Anshika and Singla (2022)<sup>[2]</sup> highlighted that entrepreneurs worldwide generally have low levels of financial literacy. Their study suggests that enhancing financial literacy can significantly contribute to improved business performance.

A systematic literature review on the financial literacy module for microbusiness owners by Abubakar (2022)<sup>[1]</sup> revealed that research on financial literacy modules designed explicitly for microbusiness owners remains scarce. The review highlights the need for further research on the impact of various financial literacy programs on microbusiness performance. Although numerous studies recognize the significance of financial literacy, limited research has explored its direct relationship with business sales performance.

The relevance of financial literacy becomes evident through the dynamic problems involved when dealing with microbusinesses in an emerging economy, such as the Philippines. Furthermore, financial literacy equips them to assess funding options, handle borrowing responsibly, and establish sustainable long-term financial goals. With increasingly complex financial markets, microbusiness owners must evolve and become financially competent, making their businesses viable and competitive in both local and global markets.

In 2024, financial literacy in the Philippines is low. Although there has been slight growth compared to previous years, the progress continues to be slow (Inquiro, 2025)<sup>[7]</sup>. The Philippine government strongly supports local microbusinesses in the Philippines, as they make a significant contribution to the country's economic growth.

In line with this, the study of Morales (2023)<sup>[11]</sup> conducted in Daet, Camarines Norte, Philippines, which focused on the financial literacy of micro entrepreneurs, found that most microbusiness owners had attended at least one to three financial literacy trainings and workshops offered by the government agencies such as the Department of Trade and Industry (DTI).

Moreover, Bancoro (2023)<sup>[4]</sup> considers budgeting as a part of financial literacy, noting how essential it is to establish the right balance in the utilization of money by distributing income well and clearing the available debt. Another important element of financial literacy is bookkeeping, which involves accurately recording all business-related financial transactions to determine tax obligations and monitor debts and other financial activities (Utami *et al.*, 2023)<sup>[19]</sup>. Debt management is also a crucial aspect, as defined by Bancoro (2023)<sup>[4]</sup> as the ability to handle debts efficiently by making timely payments on credit, bills, and other financial obligations. The goal of such an assessment is to measure an individual's ability to handle debt responsibly and make sound financial choices that facilitate effective debt repayment.

The purpose of this study is to gather information and address the research gap regarding financial literacy and its relationship to business sales performance, particularly in light of the generally low levels of financial literacy among microbusiness owners and the limited availability of targeted training modules. It aims to assess the sales performance of microbusiness owners and explore the relationship between financial literacy and business sales outcomes.

Ultimately, this study aims to make both academic and practical contributions by presenting empirical data on the relationship between improving financial literacy and enhancing business sales performance. The result of this study can be used to develop community-based financial literacy initiatives, to incorporate business and finance education into local economic development planning, and as a guide for future research. This study examines the

application of financial knowledge in real-life situations, aiming to help microbusiness owners develop both confidence and skills in managing and growing their businesses successfully.

### 1.1. Objective of the study

This study aimed to analyze the relationship between financial literacy and business sales performance of local microbusiness owners, specifically examining:

- The level of financial literacy of microbusiness owners in terms of budgeting, bookkeeping, debt Management,
- The level of business sales performance of local microbusiness owners.
- The significant relationship between financial literacy and business sales performance.

### 1.2. Significance of the study

This study aimed to examine the relationship between financial literacy and the business sales performance of microbusiness owners. The following benefits can be associated with this research. The microbusiness owners can gain practical knowledge of how important financial literacy is to enhance their financial skills, leading smarter decisions that will be a great contributor to the performance of their business to grow and thrive in the long run. The study can serve as a guide for aspiring entrepreneurs on the importance of financial knowledge before starting a business. It will help them make informed decisions in the planning and operational phases. Financial education, institutions, and trainers can establish customized programs to fill gaps indicated in the study. This enables a more practical and need based training and enhances the effectiveness of financial literacy to microbusiness owners. Policy makers from this study the government agency like department of trade industries can develop tailored educational programs, trainings, workshops, and resources that directly address the challenge faced by entrepreneurs. From this study the general public and local community can achieve economic growth, employment and community development through improved sales performance and financial stability of microbusinesses. Goods, services, and economic resiliency in an area provide benefits to all individual living in a financial literate entrepreneurial community. Lastly, for future researchers the result of this study adds the existing knowledge base, encouraging further exploration of how financial literacy affects microbusiness owners on their business operation.

