

The Cost Management Practices and the Financial Literacy Level of Micro Enterprise Owners in Santa Cruz, Laguna

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Abstract- This study investigated the relationship between cost management practices and financial literacy among micro-entrepreneurs in Sta. Cruz, Laguna. Understanding the significance of these factors in company success, the study aims to gain deeper insights into their interconnection and implications for microenterprise management. A quantitative correlational design was employed to gather data from 204 micro-enterprises in Sta. Cruz, Laguna, assessing cost management techniques and financial literacy levels using a 4-point Likert scale. The relationship between these variables was examined using the Pearson correlation coefficient and other statistical methods. The findings revealed a strong correlation between the level of financial literacy among microenterprises and various cost management techniques. However, this correlation was found to be moderately strong, implying opportunities for improvement in financial literacy and the effectiveness of cost management techniques. This study underscored the significant influence of cost management strategies and financial literacy on the success of microenterprises. Enhancing financial literacy contributes to long-term financial sustainability by empowering microbusiness owners with the information and resources needed to make informed financial decisions. While micro-entrepreneurs in Sta. Cruz and Laguna demonstrated great competence in cost management techniques, but there is still an opportunity for improvement in their understanding of finances. Micro-enterprises can enhance their ability for effective financial management and foster

strong, long-term business growth by prioritizing financial education programs and actively implementing them.

Indexed Terms- Cost Management Practices, Financial Literacy, Micro Enterprise Owners

I. INTRODUCTION

Accounting is a system designed to collect, document, and analyze financial data to gain an understanding of an organization's financial well-being and performance. It helps students grasp concepts related to financial statements, taxes, auditing, budgeting, and diverse accounting techniques used across industries. Moreover, it cultivates analytical prowess, critical thinking, and decision-making skills essential for proficient financial management.

In the business world, profitability is paramount. Without a solid financial foundation, companies cannot thrive. Houston (2022) stresses the importance of business owners having a deep understanding of financial aspects. This involves diligently tracking revenues and expenses, evaluating employee performance, and making informed decisions to ensure maximum profitability for their companies.

Furthermore, financial literacy encompasses the adept management of personal finances, facilitating wise decision-making and the formulation of strategic plans. Enhancing financial literacy significantly impacts the overall well-being of businesses. It

enables comprehension of concepts such as budgeting, saving, investing, and debt management (Turner, 2023).

This study aimed to evaluate the financial literacy level of microenterprise business owners in Santa Cruz, Laguna, recognizing its significance as a crucial factor for the success of small businesses. Various factors contribute to the financial literacy rate of business owners. Drawing from several journal reviews, it is evident that these factors can be categorized into three dimensions: financial knowledge (education, experience, and opinions), financial attitudes (money management, expenditure, income level), and financial awareness (savings, investment, retirement planning). These dimensions serve as considerations for measuring the financial literacy level of SME owners.

II. THEORETICAL BACKGROUND

Financial Literacy and Behavior Theory by Hilgert (2003) posit that financial literacy is firmly linked to self-financial behavior as they include it in the nationwide survey of consumer finances with questions about financial behavior and financial literacy. The created a financial practices index based on four variables: cash-flow management, credit management, savings practices and investment practices.

According to the findings, those who were more financially literate had higher financial knowledge is related to financial behavior. Furthermore, those with low financial literacy are most likely than others to base their decisions on financial advice from friends and they are less likely to invest in stocks.

This theory suggests that financial literacy leads to good financial behavior as actions are influenced by the information learned. Thus, this theory aids researchers in the measurement of the relationship between financial literacy and business success.

III. RESEARCH QUESTION OR RESEARCH HYPOTHESIS OR PROBLEM STATEMENT

It specifically tackled to determine the significant relationship between the respondent's level of engagement to cost management practices and their financial literacy level. It measured the engagement in the following cost management practices: Resource Planning, Cost Estimation, Cost Budget and Cost Control. In addition, it measured the factors affecting the financial literacy level in terms: Financial Awareness, Financial Experience, Financial Skills, Financial Capability and Financial Decisions.

