

## RESEARCH ARTICLE

## THE IMPACT OF CASH MANAGEMENT PRACTICES ON LIQUIDITY IN PRIVATE HIGHER EDUCATIONAL INSTITUTIONS (HEIS) IN DISTRICT IV OF LAGUNA

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## ABSTRACT

In this study, the focus was on analyzing the impact of cash management practices on the liquidity of private higher educational institutions (HEIs) located in District IV of Laguna. The study collected data by surveying ten private HEIs in the district. The survey asked questions related to the cash management practices employed by the institutions and their liquidity levels. The researcher used descriptive statistics and regression analysis to analyze the data. The study found a significant positive relationship between cash management practices and liquidity in private HEIs. This meant that better cash management practices could lead to improved liquidity levels in these institutions. Specifically, the study found that effective management of cash inflows, short-term investments, and accounts receivable positively impacted the liquidity of private HEIs. Finally, the study concluded by emphasizing the importance of prioritizing cash management practices as part of the financial management strategy of private HEIs in District IV of Laguna. The recommendation was based on the study's finding that better cash management practices led to improved liquidity and financial sustainability for these institutions. Private HEIs should focus on implementing effective cash management practices to enhance their financial performance and long-term sustainability.

## KEYWORDS

Cash Management, Liquidity, Higher Educational Institutions

## 1. INTRODUCTION

Private higher educational institutions (HEIs) in District IV of Laguna operate in a dynamic financial environment characterized by a multitude of challenges and uncertainties. These institutions are subject to the influence of changing economic conditions, heightened competition, and evolving educational demands, all of which significantly impact their financial well-being. In such a complex landscape, the effective management of cash and liquidity emerges as a critical factor for the sustained success and viability of these HEIs. Cash and liquidity management is the practice of strategically controlling the inflow and outflow of funds within an organization to maintain an optimal level of liquid assets. For private HEIs, this entails a proactive approach to managing revenues, expenses, and financial assets to ensure the availability of sufficient cash to meet both routine operational needs and unforeseen financial obligations. Adequate liquidity acts as a safety net, allowing institutions to promptly address various financial requirements, such as paying employee salaries, procuring educational resources, investing in infrastructure, and fulfilling contractual commitments. By effectively managing cash and liquidity, private HEIs in District IV of Laguna can overcome the financial challenges they encounter. First and foremost, liquidity management ensures the smooth functioning of these institutions. It enables them to maintain a stable cash flow, which is crucial for meeting day-to-day operational expenses, including faculty salaries, utility bills, maintenance costs, and administrative expenditures. Without sufficient liquidity, HEIs may face disruptions in their regular operations, hindering the delivery of quality education and support services to students and faculty. Moreover, the ability to maintain adequate liquidity empowers private HEIs to fulfill their financial obligations promptly. These institutions often have contractual agreements and commitments

with suppliers, vendors, and service providers. The availability of cash reserves ensures that HEIs can honor their financial commitments promptly, maintain strong relationships with stakeholders, and avoid any negative repercussions that may arise from delayed payments or breaches of contractual obligations. Furthermore, effective cash and liquidity management supports private HEIs in the pursuit of their educational missions. HEIs play a pivotal role in imparting knowledge, nurturing talent, and driving social and economic development in the region. By ensuring financial stability and sufficient liquidity, these institutions can allocate resources towards enhancing the quality of education, implementing innovative teaching methodologies, investing in advanced technologies, and providing a conducive learning environment for students. In turn, this contributes to the overall educational experience and prepares students for the challenges of the future.

Government policies also exert a significant influence on private HEIs in District IV of Laguna. Changes in regulations related to tuition fees, student financial aid, tax incentives, or accreditation requirements can have far-reaching consequences for the financial health of these institutions. Alterations in government funding or support programs can directly impact the availability of resources, making cash management practices essential in adapting to such changes. Effective cash management enables private HEIs to respond to evolving policies and minimize the disruption to their operations and liquidity position. Moreover, economic downturns can have severe repercussions for private HEIs. During periods of economic instability, individuals and organizations may face financial constraints, leading to reduced disposable income, decreased philanthropic giving, and higher competition for limited resources.

