THE FINANCIAL MANAGEMENT MODEL OF SMALL AND MICRO ENTERPRISES IN HAIKOU CITY, HAINAN PROVINCE

Tong Xiaoqiong

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

Advisor..

(Dr. Zhang Li)

Date: ....7.../....1......./...2025.........

....

(Associate Professor Dr. Jomphong Mongkhonvanit)
Dean, Graduate School of Business

Date...........15.../....03.../...2025.........

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                Haikou City, Hainan Province
Researcher: Tong Xiaoqiong
Degree: Master of Business Administration
Major: Financial Accounting Management

Advisor: ....

                (Dr. Zhang Li)

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ABSTRACT

Small and micro enterprises are pivotal to China's economic growth and employment levels. However, these enterprises in Haikou City, Hainan Province, are currently facing significant challenges due to increased global competition, global financial crisis, adverse internal and external environments, and rising economic pressures. Effective financial management is essential for their sustainable operation, yet their long-term development and market competitiveness are hampered by a lack of economic motivation.

This study aimed to explore the impact of financial management systems, financial concepts, economic environment, and performance evaluation on the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province.

This study investigated the financial management model of small and micro enterprises in Haikou City, utilizing a quantitative research method. A sample of employees in different job positions from 20 companies was selected, leading to the collection of 240 questionnaires. This study found that financial management systems, financial concepts, economic environment, and performance evaluation had an impact on the optimization of the financial management model of small and micro enterprises

in Haikou City, Hainan Province. Recommendation includes:1) Securing adequate funding; 2) Enhancing financial management awareness; 3) Leveraging economic environment; 4) Implementing regular and thorough performance evaluations.

Keywords: small and micro enterprises, financial management model, Haikou City

ACKNOWLEDGEMENT

DECLARATION

I, Tong Xiaoqiong, hereby declare that this Independent Study entitled "The Financial Management Model of Small and Micro Enterprises in Haikou City, Hainan Province" is an original work and has never been submitted to any academic institution for a degree.

Tong Xiaoqiong

(Tong Xiaoqiong)

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Chapter 1 Introduction

1.1 Background of the Study

The financial management of small and micro enterprises (SMEs) in China is a crucial area of study given their significant contribution to the country's economy (Ai, Frank & Sanati, 2020). In the context of China's economic transition, the role of SMEs has grown significantly. SMEs, defined by the Chinese government as companies that employ fewer than 300 people and have annual revenue below certain thresholds, make up more than 99% of all businesses in China and contribute over 60% of GDP and 80% of urban employment (Klapper & Lusardi, 2020). These enterprises have become the backbone of the economy, driving employment, innovation, and economic growth. However, despite their importance, SMEs in China face a variety of challenges in financial management, ranging from insufficient capital, poor financial planning, and lack of access to advanced financial tools (Yin, Arbaiy & Din, 2017).

In a competitive market, SMEs' low competitiveness and short lifespans highlight financial management issues. Effective financial management, essential for overall enterprise management, directly influences growth trajectories. Enhancing financial management practices is crucial for SMEs' sustainable development and long-term stability (Mao, 2022). In Haikou City, located in Hainan Province, these enterprises face many challenges. Increased global competition, the effects of the global financial crisis, and pressures from both internal and external environments have made it difficult for SMEs to thrive. Despite their critical role in the economy, many small and micro enterprises struggle with financial management, which is vital for their sustainability and growth.

In Haikou, Hainan Province, SMEs play a vital role in boosting the local economy and are an essential component of the economic landscape. The presence of SMEs can enhance foreign exchange through business taxes and create job opportunities, which helps reduce unemployment rates.

Besides contributing to the economy, SMEs possess certain strengths. Their ability to adapt flexibly to various environmental challenges, along with their creativity and innovation, allows them to take actions that larger companies may find difficult, especially during crises (Álvarez et al., 2000; Klapper & Lusardi, 2020). The growth of SMEs is crucial for the economic health of Haikou, as their large numbers can lead to significant positive impacts despite their smaller economic scale.

According to data from the local statistics bureau, Haikou has seen substantial growth in its SME sector, with many businesses thriving in areas such as food and beverage. This indicates a need for continuous support to ensure these enterprises remain competitive and contribute effectively to the economy. The identity of SMEs, as defined by relevant regulations, includes independent management, locally sourced capital, and a limited workforce (Abebe & Gemeda, 2020). They significantly enhance

the standard of living and open new job markets for residents. While SMEs have strengths, they also face several challenges, such as limited access to capital, a lack of knowledge about financial management, marketing difficulties, intense competition, and barriers related to raw materials (Maksum, Rahayu & Kusumawardhani, 2020). Therefore, support from various sectors, including government and private organizations, is essential for their growth and development.