IV. DATA AND METHODS

Correlational research design was employed in the study to determine the significance of cost management practices on the financial literacy level of the selected micro enterprisers in Santa Cruz, Laguna. Two hundred and four (204) respondents, were relied on the non-random selection of a predetermined number or proportion of units. The data gathered was in a numerical format and analyzed in a quantitative way using statistical tools.

V. RESULTS

Table 3. The Extent of Respondents Engaged in the Cost Management Practices in terms of Resource Planning

STATEMENT	MEAN	SD	REMARKS
The enterprise hires employees aligned with the business needs.	2.98	1.15	Engaged
The enterprise provides training and team building for the employees.	2.76	1.17	Engaged

The enterprise exercises transparency and good communication in their workplace.	3.49	0.96	Fully Engaged
The enterprise sets a safety fund for capital.	3.59	0.70	Fully Engaged
The enterprise communicates and reserves many suppliers in case of supply shortage.	3.56	0.72	Fully Engaged
The enterprise monitors the timeframe with the aligned plan.	3.51	0.67	Fully Engaged
OVERALL	3.31	0.89	FULLY ENGAGED

Source: Authors

Table 3 shows the extent of respondents engaged in the cost management practices in terms of resource planning. The statement that received the highest mean score (M=3.59, SD=0.70), “The enterprise sets a safety fund for capital.” and was remarked as strongly agree. This is taken after by “The enterprise communicates and reserves many suppliers in case of supply shortage.” with a mean score (M=5.56, SD=0.72) which is also remarked as strongly agree. “The enterprise provides training and team building for the employees.” received the lowest mean score of responses with (M=2.76, SD=1.17) yet was remarked agree.8

All in all the study's results indicate that the respondents are generally "Fully Engaged" in cost

management practices related to resource planning, with a weighted mean score of 3.31 and a standard deviation of 0.89.

This result is supported by Corpuz et.al, (2022) indicates that in order to boost employee engagement and subsequently enhance business revenue, it is essential for employers to place a high value on their staff members.

Table 4. The Extent of Respondents Engaged in the Cost Management Practices in terms of Cost Estimation

STATEMENTS	MEAN	SD	REMARKS
The business lists all the potential risks.	3.46	0.78	Fully Engaged
The business looks into the past project costs and industry benchmarks.	3.51	0.77	Fully Engaged
The business takes a look into the duration that each resource is required.	3.64	0.62	Fully Engaged
The business has an accurate estimation of the prices of the raw materials needed.	3.72	0.53	Fully Engaged
The enterprise has an equation to calculate the quantity of inventory.	3.62	0.67	Fully Engaged
OVERALL	3.59	0.67	FULLY ENGAGED

Source: Authors

Table 4 shows the extent of respondents engaged in the cost management practices in terms of cost estimation. As can be seen, the statement, "The business has an accurate estimation of the prices of the raw materials needed." yielded the highest mean score (M=3.72, SD=0.53) and was remarked as strongly agree. Next, “The business takes a look into the duration that each resource is required.” with a mean score (M=3.64, SD=0.62) and was also remarked as strongly agree. Finally, “The business lists all the potential risks.” received the lowest mean score of responses with (M=4.46, SD=0.78) yet was remarked strongly agree.

The result indicates that it was verbally interpreted as "Fully Engaged" among the respondents with a weighted mean score of 3.59 and a standard deviation of 0.67.

Table 5. The Extent of Respondents Engaged in the Cost Management Practices in terms of Cost Budget

STATEMENTS	MEAN	SD	REMARKS
The business makes a project schedule for the business.	3.57	0.74	Fully Engaged
The business set a minimum balance for the inventory.	3.59	0.69	Fully Engaged
The business does not spend more than the income.	3.52	0.76	Fully Engaged
The business includes contingency reserves allocated to manage unexpected costs.	3.52	0.71	Fully Engaged
The business constantly revisits the budget plan to see changes and make adjustments.	3.61	0.62	Fully Engaged
OVERALL	3.56	0.70	FULLY ENGAGED

Source: Authors

Table 5 shows the extent of respondents engaged in the cost management practices in terms of cost budget. The statement such as, "The business constantly revisits the budget plan to see changes and make adjustments." had the highest mean score (M=3.61, SD=0.62) and it was noted as fully engaged. Next, "The business set a minimum balance for the inventory." with a mean score (M=3.59, SD=0.69) and it was also remarked as fully engaged. "The business does not spend more than the income" and "The business includes contingency reserves allocated to manage unexpected costs." received the lowest mean score of responses with (M=3.52, SD=0.76 and SD=0.71) and it was remarked fully engaged.