Through this study, the research aimed to identify and analyze the cash management strategies employed by private HEIs in the district. By doing

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so, valuable insights can be gained into the factors that influence liquidity and financial performance in this specific educational context. Understanding how cash management practices impact liquidity becomes imperative to ensure the long-term sustainability and success of private HEIs in District IV of Laguna. The findings of this research will contribute to the existing body of knowledge in financial management within the higher education sector, specifically focusing on private HEIs in District IV of Laguna. The insights gained will provide valuable guidance to HEI administrators, policymakers, and stakeholders, enabling them to make informed decisions regarding cash management practices and liquidity optimization. Ultimately, this research aims to support the development of strategies and policies that enhance the financial resilience and sustainability of private HEIs in District IV of Laguna, benefiting the entire educational ecosystem in the region (Kumar, 2023).

## 2. LITERATURE REVIEW

The current investigation explored the impact of cash management practices on liquidity in private higher educational institutions (HEIs) located in District IV of Laguna. To understand this relationship, the study adopts Baumol's Model of Cash Management, proposed by economist William Baumol, as a fundamental framework.

Baumol's Model provides valuable insights into how firms can determine an optimal cash balance by carefully considering the trade-off between liquidity and profitability. It acknowledges that HEIs, like other organizations, must maintain a certain level of cash for day-to-day transactions, such as supplier payments, payroll obligations, and operational expenses. However, it also recognizes that holding cash incurs associated costs.

The model emphasizes two primary costs related to cash management. Firstly, the opportunity cost highlights that holding cash means diverting funds from potential income-generating opportunities, such as investments in interest-bearing securities or productive assets. The longer cash is held, the greater the forgone potential returns. Secondly, the transaction cost refers to the costs incurred when acquiring additional cash, including fees for borrowing or issuing securities and administrative expenses related to managing the cash acquisition process.

In the context of private HEIs in District IV of Laguna, the model suggests that striking a balance between these costs is crucial to identify an optimal cash balance. The primary objective is to minimize the total cost of cash management while ensuring sufficient liquidity to meet operational requirements.

To achieve this, the study evaluated the cash management practices of private HEIs over a specific period. It estimates the costs associated with cash holding and transactions, considering factors such as expected cash flows, the cost of acquiring cash, and the opportunity cost of holding cash. By analyzing these elements, the study provides insights into how cash management practices impact liquidity in private HEIs in District IV of Laguna, ultimately contributing to their overall financial performance.

By integrating Baumol's Model of Cash Management into the investigation, the study enhances the understanding of the intricate relationship between cash management practices, liquidity, and the financial health of private HEIs in District IV of Laguna. The model serves as a structured approach to inform and guide these institutions in making informed decisions regarding their cash balances, thereby promoting optimal efficiency and financial sustainability.

In the study conducted by Akinyomi in 2014, the importance of efficiency in cash management for firms and institutions with current asset-based portfolios is emphasized. Efficient cash management directly influences liquidity and profitability, making it a crucial aspect of financial management.

One of the primary objectives of efficient cash management is to ensure that firms have sufficient funds available for their daily operations. This includes covering expenses such as payroll, supplier payments, and other operational costs. By effectively managing cash inflows and outflows, firms can maintain a stable cash position, ensuring that there is enough liquidity to meet these ongoing obligations.

It stresses the importance of setting a cash balance policy to ensure prudent cash budgeting and effective investment of surplus cash (Nyabwanga, 2011). The optimal cash level determines the liquidity position of the university, and investment choices and goals should align with an integrated financial statement that links financial goals with relevant financial metrics. Evaluating financial performance based on profitability and sustainability, measured by the ability to generate

positive cash flow balances, becomes crucial for business entities aiming to increase owners' wealth through profit generation. Efficiency and effectiveness in organizational operations also contribute to good financial performance. Adopting proper cash management practices minimizes unnecessary costs and invests surplus funds to generate additional returns, ultimately enhancing financial performance.