### 1.3. Conceptual Framework

The present study is grounded in the Resource-Based View (RBV) theory of Edith Penrose (1959), which emphasizes that an organization's internal resources and capabilities are fundamental to attaining a competitive advantage and improved performance. Within the framework of RBV, for resources to have a meaningful impact on a firm's performance, they must possess the VRIN attributes: they should be valuable, rare, difficult to imitate, and non-substitutable. Financial literacy, as operationalized in terms of budgeting, bookkeeping, and debt management, can be considered an intangible yet tactical resource that equips microbusiness owners with the necessary skills to make sound financial decisions. Collectively, all these aspects of financial literacy are unique resources that the microbusiness owners can use to enhance the results of their enterprises as they reflect the VRIN characteristics outlined by RBV.

Building on Penrose's foundation, Barney (1991) further refined the Resource-Based View by formally articulating that resources must possess four specific attributes: valuable, rare, imperfectly imitable, and non-substitutable (VRIN) in order to provide sustained competitive advantage. In this way, Barney's RBV extension reinforces the argument that financial literacy, when effectively harnessed, serves as a distinctive capability that positions micro enterprises to achieve superior business sales performance.

#### 1.4. Statement of the Problem

This study aimed to examine the relationship between financial literacy and business sales performance of local microbusiness owners. Specifically, it investigated the extent to which financial literacy correlates with the business sales

performance of microbusinesses.

1. The level of financial literacy of microbusiness owners in terms of budgeting, bookkeeping and debt Management.
2. The level of business sales performance of local microbusiness owners.
3. The significant relationship between financial literacy and business sales performance.
4. The proposed recommendation based on the findings of the study.

#### Null Hypothesis

Ho1. There is no significant relationship between financial literacy and business sales performance among local microbusiness owners.

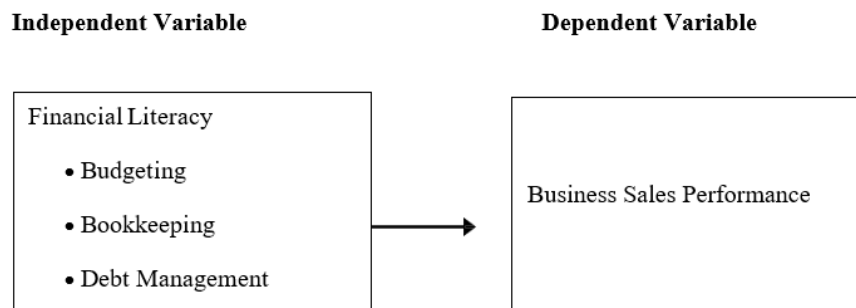


Fig 1: Schematic Diagram of the study

## 2. Methodology

### 2.1. Research Design

The study utilized a quantitative research approach with a descriptive-correlational design. The descriptive design determined the level of financial literacy of microbusiness owners in terms of budgeting, bookkeeping, and debt management, as well as their business sales performance. Furthermore, the correlation design was applied to analyze the strength and direction of the relationship between financial literacy and the business sales performance of microbusiness owners.

### 2.2. Participants of the study

The participants in the study were a total of 140 registered microbusiness owners engaged in retail and wholesale, with fewer than 10 employees and assets of less than 10 million, operating in Kisolon, Sumilao, Bukidnon. These participants are specifically chosen as the focus of the study, as it is easy and convenient for researchers to collect data from this location.

### 2.3. Population Sampling

Probability sampling, which was used to select the respondents, was simple random sampling, whereby all members of the population had an equal opportunity of being selected for the study. The Raosoft sample size calculator was also used to establish the required number of respondents to ensure statistical reliability. The figures from the Business Permit and Licensing Office (BPLO) in Kisolon, Sumilao, Bukidnon, indicate a total of 218 registered microbusinesses involved in retail and wholesale operations.

The study considered a 95% confidence level and a 5% margin of error were used to determine the appropriate sample size for the study. The sample size of 140 respondents, as per the target population, was adequate, as it

was believed to be sufficient to ensure statistically reliable results and to represent the population with which this study aimed to be representative.