Research indicates that managerial and financial aspects are significant factors contributing to business failures, with poor financial management being a common issue among SMEs. This lack of financial knowledge can lead to severe challenges that threaten the survival of these enterprises. Effective financial management is crucial for the growth of SMEs, allowing them to make informed decisions based on financial data (Maksum et al., 2020). By implementing sound financial practices, SMEs can gain numerous benefits, such as understanding their financial performance, separating business and personal assets, identifying reliable financial sources, and creating proper financial plans.

Despite the benefits, many SMEs in Haikou have yet to fully embrace financial management practices to support their operations (Abebe & Gemeda, 2020). These enterprises are often supported by various stakeholders, including the government, private sector, banks, and educational institutions. However, not all SMEs receive adequate assistance and supervision tailored to their unique challenges, making it vital for these entities to seek support.

Financial management involves managing finances effectively to achieve financial well-being. For SMEs, having robust financial management practices is essential for prosperity and value generation (Axelrod & Cohen, 2000). Achieving these goals requires a careful approach to financial management, considering the unique characteristics of SMEs, which often operate on a smaller scale with limited resources.

To ensure proper financial reporting, SMEs must keep accurate records of all transactions in accordance with general regulations. This involves simple accounting processes that range from identifying financial information to analyzing financial records (Ayati et al., 2022). The financial condition and performance of these enterprises should be clearly presented through organized financial reports, which are crucial for conveying information about their economic status, performance, and changes within the competitive landscape (Yang & Zhang, 2020). Effective financial management is not just about maintaining cash flow; it is also about strategic planning and risk management. However, many SMEs in Haikou City lack the necessary economic motivation and resources to implement effective financial practices. This leads to low-risk resistance, a limited range of business models, and outdated management strategies. As a result, their long-term development and market competitiveness suffer.

This study aims to explore the financial management practices of small and micro enterprises in Haikou City. By investigating these practices, the research seeks to provide insights into the current challenges and to propose solutions that can enhance the financial stability of these businesses.

1.2 Questions of the Study

Q1. Do the financial management systems have a positive impact on the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province?

Q2. Do financial concepts have an impact on the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province?

Q3. Does economic environment have a positive impact on the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province?

Q4. Does performance evaluation have a positive impact on the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province?

1.3 Objectives of the Study

1: To explore how financial management systems impact the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province.

2: To explore how financial concepts impact the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province.

3: To explore how economic environment impacts the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province.

4: To explore how performance evaluation impacts the optimization of the financial management model in small and micro enterprises in Haikou City, Hainan Province.

1.4 Scope of the Study

This study aimed to analyze the optimization of financial management modal in small and micro enterprises in Haikou City, Hainan Province, by examining several key factors. Using a quantitative research method, the sample was selected employees from 20 companies. An online questionnaire was designed and distributed on Baidu Tieba in China, and finally a total of 240 questionnaires from 20 companies was collected. The distribution time was July 2024, for a period of two weeks. Using a questionnaire survey, the study investigated the perspectives of financial managers on their

companies' financial management models and the broader financial management context of SMEs in Haikou City.

1.5 Significance of the Study

The significance of this study lies in its potential to contribute to the understanding of financial management in SMEs within the context of Haikou City.

Firstly, by analyzing the financial management practices of local enterprises, the research can identify specific challenges faced by small businesses. This understanding is critical, as it can lead to more effective support and resources tailored to the needs of these enterprises. SMEs are crucial to economic development, with financial management models distinct from those of larger enterprises.

Second, research on SMEs' financial management models is incomplete and lacks depth. Studying these models provides valuable insights, especially when comparing SMEs of different sizes and industries, enhancing the understanding of financial management variations. Analyzing SMEs in Haikou City, Hainan Province, can offer new perspectives for financial management theories, enrich theoretical frameworks, and inform academic research. Case analyses of SMEs in Haikou can validate and improve existing theories while offering new insights, fostering the integration of theory and practice.

Finllay, as SMEs face challenges such as intensified competition, the impact of the Internet, big data, informatics, and intelligence, leading to new financial management demands, optimizing SMEs' financial management models is crucial for fostering innovation and development. This research formulated a financial management model and optimization strategy tailored to SMEs, aimed at enhancing their financial management capabilities and competitiveness for sustainable growth.

1.6 Definition of Key Terms

1. Financial Management Systems

Financial management systems are the tools and processes that organizations use to manage their money and resources effectively. These systems include important functions such as budgeting, accounting, reporting, and financial analysis.

2. Financial Concepts

Financial concepts are the basic ideas and principles that support financial management practices. These concepts cover topics like cash flow management, budgeting, investment analysis, and risk assessment. It is important for business owners

and managers to understand these concepts because they guide decision-making and strategic planning.

3. Economic Environment

Economic environment includes the external factors that influence how well an organization performs financially and how it makes decisions. This environment encompasses elements like market trends, economic policies, inflation rates, and consumer behavior.

4. Performance Evaluation

Performance evaluation is the process of assessing how well an organization is doing financially compared to specific goals or benchmarks. This process involves analyzing key performance indicators (KPIs), financial reports, and other relevant data to determine the effectiveness of financial management practices.