Efficient cash management practices play a crucial role in an organization's strategy to enhance growth and sustainability. They determine optimal levels of cash to hold and invest in marketable securities, enabling the organization to perform better in the market and gain a competitive advantage. Prudent cash management practices aim to maintain an optimal cash balance, driving profitability while reducing liquidity risk. Achieving this objective involves implementing cash management practices such as cash budgeting, sound accounting practices, appropriate cash policies and controls, and the investment of surplus cash.

In study on the determinants of working capital management among Kenyan small and medium-sized enterprises (SMEs), the focus was on understanding the factors that influenced how SMEs managed their working capital, particularly cash flow volatility (Wanja's, 2011).

The study revealed an interesting finding that firms with higher cash flow volatility tended to maintain excess cash as a buffer for stable and smooth daily operations. Cash flow volatility refers to the fluctuations in the timing and amount of cash inflows and outflows that a company experiences. SMEs operating in industries or markets with unpredictable cash flows face greater uncertainty and risk in meeting their financial obligations.

To mitigate this risk and ensure uninterrupted operations, SMEs opt to maintain excess cash reserves. By keeping a surplus of cash on hand, these firms are better equipped to handle unexpected expenses, manage fluctuations in cash inflows and outflows, and maintain liquidity during challenging periods.

Having excess cash as a buffer provides SMEs with financial flexibility and reduces their reliance on external sources of financing. It allows them to meet their short-term obligations, such as paying suppliers or covering operating expenses, without the need for immediate external funding. This is especially crucial for SMEs, as they may face difficulties accessing financing from banks or other financial institutions due to their size or limited credit history.

Furthermore, the study suggests that maintaining excess cash as a buffer for stable daily operations aligns with the concept of prudent financial management. By having a cushion of cash, SMEs can avoid potential cash shortages, financial distress, and associated costs and risks. It helps them maintain business continuity and seize opportunities that may arise during periods of economic uncertainty or market fluctuations.

Wanja's study highlights the role of cash flow volatility in influencing the working capital management practices of Kenyan SMEs. It demonstrates that SMEs with higher cash flow volatility tend to prioritize the maintenance of excess cash reserves to ensure stable and smooth daily operations. This approach provides them with the necessary financial flexibility and resilience to navigate through uncertain times and contribute to their overall financial stability and success.

As a research focused on the cash management practices of micro and small enterprises (MSEs) in Ghana. The study discovered that a significant portion of these enterprises did not have any cash management procedures in place (Attom's, 2014). This lack of formal procedures indicated a potential oversight in managing their cash resources effectively.

Even among the firms that had established cash controls and procedures, the study found that management often hesitated to fully implement and enforce them. This hesitation could be attributed to various reasons, such as a lack of awareness of the benefits of cash management practices or a reluctance to change existing routines.

In contrast, the study revealed a distinct group of enterprises that consistently prioritized and effectively implemented cash control procedures. These enterprises exhibited remarkable stability and growth compared to their counterparts who neglected cash management. By establishing robust cash control procedures, these enterprises maintained a transparent record of cash transactions and significantly enhanced their overall accountability.

The study emphasized the importance of MSE proprietors embracing and consistently following control routines in their cash management

practices. This included activities such as daily banking and cash counts, which helped ensure that cash transactions were accurately recorded and monitored. By adopting such control routines, MSEs could enhance their overall financial management, minimize the risk of cash mismanagement or fraud, and improve their financial stability.

Attom's research underscored the significance of implementing cash management procedures in MSEs. By embracing and consistently following control routines, MSE proprietors can enhance their accountability, maintain an accurate trail of cash transactions, and contribute to the stability and growth of their enterprises.