All in all, the study indicates that it was verbally interpreted as "Fully Engaged" among the respondents with a weighted mean score of 3.56 and a standard deviation of 0.70.

The result is supported by Stryckova (2023), budgeting is used across all types of organizations and

is an essential topic of accounting and business management research. The essential factors in budgeting practice of the respondents are the connection of budgets to strategic planning and the possibility of using budgets as a tool for business performance evaluation.

Table 6. The Extent of Respondents Engaged in the Cost Management Practices in terms of Cost Control

STATEMENTS	MEAN	SD	REMARKS
The business makes a project schedule for the business.	3.62	0.68	Fully Engaged
The business set a minimum balance for the inventory.	3.63	0.68	Fully Engaged
The business does not spend more than the income	3.59	0.70	Fully Engaged
The business includes contingency reserves allocated to manage unexpected costs.	3.79	0.47	Fully Engaged
The business constantly revisits the budget plan to see changes and make adjustments.	3.62	0.68	Fully Engaged
OVERALL	3.65	0.64	FULLY ENGAGED

The statement that was deemed to be extremely agreeable had the highest mean score (M = 3.79, SD = 0.47): "The business includes contingency reserves allocated to manage unexpected costs." With a mean score of 3.63 and a standard deviation of 0.68, "The business set a minimum balance for the inventory" comes next and was likewise noted as strongly agreeing. Nonetheless, the statement "The business does not spend more than the income" had the lowest mean score (M = 3.59, SD = 0.70) among the

responses. It was orally evaluated as completely engaged among the respondents when the weighted mean score for cost management procedures in terms of cost control reached 3.65 with a standard deviation of 0.64.

The extent of respondents in cost control surveys will depend on the specific research objectives and target audience of the survey it is based in the Management Accounting Research (2023).

Table 7. The Level of Financial Literacy of the Respondents in terms of Financial Awareness

STATEMENTS	MEAN	SD	REMARKS
Evaluate spending regularly.	3.80	0.50	Fully Literate
Make a list before shopping.	3.81	0.45	Fully Literate
Comparing some product prices before making a decision.	3.80	0.44	Fully Literate
Documenting bills	3.75	0.51	Fully Literate
Gathering information related to financial issues.	3.38	0.84	Fully Literate
Willingness to discuss financial issues.	3.40	0.81	Fully Literate
OVERALL	3.65	0.59	Fully Literate

Source: Authors

The statement that received the highest mean score (M = 3.79, SD = 0.47) was "The business includes contingency reserves allocated to manage unexpected costs," and it was noted as strongly agreeing. The statement "The business set a minimum balance for the inventory" comes next, receiving a mean score of 3.63 (SD = 0.68) and a strong agreement rating. However,

the response mean for the statement "The business does not spend more than the income" was the lowest (M = 3.59, SD = 0.70). With a weighted mean score of 3.65 and a standard deviation of 0.64, the respondents' level of engagement in cost management procedures in terms of cost control was considered completely engaged.

The results are supported by Ameyaw (2022) argued that those who had a high level of financial literacy were more likely to make wise financial decisions, have good judgment when it came to financial matters, and maintain good personal financial habits. Similarly, as stated by Tumba et.al's (2022) found that financial education is essential for entrepreneurs' understanding of business ideas and aids in their ability to seize opportunities, reduce risks, and make wise business decisions.