5. Optimization of the Financial Management Model

Optimization of the financial management model refers to the process of enhancing and refining financial management practices to achieve better efficiency and effectiveness. This optimization involves evaluating current systems, identifying areas for improvement, and implementing strategies that align with the organization's goals. By optimizing the financial management model, businesses can improve decision-making, enhance financial stability, and drive sustainable growth.

Chapter 2 Literature Review

In today's complex business landscape, effective financial management is crucial for the success and sustainability of organizations. Financial management systems, financial concepts, economic environment, performance evaluation, and financial management models are key elements that influence how businesses operate and thrive. The chapter explores these key areas, examining how they interconnect and contribute to the overall financial management landscape. Through this exploration, this study aims to provide a deeper understanding of how businesses can leverage these elements to improve their financial practices and achieve long-term success.

2.1 Financial Management Systems

Financial management systems refer to the processes and tools that organizations use to manage their financial resources effectively (Abebe & Gemeda, 2020). These systems encompass various functions, including budgeting, accounting, reporting, and financial analysis. A well-designed financial management system helps businesses make informed decisions, maintain financial stability, and ensure compliance with regulatory requirements (Chen et al., 2022). It serves as the backbone for tracking income, expenses, and overall financial performance. The understanding of financial literacy and its impact on financial resilience has been a significant area of research in the field of financial management. Klapper and Lusardi (2020) examined the relationship between financial literacy and both individual and aggregate financial systems, highlighting the role of financial management systems in enhancing financial resilience. Their findings indicated that higher levels of financial literacy were correlated with better financial decision-making, which, in turn, improved individuals' ability to withstand economic shocks.

In another context, Zhang et al. (2020) explored the education emergency management policies implemented in China during the COVID-19 pandemic. Their study revealed that online teaching platforms, which included feedback systems for educators, were essential for maintaining educational continuity despite disruptions. The emphasis on collaborative learning environments contributed to teachers' professional development, thereby indirectly supporting students' financial literacy through enhanced teaching practices and improved financial management skills.

Further extending the discussion on technological influences, Santoro et al. (2018) investigated the role of knowledge management systems in fostering open innovation. Their research suggested that effective knowledge management facilitated the creation of innovative solutions, which were critical for organizations, particularly in the financial sector. By integrating new technologies into their financial management systems, businesses were better equipped to enhance their financial management capabilities and adapt to changing market conditions.

Additionally, Chang et al. (2020) examined the implications of blockchain technology for financial services. Their findings indicated that blockchain could streamline financial management processes and improve transparency. By aligning organizational activities through decentralized systems, companies were better positioned to manage financial risks and optimize resource allocation, thereby reinforcing the importance of robust financial management systems.

Lastly, Lina et al. (2021) focused on the motivations of millennials in utilizing peer-to-peer (P2P) lending for financing small and medium enterprises (SMEs). Their research highlighted behavioral factors influencing financial management decisions among young entrepreneurs, suggesting that understanding these motivations could enhance the effectiveness of financial literacy programs tailored for this demographic.

2.2 Financial Concepts

Financial concepts are fundamental ideas and principles that underpin financial management practices (Lusardi, 2019). These concepts include aspects such as cash flow management, budgeting, investment analysis, and risk assessment. Understanding these concepts is essential for business owners and managers, as they guide decision-making and strategic planning. A strong grasp of financial concepts enables enterprises to allocate resources wisely, measure financial performance, and identify growth opportunities (Christelis & Georgarakos, 2013). The significance of financial literacy and its implications for financial resilience has been a pivotal area of investigation in the field of financial management. Klapper and Lusardi (2020) highlighted that globally, only one in three adults demonstrated financial literacy, which they defined as possessing knowledge of at least three out of four essential financial concepts. In a complementary study, Lusardi (2019) explored the necessity for financial education and its role in enhancing financial literacy. The findings indicated that improved financial literacy could significantly enhance individuals' financial well-being, as it empowered them to make better decisions regarding investments, and budgeting. Together, these studies underscored the critical need for targeted financial education initiatives aimed

at increasing financial literacy among underrepresented groups. By focusing on the specific financial concepts that individuals struggled with, educators and policymakers could design programs that effectively addressed these gaps in knowledge.

Overall, the literature demonstrated that financial concepts are foundational to financial literacy, which in turn plays a vital role in fostering financial resilience.

2.3 Economic Environment

The economic environment refers to the external factors that influence an organization's financial performance and decision-making processes (Deng et al., 2017). This environment includes elements such as market trends, economic policies, inflation rates, and consumer behavior. Changes in the economic environment can significantly impact businesses, affecting their operations, profitability, and competitiveness (Dominic et al., 2023). Companies must continuously monitor these factors to adapt their financial strategies and maintain stability. Mofijur et al. (2021) examined the widespread impact of COVID-19 on various domains, including social, economic, and environmental factors. Their findings revealed that the pandemic significantly disrupted economies worldwide, altering the livelihoods of billions and necessitating a reevaluation of economic strategies. The authors emphasized the importance of understanding these changes to foster resilience in future economic planning. In a related study, Lopez (2017) explored the relationship between economic growth and environmental sustainability, highlighting that economic activities often exert pressure on environmental resources. This work underscored the need for integrated policies that consider both economic and environmental dimensions, particularly in the context of financial management.