In their study, focused on the practices of cash management among small and medium-sized enterprises (SMEs) operating in Ghana's Northern Region (Hamza et al., 2015). The research findings revealed that many SMEs in the region exhibited poor cash management practices, which, in turn, led to unfavorable financial performance.

The study emphasized the significance of cash planning as a critical component of effective cash management. Cash planning involves various activities, such as budgeting and projecting cash payments and receipts. By engaging in cash planning, SMEs can gain insights into their anticipated cash outflows and inflows over a specific period. This proactive approach enables managers to make informed decisions regarding investments, borrowing, and expenditure control.

Cash budgets play a pivotal role in the planning process. They provide SMEs with a comprehensive overview of their expected cash flows, allowing them to allocate resources efficiently and effectively. By considering future cash needs and obligations, businesses can make strategic decisions about capital investments, operational expenses, and debt management.

Furthermore, the study highlighted the positive impact of comprehensive cash planning on financial performance. SMEs that incorporated robust cash management practices, including cash budgeting and projection, experienced better financial outcomes. By aligning their cash inflows and outflows, these businesses were able to optimize their use of financial resources, mitigate cash flow imbalances, and enhance their overall financial stability.

The research conducted by Hamza, Mutala, and Antwi underscores the importance of cash management for SMEs. Effective cash planning enables businesses to have a clear understanding of their financial position, make informed decisions, and respond to potential challenges in a proactive manner. By projecting cash flows and implementing control measures, SMEs can improve their financial performance, increase profitability, and ensure long-term sustainability.

The findings of this study have practical implications for SMEs in Ghana's Northern Region and beyond. It highlights the need for SME owners and managers to prioritize cash management and adopt comprehensive cash planning practices. By doing so, SMEs can enhance their financial resilience, optimize resource allocation, and improve their overall performance in a competitive business environment.

In short, Hamza, Mutala, and Antwi's study emphasizes the importance of cash management practices among SMEs in Ghana's Northern Region. It highlights the negative consequences of poor cash management and emphasizes the role of cash planning, including cash budgeting and projection, in driving better financial performance. Adopting comprehensive cash planning practices can empower SMEs to make informed decisions, optimize their use of financial resources, and achieve sustainable growth.

The conducted a study on the effect of working capital management on firms' profitability. They observed that a shorter cash conversion cycle is associated with higher profits (Sharma and Kumar, 2011). Effective cash planning plays a vital role in achieving a short cash conversion cycle, such as redirecting cash from stagnant goods to moving goods through inventory restructuring. Proper cash management is crucial in optimizing profitability.

Together, these studies highlight the significance of cash management and its impact on financial performance. Adapting liquidity strategies, ensuring cash control, implementing proper cash planning, and managing working capital effectively are key considerations for companies seeking to enhance their resilience, stability, and profitability, particularly during challenging economic environments and times of uncertainty.

### 3. METHODS

A quantitative research design was employed in this study to investigate the impact of cash management practices on liquidity in private higher educational institutions (HEIs) in District IV of Laguna. Quantitative research involves the collection and analysis of numerical data to examine relationships, trends, and patterns. By adopting a quantitative approach, this study aimed to gather objective data on cash management practices and liquidity measures in private HEIs and analyze them statistically. The quantitative research design allows the systematic examination of variables related to cash management practices and liquidity. It enabled the researchers to measure and quantify different aspects of cash management practices, such as cash flow forecasting, working capital management, and investment strategies. Likewise, the liquidity of private HEIs can be assessed using financial ratios, liquidity metrics, and other quantitative indicators.