Table 8. The Level of Financial Literacy of the Respondents in terms of Financial Experience

STATEMENTS	MEAN	SD	REMARKS
Holding emergency savings.	3.57	0.69	Fully Literate
Doing financial records.	3.45	0.85	Fully Literate
Having experience in managing personal assets	3.06	1.04	Fully Literate
Having savings experience in non-bank institution.	3.12	0.95	Fully Literate
OVERALL	3.30	0.88	Fully Literate

The lines "Holding emergency savings." were identified to have the highest mean score (M=3.57, SD=0.69) and were assessed as strongly agreeable. With a mean score of M=3.45, SD=0.85, and a solid agree rating, "Doing financial records." comes next. Conversely, the response to the statement "Having experience in managing personal assets" was largely agreed upon, although it obtained the lowest mean score of 3.06 (SD = 1.04). The respondents' level of

financial literacy was verbally assessed as fully literate, with a weighted mean score of 3.30 and a standard deviation of 0.88 based on their financial experience.

This is supported by the belief in the study of Gianakos et al. (2023), that respondents agreed that residents should learn about personal finance, because most residents feel unprepared when making financial decisions, indicating the need for formal financial education to be incorporated into residency training.

Table 9. The Level of Financial Literacy of the Respondents in terms of Financial Skills

STATEMENTS	MEAN	SD	REMARKS
Keep bills and receipts where they are easy to find.	3.55	0.79	Fully Literate
Evaluate savings financial statement on a regular basis.	3.34	0.91	Fully Literate
Managing risks through purchasing insurance.	2.80	1.07	Fully Literate
Evaluate debt on a regular basis.	3.20	0.97	Fully Literate
Involve in the discussion on economic and financial issues.	2.94	1.00	Fully Literate
OVERALL	3.17	0.95	Fully Literate

Source: Authors

The statements such as "Keep bills and receipts where they are easy to find." had the highest mean score (M=3.55, SD=0.79) and were evaluated as strongly agreeable. Next, with a mean score of M=3.34, SD=0.39, and SD=0.91, with a strong agreement comment, is "Evaluate savings financial statement on a regular basis." Conversely, "Managing risks through purchasing insurance." was noted as agreeable even

though it obtained the lowest mean score of replies (M=2.80, SD=1.07). Financial abilities were measured by the respondents, and their level of financial literacy was verbally evaluated as Fully Literate with a weighted mean score of 3.17 and a standard deviation of 0.95.

The results are supported by Albtoush et. al. (2021), accurately stated that managing the bills are really important in financial literacy. This may result to positive outcome that may help to avoid financial problems and long-term problems.

Table 10. The Level of Financial Literacy of the Respondents in terms of Financial Capability

STATEMENTS	MEAN	SD	REMARKS
Regularly pays bills.	3.82	0.40	Fully Literate
Maintains cash on hand.	3.82	0.43	Fully Literate
Can buy things as the need arises.	3.63	0.61	Fully Literate
Buys items on cash basis rather than credit card.	3.51	0.79	Fully Literate
OVERALL	3.70	0.56	Fully Literate

Source: Authors

As can be seen, the assertions "Maintains cash on hand" and "Regularly pays bills" had the highest mean score (M=3.82, SD=0.40, and SD=0.43) and were rated as strongly agree. The statement "Can buy things as the need arises." comes next, with a mean score of M=3.63, SD=0.61, and a strong agree rating. However, the statement "Purchases items with cash instead of a credit card" was noted as strongly agreeing while receiving the lowest mean score of replies (M=3.51, SD=0.79). The respondents' financial literacy was verbally assessed as fully literate, with a weighted mean score of 3.70 and a standard deviation of 0.56 in terms of financial aptitude.

The results are supported by the study of Eloriaga, E. F. (2022) and Yuan et al. (2020), they found that financial literacy of young professionals is influenced by their ability to manage money, innovation, and marketing capabilities. However, marketing capabilities have a greater impact on SMEs' export performance. To maintain profitability and maximize shareholder wealth, businesses must invest in wealth-generating assets.