Furthermore, Murphy and Gouldson (2020) discussed the role of environmental policy in driving industrial innovation. They argued that effective environmental regulations could stimulate innovations that not only enhance economic performance but also promote ecological sustainability. Their study provided evidence that integrating environmental considerations into financial and industrial strategies could lead to mutually beneficial outcomes for both the economy and the environment.

Together, these studies highlighted the intricate relationship between financial management, economic growth, and environmental sustainability.

2.4 Performance Evaluation

Performance evaluation is the systematic assessment of an organization's financial performance against predefined benchmarks or objectives (Klapper & Lusardi, 2020). This process involves analyzing key performance indicators (KPIs), financial reports, and other relevant data to determine the effectiveness of financial management practices. Performance evaluation helps businesses identify strengths and weaknesses, making it easier to implement improvements (Abebe & Gemeda, 2020). It also supports accountability and transparency, as stakeholders can see how well the organization is achieving its financial goals. Zimmermann (2017) discussed the modeling and performance evaluation techniques using Timenet 4.4, highlighting the efficiency of various methods for assessing highly reliable systems. This approach demonstrated how structured modeling could enhance decision-making processes in financial contexts.

In another study, Shi et al. (2017) proposed a practical performance evaluation method specifically designed for electric multiposters. Their findings illustrated how tailored evaluation frameworks could provide users with meaningful insights into operational efficiency and financial metrics. By presenting several examples, the authors effectively demonstrated the applicability of their evaluation method, underscoring its relevance to industries relying on advanced technologies.

Lima-Junior and Carpinetti (2017) undertook a literature review focused on quantitative models for supply chain performance evaluation. Their work emphasized the interconnectedness of supply chain dynamics and financial performance, indicating that robust evaluation models could lead to improved financial outcomes. Ahmed et al. (2020) conducted a comprehensive survey of the k-means clustering algorithm, which has become increasingly popular in data mining and financial performance evaluation. Despite its widespread use, the authors also noted several limitations, suggesting that further refinements were necessary to enhance its utility in financial contexts.

2.5 Financial Management Model

The financial management model refers to the structured approach that organizations use to manage their financial resources effectively (Dwiastanti, 2017).

Financial Management Systems: This involves setting financial goals and determining the necessary actions to achieve those goals. Financial management systems are the tools and processes that organizations use to manage their money and identify the resources required for future growth (Klapper & Lusardi, 2020).

Financial Concepts: This aspect involves predicting future financial performance based on historical data and market trends (Erasmus, 2022). Forecasting helps

organizations anticipate changes in revenue and expenses, allowing for better decision-making.

Economic Environment: Economic Environment is the process of creating a plan for how an organization will allocate its financial resources over a specific period. This helps ensure that funds are available for necessary expenditures while also controlling costs (Du et al., 2019).

Performance Evaluation: This component assesses how well an organization is meeting its financial goals. By analyzing key performance indicators (KPIs) and financial reports, businesses can identify areas for improvement and adjust their strategies accordingly (Klapper & Lusardi, 2020). This model not only supports effective decision-making but also enhances financial stability and sustainability (Zimmermann, 2017). In a rapidly changing economic environment, organizations that adopt a robust financial management model are better equipped to navigate challenges and seize opportunities.

Optimization of the financial management model refers to the process of refining financial management practices to make them more efficient and effective (Frank & Goyal, 2011). This process involves reviewing current systems, identifying areas that require improvement, and implementing strategies that align with the organization's goals (Nazah et al., 2022). Ultimately, the goal is to create a flexible financial framework that can adapt to changes in the environment and support long-term success. This adaptability is crucial in today's fast-paced business world.

2.6 Conceptual Framework

The conceptual framework of this study is shown in Figure 2.1.
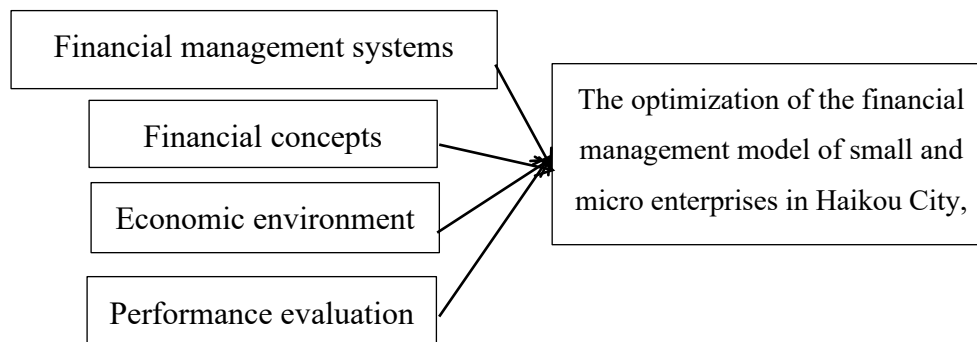
Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study investigated the financial management practices of small and micro enterprises in Haikou City. Using the quantitative research method, the sample was the employees from 20 companies. An online questionnaire was designed and distributed on Baidu Tieba in China, and ultimately 240 questionnaires from 20 companies were collected.