Through the quantitative research design, the study aimed to generate empirical evidence that can contribute to the body of knowledge in the field of financial management in higher education. The findings can inform financial managers, administrators, and policymakers about the effectiveness of different cash management practices in influencing liquidity in private HEIs. Additionally, the quantitative nature of the research design enables the potential generalization of the findings to other similar contexts or the formulation of hypotheses for future research. Data Collection: a. Primary Data: The primary data was collected through structured questionnaires distributed to the financial managers or administrators of selected private HEIs in District IV of Laguna. The questionnaires were designed to gather information on cash management practices, liquidity measures, and other relevant financial data. b. Secondary Data: Secondary data was collected from financial reports, academic literature, and relevant documents to complement the primary data and provide additional insights into the research topic.

This study employed a purposive sampling technique was employed to carefully select the sample. Purposive sampling involves deliberately choosing participants or cases that possess specific characteristics that are directly relevant to the research objectives. In this study, the focus is on private higher educational institutions (HEIs) located in District IV of Laguna.

The respondents or participants of the study on "The Impact of Cash Management Practices on Liquidity in Private Higher Educational Institutions (HEIs) in District IV of Laguna" would typically include individuals who are directly involved in the cash management processes and financial decision-making within these private HEIs.

### 4. DATA ANALYSIS

The data analysis for the study on the impact of cash management practices on liquidity in private higher educational institutions (HEIs) in District IV of Laguna involves a range of statistical techniques to explore the relationship between cash management practices and liquidity measures. Firstly, descriptive statistics were used to summarize the characteristics of cash management practices and liquidity indicators in private HEIs. This includes calculating measures such as mean, median, standard deviation, and range for variables related to cash management practices and liquidity. Additionally, correlation analysis was conducted to determine if there is a statistically significant correlation between different cash management strategies and liquidity measures, utilizing either Pearson's correlation coefficient or Spearman's rank correlation coefficient depending on the variables' nature and distribution. Furthermore, regression analysis was employed to examine the impact of cash management practices on liquidity while considering other relevant factors. Multiple regression analysis assesses the simultaneous effects of multiple independent variables (cash management practices) on the dependent variable (liquidity) and identifies significant contributors to changes in liquidity. A comparative analysis was conducted to compare the cash management practices and liquidity performance across different private HEIs in District IV of Laguna, potentially involving statistical tests like t-tests. Finally, the findings from these analyses were interpreted considering the research objectives and hypotheses, discussing their implications for private HEIs in the district. Any limitations or potential confounding factors that may impact the interpretation of the results were acknowledged. It is essential to employ appropriate statistical software such as SPSS, R, or Excel to ensure accurate computations and facilitate result interpretation.

### 5. RESULTS

The Results and Discussion presents the findings of this study, which aimed to investigate the impact of cash management practices on liquidity in private higher educational institutions (HEIs) in District IV of Laguna. A comprehensive analysis and interpretation of the data collected from a survey and interviews with key stakeholders within the selected HEIs are provided. The findings obtained from this research endeavor offer valuable insights into the current state of cash management practices and

their implications for liquidity in these institutions. Furthermore, the researcher explores the challenges and opportunities identified throughout the research process, shedding light on potential areas for improvement and suggesting strategies that could enhance the financial performance and stability of private HEIs in the region. Within this section, a platform is also established to compare the results with existing literature and discuss their implications for both theory and practice in the field of financial management within the context of higher education.