### 2.4. Data Analysis

The data was presented through tables and interpreted using appropriate statistical tools. The SOPs 1 and 2 utilized mean and standard deviation. The descriptive statistics, standard deviations, and means were used to measure the financial literacy level among local microbusiness owners in terms of budgeting, bookkeeping, and debt management. These measures were also used to assess the performance level of micro-business owners. Meanwhile, SOP 3 utilized Spearman's rho since the data did not follow a normal distribution. It is used to analyze the association between financial literacy and business sales performance.

### 2.5. Research Instrument

The research instrument used in the study was based on structured survey questionnaire adopted from several previous studies. This covered the Lusimbo (2016)<sup>[9]</sup>, *Relationship between financial literacy and Growth of Micro and small enterprises in Kenya: A case of Kakamega center Sub County*; Mani and Ngigi (2025)<sup>[10]</sup>, *Financial Literacy is a Driver of Micro Enterprises in Naitabo city county*; Donassolo and Mastus (2014)<sup>[5]</sup>, *The Effect of Financial Literacy and Financial Inclusion on Performance of Micro Enterprises*.

Modified questionnaire consisted of two main sections: (1) Financial literacy measured through three components budgeting, bookkeeping, and debt management and (2) Business sales performance. For financial literacy, five items were constructed each through used of 4 point-Likert scale with responses ranging from "strongly agree" to "strongly disagree". For business sales performance twelve items were

included, also measured using 4 point-Likert scales with the same response option.

**Validation of Instrument:** The instrument validity and reliability were assessed by means of a pilot test, which was conducted initially at Poblacion, Impasugong, Bukidnon, with 30 business owners.

**Expert Evaluation:** To be appropriate for the educational context of the university, the expertise of the domain of technology-enhanced education and academic achievement were engaged to review the questionnaire for conceptual clarity and contextual relevance.

**Data Collection:** An endorsement letter, approved by the research advisor and designed by the campus head of Bukidnon State University's Satellite campus, was also secured. In addition, informed consent was obtained from all participants to ensure voluntary participation and adherence to ethical standards in the study.

During the actual administrations, the researchers personally visit the respondents at their places of business. The researchers personally distributed printed survey questionnaires to the selected respondents. To ensure clarity and accurate comprehension of the survey items, the questionnaires were explained in the vernacular language. The reason behind this approach was to reduce the number of misunderstandings and ensure that the responses obtained were as justified as possible by the respondents' knowledge of the questions posed. Respondents were assured that all data would be treated with strengthened confidentiality and used exclusively for academic purposes. Ample time was allowed to complete the questionnaire, avoiding rushed or incomplete responses for educational purposes. The researchers monitored the collection process to ensure a

100% rate of all surveys handed out. On collection, the completed questionnaires were carefully checked for completeness, coded, and organized in preparation for statistical analysis.

## 2.6. Ethical Consideration

Before collecting the actual data, researchers ensured that participants understood the purpose of the study, the research method being used, and that no material information necessary for their participation was omitted.

They were also made aware that their decisions regarding participation in the study were respected and valued, and they had the right to withdraw from the study at any time. All information gathered was held with the utmost confidentiality and used only for the completion of the study.

This study will undergo a plagiarism detection test, similar to those used by academic institutions, to ensure that it does not contain indications of plagiarism or unauthorized use of other authors' or researchers' ideas and words without proper acknowledgement.

No claims were made based on a conflict or assumption of the results. This study showed no signs of misinterpretation or manipulation of results to fit a theoretical expectation, nor was there any evidence of exaggeration.

Conflict was not evident in the study. The researchers had no intention of disclosing any information that could be detrimental to the welfare of the participants. The study did not invade participants' privacy or coerce them into acting against their own will, and it ensured that no damage was done to the participants' self-esteem in any way.

The research documents underwent a series of revisions based on the advice and recommendations of their adviser and panelists. It followed the standard of the Bukidnon State University ethics review committee for the guidelines and ethical considerations of the study.