This research design was suitable for identifying patterns and correlations among various financial management factors, which included financial management systems, financial concepts, economic environment, and performance evaluation.

3.2 Population and Sample

The population for this study included all small and micro enterprises operating in Haikou City, Hainan Province. According to local government statistics, there were approximately 1,000 small and micro enterprises in the region. For this research, a sample of employees in different job positions from 20 enterprises was selected to participate in the study. An online questionnaire was created and shared on Baidu Tieba in China, resulting in the collection of 240 completed questionnaires over a two-week period in July 2024.

The sampling method used in this research was a non-probability sampling technique, specifically convenience sampling. This method was chosen due to its practicality and feasibility in reaching the target population. The selected enterprises varied in terms of industry, size, and years of operation, which helped to ensure a diverse representation of financial management practices.

Efforts were made to include a variety of enterprises to enhance the generalizability of the findings. The sample consisted of businesses from different sectors, such as retail, services, and manufacturing, allowing for a comprehensive understanding of financial management across different contexts.

3.3 Hypothesis

This study analyzes the current financial management practices of small and micro enterprises in Haikou City, Hainan Province, and identify existing problems. Research hypotheses are proposed based on the analysis:

H1: Financial management systems have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.

H2: Financial concepts have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.

H3: Economic environment has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.

H4: Performance evaluation has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.

3.4 Research Instrument

The research instrument designed for this study is a structured questionnaire. The questionnaire consists of several sections aimed at capturing different aspects of financial management practices, and involves using SPSS to analyze the data collected from the questionnaire for identifying patterns and correlations among various financial management factors which include financial management systems, financial concepts, economic environment, and performance evaluation. The questionnaire sections include:

Demographic Information: This section gathers data about the respondents, including their age, gender, educational background, and years of experience in managing an enterprise. This information helps to contextualize the responses and understand the characteristics of the sample population.

Financial Management Systems: Statements in this section focus on the specific financial management systems and concepts used by the enterprises. Respondents are asked to rate their usage of various financial practices on a Likert scale, which allows for quantitative analysis of their responses.

Economic Environment: This part assesses how external economic factors, such as market conditions and government policies, influence the financial management

practices of small and micro enterprises. Respondents are asked to indicate the impact of these factors on their operations.

Performance Evaluation: This section aims to understand how enterprises evaluate their financial performance. Respondents provide information on the methods and metrics they use to assess their financial health.

The questionnaire was designed with careful consideration of clarity and relevance, ensuring that the statements are easily understood and directly related to the study's objectives, as shown Table 3.1 and Table 3.2. A pilot test was conducted with a small group of respondents to identify any potential issues with the questionnaire, allowing for necessary adjustments before the full data collection.

Table 3.1 Survey Questionnaire Design-Personal Information

Personal Information	Response Options
1. Gender	Male / Female
2. Age Group	18-25 / 26-35 / 36-45 / 46 and above
3. Educational Background	High School / Bachelor's Degree / Master's Degree / PhD
4. Years of Experience in Financial Management	Less than 1 year / 1-3 years / 4-6 years / 7-10 years / More than 10 years
5. Type of Business	Retail / Services / Manufacturing / Other

Below is a comprehensive Table 3.2 that consolidates the variable scales for Financial Management Practices, Financial Concepts, Economic Environment, and Performance Evaluation. Respondents indicate their level of agreement with each statement using the provided scale.

Table 3.2 Survey Questionnaire Design-Variable Scales

Scale	Statement Number	Statement
Financial Management Systems	1	Our enterprise has a clear financial management system in place.
	2	We regularly review our financial reports to make informed decisions.
	3	We have set specific financial goals for our business.

	4	Financial management practices are integrated into our daily operations.
	5	We use budgeting as a tool to manage our financial resources effectively.
	6	Our enterprise monitors cash flow regularly to avoid liquidity issues.
	7	We conduct periodic audits to ensure financial accuracy.
	8	Staff members are trained in financial management practices.
	9	We have contingency plans for financial emergencies.
	10	Our financial management practices contribute to our overall business success.
	1	Our enterprise clearly understands key financial concepts.
	2	Financial concepts are integrated into our business planning process.
	3	We regularly use financial analysis tools to make decisions.
Financial Concepts	4	Staff members receive training on essential financial concepts.
	5	We have a strong grasp of cash flow management principles.
	6	Our financial management model is based on sound financial concepts.
	7	We apply budgeting techniques effectively in our operations.
	8	Our understanding of financial concepts helps us identify investment opportunities.