**Table 1: The Impact of Cash Management Practices on Liquidity Positions in Private HEIs in District IV of Laguna**

Impact of Cash Management	4 (SA)	3 (A)	2 (D)	1 (SD)	MW	Verbal Description
Cash management practices greatly impact private HEIs' liquidity positions in District IV of Laguna.	24	26	0	0	3.48	Agree
Effective cash management is crucial for maintaining liquidity in private HEIs in District IV of Laguna.	18	31	0	0	3.36	Agree
Cash management practices significantly affect the financial stability and liquidity of private HEIs in District IV of Laguna.	35	15	0	0	3.7	Strong Agree
Sound cash management practices are necessary to ensure liquidity in private HEIs in District IV of Laguna.	24	26	0	0	3.48	Agree
The current state of cash management practices directly affects private HEIs' ability to meet financial obligations and maintain liquidity in District IV of Laguna.	18	31	0	0	3.3	Agree
Improving cash management practices enhances liquidity positions in private HEIs in District IV of Laguna.	35	15	0	0	3.7	Strongly Agree
The effectiveness of cash management practices directly correlates with liquidity levels in private HEIs in District IV of Laguna.	24	26	0	0	3.48	Agree
Adopting efficient cash management practices enhances liquidity positions in private HEIs in District IV of Laguna.	17	32	0	0	3.28	Agree
The financial health and liquidity of private HEIs in District IV of Laguna rely on effective cash management strategies.	34	16	0	0	3.68	Strong Agree
Strong cash management practices are vital for the long-term sustainability and liquidity of private HEIs in District IV of Laguna.	18	32	0	0	3.36	Agree

Legend: 1 - Strongly Disagree: Cash management practices have no impact on the liquidity positions of private HEIs.

2 - Disagree: Cash management practices have a limited impact on the liquidity positions of private HEIs.

3 - Agree: Cash management practices moderately impact the liquidity positions of private HEIs.

4 - Strongly Agree: Cash management practices have a significant impact on the liquidity positions of private HEIs.

Table 1 presents the respondent's responses as to the impact of cash management, on Liquidity Positions in Private HEIs in District IV of Laguna, it is evident that the respondents agree on the vital role of strong cash management practices for the long-term sustainability and liquidity of private HEIs in District IV of Laguna (Weighted Mean: 3.36). The results indicate that improving cash management practices enhances liquidity positions and that the effectiveness of these practices is directly correlated with liquidity levels in private HEIs. The respondents also agree that adopting efficient cash management practices enhances liquidity positions. It is noteworthy that the financial health and liquidity of private HEIs in District IV of Laguna rely on effective cash management strategies, as strongly agreed by the respondents.

**Table 2: The Challenges Faced by Private HEIs in District IV of Laguna in Managing Cash Flows and Liquidity**

Challenges in Managing Cash Flow	4 (SA)	3 (A)	2 (D)	1 (SD)	MW	Verbal Description
The lack of adequate financial resources poses a significant challenge for private HEIs in District IV of Laguna in effectively managing their cash flows and liquidity.	15	35	0	0	3.3	Agree
Insufficient budgeting and financial planning processes hinder the effective management of cash flows and liquidity in private HEIs in District IV of Laguna.	4	46	0	0	3.08	Agree
Inadequate cash flow forecasting and monitoring systems create challenges for private HEIs in District IV of Laguna in managing their liquidity effectively.	11	39	0	0	3.22	Agree
Limited access to credit and funding options pose obstacles for private HEIs in District IV of Laguna in maintaining sufficient liquidity.	7	43	0	0	3.14	Agree
Inefficient collection and management of tuition fees and other sources of revenue contribute to challenges in managing cash flows and liquidity in private HEIs in District IV of Laguna.	4	46	0	0	3.08	Agree
High operational costs and expenses strain the cash flow and liquidity management of private HEIs in District IV of Laguna.	11	39	0	0	3.22	Agree
Ineffective debt management and loan repayment strategies present challenges for private HEIs in District IV of Laguna in maintaining optimal liquidity levels.	7	43	0	0	3.14	Agree
Lack of awareness and understanding among staff and management about cash management practices hampers effective liquidity management in private HEIs in District IV of Laguna.	4	46	0	0	3.08	Agree
Regulatory and compliance requirements impose additional challenges on private HEIs in District IV of Laguna in managing their cash flows and liquidity effectively.	11	39	0	0	3.22	Agree
Economic uncertainties and fluctuations in enrollment rates impact the cash flow and liquidity management of private HEIs in District IV of Laguna.	13	37	0	0	3.26	Agree

Table 2 presents the respondents' perspectives on the challenges faced by private HEIs in District IV of Laguna regarding the management of cash flows and liquidity. Based on the results, it is evident that addressing these

identified challenges is crucial for private HEIs in District IV of Laguna to effectively manage their cash flows and maintain sufficient liquidity.