## 3. Results

### 3.1. Descriptive statistics

**Table 1:** Level of Financial Literacy – Budgeting, Bookkeeping and Debt management

Budgeting	Mean	SD	Quantitative Statement
1. I prepare written financial objectives for what I want to achieve in a year of my business.	3.34	.65	High Financial Literacy
2. I prepare a written annual budget of income and expenditure of my business.	3.32	.70	High Financial Literacy
3. I do periodically compare my financial objectives to my business performance.	3.29	.73	High Financial Literacy
4. I use budget plans to set performance targets for my employees.	3.05	.85	Moderate Financial Literacy
5. I have a budget monitoring system in place to track my expenses in my business.	3.41	.67	High Financial Literacy
Overall Budgeting	3.28	.59	High Financial Literacy
Bookkeeping			
1. I have the ability to prepare creating report for my business (e.g., income statements and balance sheets).	3.16	.82	Moderate Financial Literacy
2. I have the ability to effectively reconcile my business's bank statements.	3.01	.82	Moderate Financial Literacy
3. I have adequate knowledge of maintaining cashbook.	3.13	.81	Moderate Financial Literacy
4. I am able to fill out tax returns.	3.28	.72	High Financial Literacy
5. I am able to maintain and accurately balance ledger book.	3.16	.79	Moderate Financial Literacy
Overall Bookkeeping	3.15	.68	Moderate Financial Literacy
Debt Management			
1. I always repay my loan installment on time.	3.42	.82	High Financial Literacy
2. I consistently compare the terms and conditions of various financiers before purchasing their products and service for my	3.47	.68	High Financial Literacy

business.			
3. My business uses more than half of its revenue to repay loans.	3.19	.85	High Financial Literacy
4. My debt management skills have enabled me to access various sources of finance for my business.	3.30	.77	High Financial Literacy
5. I understand the effects of inflation and interest rates on the loans I borrow for my business.	3.44	.72	High Financial Literacy
Overall Debt Management	3.37	.63	High Financial Literacy
Overall Financial Literacy	3.27	.63	High Financial Literacy

Notes = (140)

In accordance with the findings, the most common response is from the respondents regarding budgeting literacy was categorized as "high financial literacy", with a mean score of (M=3.28, SD=.59). Specifically, the majority of respondents strongly agreed with the statement, "I have a budget monitoring system in place to track my expenses in my business" (M = 3.41, SD = .67). This was followed by strong agreement with the statement, "I prepare written financial objectives for what I want to achieve in a year of my business" (M= 3.34, SD = .65). On the other hand, the lowest-rated statement was, "I use budget plans to set performance targets for my employees" (M = 3.05, SD = .85). This relatively lower mean score implies to the fact that most microbusiness owners has been surveyed, did not employ workers. Onduso (2022) <sup>[14]</sup> states that good budgeting incorporates frequent monitoring, reviewing, and correlating financial plans to operational performance including staff performance. The relatively low rating in this are indicates that even though owners of micro businesses are quite proficient in conducting the core budgeting activities, they still have the opportunity to enhance their budgets by making their projections extend to the level of employee performance.

Based on the findings exhibited above, results show that respondent's level of financial literacy in terms of bookkeeping is "moderate financial literacy" with a mean of (M = 3.15, SD=.68). Consecutively, most of the respondents would strongly agree to the statement, "I am able to fill out tax return" (M= 3.13, SD=.72) and "I have ability to prepare creating reports for my business income statement and balance sheet" (M=3.16, SD=.82) respectively. It can also be

noted that the statement, "I have ability to effectively reconcile my business bank statement" (M= 3.01, SD=.82), received lowest rating among the responses. A study conducted by Utami (2021) <sup>[18]</sup> in Probolinggo revealed that most microbusiness owners, even those with very small operations, consistently record their income and expenditures as transactions occur. Bookkeeping is recognized as a fundamental component of financial reporting, which helps in establishing financial expenditures, tracking outstanding debts, and calculating tax obligations

The findings presented above demonstrated that the most common responses from the respondents regarding debt management literacy was categorized as "high financial literacy," with a mean of (M= 3.37, SD=.63). It also shows that the majority of participants strongly concurred with the assertion, "I consistently compare the terms and conditions of various financiers before purchasing their products and services for my business" (M=3.37, SD=.68). This was followed by the statement, "I understand the effects of inflation and interest rates on the loans I borrow for my business" (M= 3.44, SD= .72) respectively. Among the items it can be noticed that the statement, "My business uses more than half of its revenue to repay loans" (M= 3.19, SD=.85), received the lowest rating. Pinca (2023) <sup>[15]</sup> and Bancoro (2023) <sup>[4]</sup> assert that microbusiness owners generally exhibit a positive approach toward managing their debts, actively striving to pay their expenses and repay their loans on schedule. It was also found that microbusiness proprietors negotiate with creditors to offer low interest rates and avoid lending as a way to manage their debts effectively.