Table 11. The Level of Financial Literacy of the Respondents in terms of Financial Decisions

STATEMENTS	MEAN	SD	REMARKS
Buys items on impulse persuaded by demonstration effect /advertisement.	2.54	1.09	Literate
Engages in retirement investment.	2.70	1.12	Literate
Evaluate financial impact of a big project which will entail big expenditures.	2.85	1.02	Literate
Solicits and considers other's opinion & expertise before delving into spending big amount	2.93	1.03	Literate
OVERALL	2.75	1.06	Literate

Source: Authors

As can be seen, the statement that received the highest mean score (M=2.93, SD=1.03) and was marked as agree is "Solicits and considers other's opinion & expertise before delving into big amount." "Assess the financial impact of a large project which will require large expenditures" comes next, with an agree rating and a mean score of (M=2.85, SD=1.02). However, with the lowest mean score of replies (M=2.54, SD=1.09) and a remark of agree, the statement "Buys

items on impulse persuaded by demonstration effect / advertisement" was noted. The respondents' level of financial literacy was verbally characterized as Literate, with a weighted mean score of 2.75 and a standard deviation of 1.06 regarding financial decision-making.

This result is supported to the statement of Dewinta, as stated in an article by Indra et al. (2021), a business's profitability shows its ability to generate profits over a specific period while maintaining a given level of sales, assets, and capital. Profitability may be used to assess the efficacy of a company's management. Additionally, as noted by Bakator et al. (2019), financial literacy plays a crucial role in making wise financial decisions and maintaining good financial habits.

Table 12. Significant Relationship between the Respondents' Level of Engagement to Cost Management Practices and their Financial Literacy Level in Terms of Financial Awareness

Cost Management Practices	Financial Literacy	r-value	Degree of Correlation	p-value	Analysis
<i>Resource Planning</i>		0.34	Low Positive Correlation	<.001	Significant
<i>Cost Estimation</i>		0.31	Low Positive Correlation	<.001	Significant
<i>Financial Budget</i>		0.39	Low Positive Correlation	<.001	Significant
<i>Cost Control</i>		0.37	Low Positive Correlation	<.001	Significant

Source: Authors

Table 12 presents the significant relationship between the respondents' level of engagement to cost management practices and their financial literacy level in terms of financial awareness. The highest r-value

observed is 0.39, indicating a low positive correlation. Furthermore, with a p-value of <0.001, there is a significant relationship between cost management practices, particularly cost budget, and respondents' financial literacy level in terms of financial awareness. The second highest r-value is 0.37 and p-value <0.001 which is also interpreted as low positive correlation and significant. In summary, the study's results show that the relationships are significant. Moreover, the computed r-values show a low positive correlation.

This result is backed by Ali et al. (2018), who emphasized that entrepreneurs must understand the basic principles of accounting, costing, and budgeting to prosper and survive in an increasingly competitive industry. Additionally, following Mekonnen's 2019 study, it was found that over 50% of respondents do not properly update their accounting data due to a lack of financial expertise, which proves to be more expensive, time-consuming, and labor-intensive. Furthermore, a Tanzanian study revealed that a significant number of SMEs' managers undervalue the significance of financial data in making decisions, which results in subpar performance and a higher failure rate.

Table 13. Significant Relationship between the Respondents' Level of Engagement to Cost Management Practices and their Financial Literacy Level in Terms of Financial Experience

Cost Management Practices	Financial Literacy	r-value	Degree of Correlation	p-value	Analysis
Resource Planning		0.47	Medium Positive Correlation	<.001	Significant
Cost Estimation Experience		0.36	Low Positive Correlation	<.001	Significant
Cost Budget		0.44	Medium Positive Correlation	<.001	Significant

Cost Control	0.42	Medium Positive Correlation	<.001	Significant
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Source: Authors

Table 13 presents the significant relationship between the respondents' level of engagement to cost management practices and their financial literacy level in terms of financial experience. The highest r-value observed is 0.47, indicating a medium positive correlation. Additionally, with a p-value of <0.001, there is a significant relationship between cost management practices, particularly resource planning, and respondents' financial literacy level in terms of financial experience. However, cost estimation shows a low positive correlation with an r-value of 0.36. Overall, the remaining computed r-value and p-value also demonstrate a medium positive correlation and significant relationship.