Table 3: The Relationship Between Government Policies and Cash Management Practices in Private HEIs in District IV of Laguna						
Challenges in Managing Cash Flow	4 (SA)	3 (A)	2 (D)	1 (SD)	MW	Verbal Description
1. Government policies have a significant impact on the cash management practices of private HEIs in District IV of Laguna.	15	35	0	0	3.3	Agree
2. Government policies play a crucial role in shaping the liquidity management strategies of private HEIs in District IV of Laguna.	4	46	0	0	3.08	Agree
3. The effectiveness of cash management practices in private HEIs is influenced by government policies in District IV of Laguna.	11	39	0	0	3.22	Agree
4. Government policies can either facilitate or hinder the liquidity management efforts of private HEIs in District IV of Laguna.	7	43	0	0	3.14	Agree
5. Private HEIs in District IV of Laguna need to align their cash management practices with government policies to ensure optimal liquidity management.	4	46	0	0	3.08	Agree
6. The clarity and consistency of government policies greatly influence the liquidity management capabilities of private HEIs in District IV of Laguna.	11	39	0	0	3.22	Agree
7. Government policies should provide support and incentives for private HEIs to adopt sound cash management practices and enhance their liquidity.	7	43	0	0	3.14	Agree
8. Private HEIs in District IV of Laguna face challenges in complying with government policies, which impact their liquidity management.	4	46	0	0	3.08	Agree
9. The coordination between private HEIs and government agencies in District IV of Laguna is essential for effective cash and liquidity management.	11	39	0	0	3.22	Agree
10. Government policies should consider the specific needs and challenges of private HEIs in District IV of Laguna to foster better cash management and liquidity outcomes.	13	37	0	0	3.26	Agree

Table 3 presents the respondents' perceptions of the relationship between government policies and cash management practices in private Higher Education Institutions (HEIs) in District IV of Laguna. Based on the results, it emphasizes the significant role of government policies in shaping cash and liquidity management practices in private HEIs in District IV of Laguna, highlighting the necessity for coordination, alignment, and support between private HEIs and government agencies to ensure effective management.

Table 4: Correlation Between the Current State of Cash Management Practices in Private HEIs in District IV of Laguna and The Key Challenges and Obstacles			
		Current_State	Key_Challenges
Current State	Pearson Correlation	1	-.021
	Sig. (2-tailed)		.883
	N	50	50
Key Challenges	Pearson Correlation	-.021	1
	Sig. (2-tailed)	.883	
	N	50	50

Table 4 presents the correlation analysis between the variables "Current State" (current state of cash management practices) and "Key Challenges" (key challenges faced in managing cash flows and liquidity) yielded the following results:

The Pearson correlation coefficient between the two variables is -0.021. This value indicates a very weak and almost negligible negative correlation between the current state of cash management practices and the key challenges faced by private HEIs in District IV of Laguna. The negative sign suggests that as the current state of cash management practices improves, there is a slight tendency for the key challenges to decrease, although the correlation is very weak.

The p-value associated with the correlation coefficient is 0.883. This p-value is greater than the conventional significance level of 0.05, indicating that the correlation is not statistically significant. Therefore, we fail to reject the null hypothesis, which suggests that there is no significant correlation between the current state of cash management practices and the key challenges faced by private HEIs in District IV of Laguna in effectively managing their cash flows and liquidity.

It is important to note that with a correlation coefficient close to zero and a non-significant p-value, we cannot conclude that there is a meaningful

relationship or association between the variables. Other factors or variables not considered in this analysis may be influencing the key challenges faced in cash flow and liquidity management. Further research and analysis may be required to gain a more comprehensive understanding of the relationship between these variables.