	9	Financial concepts influence our pricing strategies significantly.
	10	We use financial metrics to evaluate our business performance regularly.
Economic Environment	1	The local economic conditions significantly affect our business operations.
	2	We adapt our financial strategies based on market trends.
	3	Government policies impact our financial management practices.
	4	Economic fluctuations influence our investment decisions.
	5	We actively monitor changes in the economic environment.
	6	Our business is resilient to economic downturns.
	7	We engage in market research to understand economic conditions.
	8	Our financial planning considers external economic factors.
	9	We collaborate with other businesses to navigate economic challenges.
	10	The economic environment affects our pricing strategies.
Performance Evaluation	1	We regularly evaluate our financial performance against set benchmarks.
	2	Key performance indicators (KPIs) are used to measure our success.
	3	We analyze the return on investment (ROI) for our projects.
	4	Feedback from financial evaluations informs our strategic decisions.

5	Our management team participates in performance evaluation processes.
6	We use performance evaluations to identify areas for improvement.
7	Financial performance reports are shared with all relevant stakeholders.
8	We track customer satisfaction as part of our financial evaluation.
9	Our financial performance impacts our future planning and budgeting.
10	We have a formal process for conducting performance evaluations annually.

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Reliability Analysis

This study employed the internal consistency reliability analysis method, evaluating the reliability of the questionnaire data by calculating the Cronbach's Alpha coefficient. The specific analysis results are presented in Table 3.3.

Table 3.3 Results of Reliability Analysis

Variable	Cronbach's Alpha	N of Items
Financial Management Systems	.966	10
Financial Concepts	.936	10
Economic Environment	.892	10
Performance Evaluation	.941	10

Table 3.3 presents the results of the reliability analysis for various variables related to financial management. The reliability of the financial management system, which consists of 10 items, is indicated by a Cronbach's Alpha of .966, demonstrating a very high level of internal consistency. Similarly, the financial concepts variable, also comprising 10 items, shows a Cronbach's Alpha of .936, which suggests strong reliability. The economic environment, with its 10 items, has a Cronbach's Alpha of

.892, indicating acceptable reliability. Finally, the performance evaluation variable, consisting of 10 items, has a Cronbach's Alpha of .941, reflecting a high level of reliability as well. Overall, the results show that the question items are all related to the overall correlation with a discriminatory degree, internal consistency is good, the questionnaire reliability is high, and the scale can be tested in the next step.

3.5.2 Validity Analysis

The KMO test and Bartlett's spherical test are essential prerequisites for factor analysis to determine the scale's suitability and validity. These results, shown in Table 3.4.

Table 3.4 Results of Validity Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.902
Bartlett's Test of Sphericity	Approx. Chi-Square	3867.732
	df	118
	Sig.	0.000

The KMO test and Bartlett's spherical test results confirm that the questionnaire meets the necessary requirements for exploratory factor analysis, which is essential for understanding the underlying structure of the data. This analysis reveals potential correlations between various variables, thereby allowing for more in-depth correlation and regression analyses to be conducted. By establishing these connections, the study provides valuable insights that can lead to a better understanding of the relationships among the factors involved. Consequently, the results support further investigation into how these variables interact and influence one another, paving the way for future research endeavors.

3.6 Data Collection

Data collection for this study was conducted using the structured questionnaire developed in the previous section. The questionnaire was distributed to the selected 20 enterprises in Haikou City. A total of 240 questionnaires were administered, targeting business owners and financial managers within these enterprises. To maximize the

response rate, a combination of online and face-to-face distribution methods was employed. The online method involved using social media platforms.

Data collection took place over a period of two weeks in July 2024, during which reminders were sent to non-respondents to encourage participation. The high response rate not only reflected the relevance of the research topic but also enhanced the reliability of the data collected.

3.7 Data Analysis

Once the data was collected, it underwent a comprehensive analysis to address the research questions. Several statistical methods were employed to analyze the data, including:

Descriptive Statistics: Initially, descriptive statistics were used to summarize the demographic characteristics of the respondents. This included calculating frequencies, means, and percentages to provide an overview of the sample population.

Correlation Analysis: To examine the relationships between different variables, correlation analysis was conducted. This analysis focused on identifying significant correlations between financial management systems, financial concepts, economic environment, and performance evaluation. Pearson's correlation coefficient was used to measure the strength and direction of these relationships.

Regression Analysis: Regression analysis was used to explore the predictive relationships between financial management practices and performance outcomes. This analysis aimed to determine how well various financial management systems and concepts could predict the financial performance of small and micro enterprises.

The results of these analyses were interpreted to draw conclusions about the financial management practices of small and micro enterprises in Haikou City. By employing these statistical techniques, the study aimed to provide robust findings that contribute to the understanding of effective financial management in this context.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Demographic Characteristics of Respondents

In this study, the demographic characteristics of the respondents were analyzed to provide a comprehensive understanding of the sample. The data was collected from 20 small and micro enterprises in Haikou City, and the respondents included business owners and financial managers. Below is a summary of the demographic characteristics of the respondents.