**Table 2:** Descriptive Statistics for Business Sales Performance

Budgeting	Mean	SD	Quantitative Statement
1. My Business sales/business turnover is proportional increasing every year	3.29	.71	Excellent
2. My business is satisfied with return on sales.	3.32	.66	Excellent
3. My business amount of demand for relative merchandise increases every year	3.26	.70	Excellent
4. My revenue reflects the quality of my product/services	3.35	.65	Excellent
5. My monthly revenue has increased compared to the previous year.	3.27	.73	Excellent
6. I exceed my sales goals	3.15	.75	Good
7. I generate profitable sales every year.	3.26	.67	Excellent
8. I have experienced transformation/changes in my monthly revenue.	3.37	.66	Excellent
9. I quickly sell new products of the business	3.26	.70	Excellent
10. The demand of our product has increased.	3.24	.68	Good
11. The number of my production or the number of merchandise reflects the growth in sales	3.35	.62	Excellent
12. In the past 12 months, I have reached my sales goal	3.17	.70	Good
Business Sales Performance Mean	3.28	.56	Excellent

Notes = (140)

Based on the findings above, in terms of business sales performance across various operational aspects, the most common response from the respondent “excellent” with mean of (M= 3.28, SD= .56). Consecutively, most of the respondent would strongly agree to the statement, “*I have experienced transformation/changes in my monthly revenue.*” (M= 3.37, SD= .66) and “*My revenues reflect the quality of my products/services*” (M= 3.35, SD= .66) followed by “*The number of my production or the number of merchandises reflects the growth in sales*” (M=3.35, SD= .62) respectively. It can also be noted that statement, “*I exceed my sales goals*” (M= 3.15, SD =.75) has a lowest

level. The findings indicate that the respondents largely agree that their businesses exhibit strong performance in terms of sales. The study by Wachjuni (2024) [20] highlights, that an increase in sales volumes has a direct and positive relationship with business sales performance. Increased sales, in the form of products or services, result in increased revenue and profit, which are indicators in themselves of good sales. Furthermore, a high sales volume can be an indication of strong customer confidence and a good product-market fit, which are key contributing factors to achieving high sales performance.

**Table 3:** Spearman Rho's test of the significant relationship between Financial Literacy and Business Sales Performance of Local Microbusiness Owners

Financial Literacy	Business Performance	P-value	Level of Correlation	Interpretation
Budgeting Literacy	.631**	<0.01	Strong Positive	Significant
Book Keeping Literacy	.564**	<0.01	Moderate Positive	Significant
Debt Management	.607**	<0.01	Strong Positive	Significant
Overall mean	.697**	<0.01	Strong Positive	Significant

The relationship between financial literacy and business sales performance is characterized by a strong positive correlation with an overall mean of .697, a correlation coefficient. It also indicates that the p-value is 0.01, which is lower than 0.05; thus, a significant relationship is established. This means that the respondents recognize financial literacy, budgeting, bookkeeping, and debt management as essential for running their businesses and improving business sales performance. The finding suggests that financial literacy is crucial for operational success and the overall performance of microbusinesses. Furthermore, the study by Dwyanti (2024) [6] indicated that financial literacy enables microbusinesses to develop and successfully manage growth challenges. Microenterprises face financial obstacles. Taken together, these findings and results from different locations support the conclusion of this research regarding the relationship between financial literacy and business sales performance.

#### 4. Discussion

Based on the data above, indicates that the indicators of independent variable financial literacy that are budgeting, and debt management has achieved very high level except bookkeeping with a moderate level indicating great contribution on business sales performance. More importantly, significant positive correlation emerged between financial literacy and business sales performance of local microbusiness owners, confirming the correlation of these variables and rejection of null hypothesis.

The very high level of budgeting is supported by the study of Suryana *et al.* (2023) [16] in the Journal of Business Finance and Economics, which confirms that all variables, including budgeting, are good predictors of MSME performance.

Bookkeeping achieved the moderate positive correlation towards business sales performance and the fact that Muiruri (2023) [12] studied these matters also proves this result. Bookkeeping involves keeping detailed records of a business's financial transactions, providing insight into its profitability and product performance. Additionally, the study of Tumba *et al.* (2022) [17] showed that among all aspects of financial literacy, bookkeeping has a significant correlation with business sales performance. Similarly, the study by Nida *et al.* (2023) [13] concluded that MSME players already recognize the importance of compiling financial

reports in managing their businesses.