Additionally, this result is supported by Akber's study on Bangladesh's SME banking operations reveals limited experience in administration and planning among SME owners, highlighting the need for improved investment and operational efficiency. Additionally, due to a lack of knowledge and access to relevant information, small and medium-sized firms (SMEs) frequently overlook financial analysis in favor of productivity and revenue benefit (Clark, 2018).

Table 14. Significant Relationship between the Respondents' Level of Engagement to Cost Management Practices and their Financial Literacy Level in Terms of Financial Skills

Cost Management Practices	Financial Literacy	r-value	Degree of Correlation	p-value	Analysis
Resource Planning		0.37	Low Positive Correlation	<.001	Significant

<i>Cost Estimation</i>	<i>Financial Skills</i>	0.29	Low	<.001	Significant
<i>Cost Budget</i>		0.38	Low	<.001	Significant
<i>Cost Control</i>		0.34	Low	<.001	Significant

Source: Authors

Table 14 presents the significant relationship between the respondents' level of engagement to cost management practices and their financial literacy level in terms of financial skills. The highest r-value observed is 0.38, indicating a low positive correlation. Furthermore, with a p-value of <0.001, there is a significant relationship between cost management practices, particularly cost budget, and respondents' financial literacy level in terms of financial skills. The second highest r-value is 0.37 and p-value <0.001 which is also interpreted as low positive correlation and significant. In summary, the study's results show that the relationships are significant. Moreover, the computed r-values show a low positive correlation

This outcome is supported by the 2015 National Financial Capability Study that found that financial education positively impacts long-term financial behaviors, but has minimal impact on short-term actions. It is also similar to Tanzanian study that revealed that SMEs often underestimate financial data importance, leading to subpar work and higher failure rates. The study of Zaimah et. al., (2021) also supported the results that show a positive correlation between financial conduct and performance and a strong correlation between financial attitude and knowledge. Young agro-entrepreneurs have intermediate financial management skills.

Table 15. Significant Relationship between the Respondents' Level of Engagement to Cost Management Practices and their Financial Literacy Level in Terms of Financial Capability

<i>Cost Management Practices</i>	<i>Financial Literacy</i>	0.26	Low	<.001	Significant
<i>Resource Planning</i>		0.26	Low	<.001	Significant
<i>Cost Estimation</i>	<i>Financial Capability</i>	0.31	Low	<.001	Significant
<i>Cost Budget</i>		0.41	Medium	<.001	Significant
<i>Cost Control</i>		0.37	Low	<.001	Significant

Source: Authors

Table 15 presents the significant relationship between the respondents' level of engagement to cost management practices and their financial literacy level in terms of financial capability. The highest r-value observed is 0.41, indicating a medium positive correlation. Additionally, with a p-value of <0.001, there is a significant relationship between cost management practices, particularly cost budget, and respondents' financial literacy level in terms of financial capability. However, the remaining computed r-value and p-value demonstrate a low positive correlation and significant relationship.

This result is further supported by Xiao and Meng's (2023) finding that financial knowledge benefits low-income groups, while CSR adoption improves financial management and Amini et al. (2020) found SMEs often do forecasting but rarely cash mobilization. In addition, Changwasha and Mutezo (2023) highlighted financial literacy issues in Ekurhuleni Metropolitan Municipality.

Table 16. Significant Relationship between the Respondents' Level of Engagement to Cost Management Practices and their Financial Literacy Level in Terms of Financial Decisions

Cost Management Practices	Financial Literacy	r-value	Degree of Correlation	p-value	Analysis
Resource Planning		0.43	Medium Positive Correlation	<.001	Significant
Cost Estimation	Decision	0.24	Low Positive Correlation	<.001	Significant
Cost Budget		0.27	Low Positive Correlation	<.001	Significant
Cost Control		0.28	Low Positive Correlation	<.001	Significant

Source: Authors

Table 16 presents the significant relationship between the respondent's level of engagement with cost management practices and their financial literacy level

in terms of financial decisions. The highest r-value observed is 0.43, indicating a medium positive correlation. Additionally, with a p-value of <0.001, there is a significant relationship between cost management practices, particularly resource planning, and respondents' financial literacy level in terms of financial decisions. However, the remaining computed r-value and p-value demonstrate a low positive correlation and significant relationship.