## 6. CONCLUSION AND RECOMMENDATIONS

The study reveals several important findings regarding cash management practices and their impact on liquidity positions in private HEIs in District IV of Laguna. Firstly, it is evident that effective cash management plays a significant role in maintaining liquidity, ensuring financial stability, and meeting financial obligations. Improving cash management practices directly enhances liquidity positions and is crucial for the overall financial health of these institutions. Secondly, the study identifies various challenges faced by private HEIs in managing cash flows and liquidity. These challenges include inadequate financial resources, insufficient budgeting and planning processes, limitations in cash flow forecasting and monitoring, restricted access to credit and funding options, inefficient revenue collection and management, high operational costs, ineffective debt management, lack of awareness about cash management practices, regulatory compliance requirements, and economic uncertainties. Addressing these challenges is essential for effective cash flow and liquidity management. Furthermore, the study highlights the significant role of government policies in shaping cash and liquidity management practices. Close coordination, alignment, and support between private HEIs and government agencies are crucial for achieving effective management. Lastly, the study found no significant correlation between the current state of cash management practices and the key challenges faced in managing cash flows and liquidity. This suggests that the challenges faced by private HEIs are not solely dependent on the current state of their cash management practices. In general, the findings emphasize the importance of improving cash management practices, addressing challenges, and fostering collaboration between private HEIs and government agencies to ensure long-term sustainability and maintain sufficient liquidity in District IV of Laguna's private HEIs.

Based on the findings of the study, the following recommendations can be made: *Enhance Cash Management Practices:* Private HEIs in District IV of Laguna should focus on improving their cash management practices. This includes implementing efficient budgeting and financial planning processes, developing robust cash flow forecasting and monitoring systems, and adopting effective debt management and loan repayment strategies. Regular evaluation and improvement of cash management practices should be a priority to enhance liquidity positions and overall financial stability. *Allocate Sufficient Financial Resources:* Addressing the challenge of inadequate financial resources is crucial. Private HEIs should

explore various avenues to increase their financial capacity, such as seeking additional funding options, establishing partnerships with external organizations, and optimizing revenue collection from tuition fees and other sources. Adequate financial resources will provide a solid foundation for effective cash flow and liquidity management. *Strengthen Coordination with Government Agencies:* Given the significant role of government policies in shaping cash and liquidity management practices, private HEIs should establish close coordination, alignment, and support with government agencies. This collaboration can help create an enabling environment for effective management by considering the specific needs and challenges of private HEIs in District IV of Laguna. Regular dialogues and consultations between private HEIs and government agencies can lead to policy reforms that facilitate better cash management and liquidity outcomes. *Enhance Awareness and Training:* Private HEIs should prioritize awareness and training programs to improve the understanding of cash management practices among their staff and key stakeholders. Providing resources, workshops, and training sessions on effective cash flow and liquidity management will empower individuals within the institutions to make informed decisions and implement best practices. This can contribute to the overall financial health and sustainability of private HEIs. *Monitor Economic Factors and Enrolment Rates:* Private HEIs should closely monitor economic conditions and fluctuations in enrolment rates. These factors can significantly impact cash flow and liquidity positions. By actively tracking and analyzing economic trends and enrolment patterns, institutions can proactively adjust their cash management strategies and ensure they are well-prepared to handle any potential challenges. *Foster Collaboration Among Private HEIs:* Private HEIs in District IV of Laguna should consider forming networks or associations to facilitate knowledge sharing and collaboration. By sharing experiences, best practices, and strategies for cash flow and liquidity management, institutions can learn from one another and collectively address common challenges. This collaborative approach can lead to improved cash management practices and better financial outcomes for all private HEIs in the region. Implementing these recommendations will contribute to the long-term

sustainability and financial health of private HEIs in District IV of Laguna, enabling them to effectively manage their cash flows and maintain sufficient liquidity.

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