Meanwhile, the relationship between debt management and business sales performance exhibits a strong positive correlation. This finding is consistent with previous studies, which state that having good debt management can help MSMEs maintain a good credit standing and facilitate business growth (Ardian *et al.*, 2024) [3]. Moreover, another study revealed that debt management literacy has a significant correlation with the business performance of MSMEs. Furthermore, Irikefe & Isaac (2021) [8] found, in their investigation into business growth and financial literacy, that debt management is crucial for the growth of MSMEs.

#### 5. Conclusion

The analysis of the association between financial literacy towards business sales performance, can contribute for the financial development of microbusiness. This also provides opportunities for implementation of development programs and strategic policies to assist micro entrepreneur. Maintaining financial literacy boost the performance of microbusiness which is vital for economic.

Business owners' financial literacy insight, specifically on budgeting, bookkeeping, and debt management, indicates a positive significant with business performance in terms of sales. Financial literacy in these areas has been identified as one of the most important factors in business sales performance and considered as highly effective in achieving overall better business performance. The further research can proceed to explore other dimension and development strategies to improve financial literacy with the purpose of maximizing its impact on business sales performance. By improving budgeting, bookkeeping and debt management capacity, businesses have a chance in developing sustainable competitiveness and vibrant market.

#### Findings Summary

It also concluded as demonstrated in the correlation between financial literacy and the business sales performance of local microbusiness owners that the increased financial literacy in terms of budgeting, bookkeeping and debt management will result the improvement of business sales performance. Notably, the study discovered financial literacy is one of the essential factor of strengthen business sales performance.

This also means that greater business results as higher sales growth can be achieved through financial literacy. Importantly, the study found that financial literacy is a key factor in business sales performance.

**Implication for Practice:** The findings revealed the importance of financial literacy in terms of budgeting, bookkeeping, and debt management to business sales performance. Implementation of these can boost business sales performance and stability for businesses.

### Recommendation

*Micro business Owners* should continue to develop their financial literacy, particularly on budgeting, and debt management especially bookkeeping. Strengthening their financial literacy can enhance business sales performance, since a current study suggests the level of financial literacy among owners is significantly correlated on how well their business operates.

*Policy maker* it recommends that policymakers and relevant government agencies like Department of Trade Industry (DTI) support the creation and execution of training programs aimed on improving bookkeeping practices among microbusiness owners. This recommendation is grounded in the study, finding that while bookkeeping is generally rated at a high level, owners apply different methods and approaches, which may lead to inconsistencies in bookkeeping, financial reporting, and compliance. Policy maker can contribute to improved financial literacy, regulating alignment, and enabling microbusiness to continue operating overtime, through promoting effective bookkeeping education. They may encourage continue to support already existing workshops and training programs. Also, consider involving experienced microbusiness owners as a resource person or mentors to guide those who are planning on starting up their own business.

*Researchers* while the study acknowledges the importance of financial literacy for micro business owners, the researcher may also delve into further exploration to deeply understand the effectiveness among the owners. Since the research focus only on local community it could be expanded to other areas. Additionally, it could be conducted in the other sector of micro business not just focus on retail and wholesale, but also for manufacturing, service industries, and in the field of agriculture.

### Hypothesis testing results and decisions

*H<sub>01</sub>*: There is no significant relationship between financial literacy and business sales performance of local microbusiness owners.

The results confirmed that financial literacy positively correlates with business sales performance. The relationship between financial literacy and business sales performance is characterized by a strong positive correlation with the overall mean of .697, correlation coefficient. It also indicates that p-value is 0.01, which is lower than 0.05; thus, a significant relationship is established. This means that the respondents are aware of financial literacy budgeting, bookkeeping, and debt management as essential in running their businesses and improving business sales performance. The finding implies financial literacy as vital for operational success and overall activities of microbusinesses. Furthermore, the study of Dwyanti (2024)<sup>[6]</sup> indicated that financial literacy enables microbusinesses to develop growth and successfully control

difficulties. Taken together, these findings and results support the result of this research regarding the link between financial literacy and business sales performance.

**Decision:** *H<sub>01</sub>* is rejected.

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