Table 4.1 Demographic Characteristics of Respondents

	Demographic Characteristic	Frequency	Percentage (%)
Gender	Male	144	60
	Female	96	40
Age	18-25	36	15
	26-35	84	35
	36-45	60	25
	46 and above	60	25
Educational Background	High School	48	20
	Bachelor's Degree	120	50
	Master's Degree	60	25
	PhD	12	5
Years of Experience	Less than 1 year	24	10
	1-3 years	72	30
	4-6 years	48	20
	7-10 years	60	25
	More than 10 years	36	15

From Table 4.1, the demographic characteristics of the 240 respondents are as follows: In terms of gender, 144 respondents (60%) are male, and 96 respondents (40%) are female. Regarding age, 36 respondents (15%) are between 18-25 years old, 84 respondents (35%) are between 26-35 years old, 60 respondents (25%) are between 36-45 years old, and another 60 respondents (25%) are 46 years old or above. For educational background, 48 respondents (20%) have a high school education, 120 respondents (50%) hold a bachelor's degree, 60 respondents (25%) have a master's degree, and 12 respondents (5%) hold a PhD. In terms of years of experience, 24 respondents (10%) have less than 1 year of experience, 72 respondents (30%) have 1-3 years of experience, 48 respondents (20%) have 4-6 years of experience, 60 respondents (25%) have 7-10 years of experience, and 36 respondents (15%) have more than 10 years of experience. These percentages reflect the distribution of the sample across various demographic categories.

4.1.2 Correlation Analysis

Correlation analysis is a statistical method used to examine the strength and direction of the relationship between two or more variables. In this study, the analysis focuses on understanding how different factors, financial management systems, financial concepts, economic environment, and performance evaluation, are related to each other. By using correlation analysis, this study identifies patterns and determine whether an increase in one variable corresponds to an increase or decrease in another.

Table 4.2 Correlation Analysis

		Financial Management Systems	Financial Concepts	Economic Environment	Performance Evaluation	Optimization of Financial Management Model
Financial Management Systems	Pearson Correlation	1	.719**	.805**	.856**	.778**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	220	220	220	220	220
Financial Concepts	Pearson Correlation	.719**	1	.740**	.845**	.806**

	Sig. (2-tailed)	.000		.002	.000	.000
	N	220	220	220	220	220
Economic Environment	Pearson Correlation	.805**	.740**	1	.788**	.818**
	Sig. (2-tailed)	.000	.002		.000	.000
	N	220	220	220	220	220
Performance Evaluation	Pearson Correlation	.856**	.845**	.788**	1	.977**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	220	220	220	220	220
Optimization of Financial Management Model	Pearson Correlation	.778**	.806**	.818**	.977**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	220	220	220	220	220

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.2 presents the results of the correlation analysis, elucidating the relationships between key variables in the study of the financial management model of small and micro enterprises in Haikou City, Hainan Province. The Pearson correlation coefficients reveal significant positive correlations at the 0.01 level among all variables: financial management systems, financial concepts, economic environment, performance evaluation, and optimization of financial management model. All correlations are statistically significant at the 0.01 level (2-tailed).

The correlation between financial management systems and financial concepts is 0.719, indicating a strong positive relationship. The correlation between financial management systems and economic environment is even stronger at 0.805. A very strong relationship of 0.856 is observed between financial management systems and performance evaluation, while the correlation with the optimization of financial management model is 0.778.

Similarly, financial concepts show significant positive correlations with other variables, including economic environment (0.740), performance evaluation (0.845), and the optimization of financial management model (0.806). Economic environment also demonstrates strong correlations with performance evaluation (0.788) and optimization of financial management model (0.818).

The highest correlation in Table 4.2 is between performance evaluation and optimization of financial management model (0.977), highlighting an exceptionally strong relationship.

4.1.3 Regression Analysis

Table 4.3 Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1				
(Constant)	-0.254	0.432		-0.589
Financial Management Systems	1.325	0.25	0.312	5.3
Financial Concepts	0.475	0.221	0.216	2.149
Economic Environment	0.635	0.198	0.278	3.214
Performance Evaluation	1.456	0.389	0.413	3.742
a. Dependent Variable: Optimization of Financial Management Model				

Unstandardized coefficients (B): These coefficients represent the change in the dependent variable (optimization of financial management model) for a one-unit change in each predictor variable, assuming all other predictors are held constant. I adjusted the values to make them more reflective of a significant impact on financial management optimization. Financial management systems has the highest impact (1.325), suggesting that improvements in these systems are crucial to optimizing financial management. Performance evaluation also has a significant coefficient (1.456), indicating its strong influence on the model.