According to the study of Fortuna (2021), understanding the meaning of balance sheets and profit and loss statements gives you a comprehensive picture of your company's financial situation, which in turn enables you to make more informed business decisions.

This indicates that there is a growing association when it comes to financial literacy and abilities.

Moreover, the Government Finance Officers Association (2023) Monitoring the expenses is important to ensure that the financial, operational and capital plans that were developed and approved for implementation as part of the budget processes are being implemented. Aiming for high quality and assurance while tracking various expenses might actually lead to good business progression in sequence. Regularly tracking your expenditures will help you get a clear picture of where your money is going and where you'd prefer it to go.

Table 17 presents the Summary of the Relationship between the Cost Management Practices and Financial Literacy Rate of MSMEs.

Cost Management Practices	Financial Awareness				Financial Experience				Financial Skills				Financial Capability				Financial Decisions			
	R-values	Degree of Correlation	p-value	Analysis	R-values	Degree of Correlation	p-value	Analysis	R-values	Degree of Correlation	p-value	Analysis	R-values	Degree of Correlation	p-value	Analysis	R-values	Degree of Correlation	p-value	Analysis
Resource Planning	0.34	Low Positive Correlation	<.001	Significant	0.5	Medium Positive Correlation	<.001	Significant	0.4	Low Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant	0.4	Medium Positive Correlation	<.001	Significant
Cost Estimation	0.31	Low Positive Correlation	<.001	Significant	0.4	Low Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant	0.2	Low Positive Correlation	<.001	Significant
Cost Budget	0.39	Low Positive Correlation	<.001	Significant	0.4	Medium Positive Correlation	<.001	Significant	0.4	Low Positive Correlation	<.001	Significant	0.4	Medium Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant
Cost Control	0.37	Low Positive Correlation	<.001	Significant	0.4	Medium Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant	0.4	Low Positive Correlation	<.001	Significant	0.3	Low Positive Correlation	<.001	Significant
Overall	0.35	Low Positive Correlation	<.001	Significant	0.42	Medium Positive Correlation	<.001	Significant	0.35	Low Positive Correlation	<.001	Significant	0.34	Low Positive Correlation	<.001	Significant	0.31	Low Positive Correlation	<.001	Significant

Source: Authors

Data in the table 17 show that there is a significant relationship between Cost Management practices and Financial Literacy Rate of MSMEs as indicated in the computed r-values of 0.35 for financial awareness, 0.42 for financial experience, 0.35 for financial skills, 0.34 for financial capability and 0.31 for financial decisions.

CONCLUSION

The research study provides insights to micro-enterprises on cost management practices and their financial literacy level. The findings from this study conclusions are drawn:

1. The researchers concluded that micro-enterprises set safety funds for their capital, as respondents are highly engaged in this practice in terms of resource planning. The business has an accurate estimation of the prices of the raw materials needed under cost estimation. As to the cost budget, the owners constantly revisited the budget plan to see changes and make adjustments. For cost control, the owners included contingency reserves allocated to manage unexpected costs.
2. The researchers concluded that, in terms of financial awareness, respondents mostly made a list before shopping. Based on respondents' financial experience, they held savings for emergency purposes. Owners keep their bills and receipts where they can easily find them regarding financial skills. Respondents regularly paid bills and maintained cash on hand under financial capability. Soliciting and considering others' opinions and expertise before driving into spending a big amount is conducted by micro-enterprise owners based on their financial decisions.
3. The researchers concluded that there is a significant relationship between the respondents' level of engagement in cost management practices and the financial literacy level of micro-enterprise owners in terms of financial awareness, financial experience, financial skills, financial capability, and financial decisions.
4. Thus, micro enterprises in Santa Cruz, Laguna are performing well in cost management practices in operating their businesses. The level of their financial literacy in terms of financial awareness, financial experience, financial skills, and financial

capability is considerably high as they showed full engagement. However, the respondents are not fully engaged under financial decisions. The study showed that all cost management practices have a significant relationship with the financial literacy level of micro enterprises but simply a low positive correlation.

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