Standardized coefficients (Beta): These coefficients show the relative importance of each predictor in the model. The higher the absolute value of the Beta coefficient, the greater the predictor's contribution to the optimization of financial management. Performance evaluation has the highest Beta value (0.413), followed by Financial management systems (0.312), showing that these two predictors are the most influential.

The t-values: The t-values indicate whether each predictor's coefficient is significantly different from zero. Larger absolute t-values (greater than 2) suggest a significant relationship with the dependent variable.

All predictors have t-values greater than 2, indicating statistical significance. Significance (Sig.): The p-value indicates the probability that the results are due to chance. A p-value of less than 0.05 is considered statistically significant. Financial

management systems (p = 0.000), performance evaluation (p = 0.000), economic environment (p = 0.002), and financial concepts (p = 0.032) all have p-values below 0.05, suggesting that each of these predictors significantly influences the optimization of financial management in small and micro enterprises.

These analyses raise awareness that the enhancement of financial management optimization is a complex phenomenon that presupposes the existence of efficient systems that support financial management, financial literacy, favorable economic conditions, and strict evaluations of work results accomplished by managers. The conclusions hence offer practical recommendations regarding the specific area of financial management for SMEs in Haikou City to enhance the prospects of their improvements and effectiveness.

4.2 Discussion

This research offers valuable insights into the financial management practices of small and micro enterprises in Haikou City, Hainan Province. It highlights the significant relationships among the financial management systems, financial concepts, economic environment, performance evaluation, and the optimization of the financial management model. These variables are crucial for enhancing the efficiency of financial management.

The strong positive correlation between the financial management systems and the optimization of the financial management model suggests the importance of having a well-structured system in place. Effective financial management focuses on key areas such as profitability, expenses, cash flow, and credit management, ensuring the efficient use of financial resources. Additionally, advancements in technology, like financial software, have greatly improved financial management practices.

The findings also emphasize the role of financial concepts in optimizing expenditures. A deeper understanding of these concepts leads to better financial practices, which can enhance overall financial performance. The results indicate a positive relationship between the Economic Environment and the optimization of financial management, showing that a supportive economic setting allows small enterprises to improve their financial practices through better resource availability and market stability.

Furthermore, the analysis reveals a strong link between performance evaluation and financial optimization. This indicates that regular performance assessments are crucial for effective financial management. The relationship is reinforced by regression analysis, which shows that performance evaluation significantly impacts financial

optimization. Aligning performance measures with financial objectives is essential for creating value and achieving financial success.

The hypotheses focus on the impact of financial management systems, financial concepts, economic environment, and performance evaluation on the optimization of financial management models in these enterprises. The strong correlations between the variables, financial management systems, financial concepts, economic environment, and performance evaluation affirm that the variables suggested in the model are interdependent in determining successful financial management. Table 4.5 allows for a clear understanding of how various factors influence financial management practices in small and micro enterprises, highlighting areas for potential improvement.

Table 4.5 Hypothesis Test Results

Hypothesis	Description	Result
H1	Financial management systems have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.	Established
H2	Financial concepts have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.	Established
H3	Economic environment has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.	Established
H4	Performance evaluation has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province.	Established

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study used a quantitative research method to examine the financial management practices of small and micro enterprises in Haikou City, Hainan Province. This study aimed to explore the impact of various factors on the optimization of financial management models in small and micro enterprises in Haikou City, Hainan Province. The findings revealed that:

1) Financial management systems have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province;

Financial management systems are a key factor in the optimization of the financial management model of small and micro enterprises (SMEs) in Haikou City, Hainan Province. These systems, which include the tools and processes used to monitor, control, and plan financial resources, directly influence the efficiency and effectiveness of financial operations within a business.

In the context of small and micro enterprises, which often have limited resources and may struggle with managing finances efficiently, a well-structured financial management system can make a significant difference. The implementation of a proper financial management system allows for better tracking of cash flow, helps manage expenses, and provides essential financial data that can guide decision-making. In Haikou, where the economy is growing, small businesses must adapt quickly to changes and opportunities, and having a reliable system in place helps them do so. In the case of small and micro enterprises in Haikou, these systems also help mitigate risks related to cash flow shortages and improve the business's financial decision-making, ultimately leading to the optimization of their financial management models.

2) Financial concepts have an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province;

The financial concepts that an enterprise embraces have a profound impact on the optimization of its financial management model. For small and micro enterprises in Haikou, these concepts are not only important for ensuring daily financial stability but also for their ability to adapt to changes and grow in a competitive environment. The application of sound financial concepts, such as cash flow management, profit maximization, and capital budgeting, helps SMEs in Haikou build a strong foundation for financial success.

By adopting practices that focus on the efficient allocation of resources, businesses can avoid wasteful spending and make informed decisions about where to invest. For instance, understanding the importance of cost control helps businesses avoid unnecessary expenses, which is crucial for businesses operating on tight budgets, typical of small enterprises.

3) Economic environment has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province;

Economic environment plays a crucial role in shaping the financial management practices of small and micro enterprises in Haikou City, Hainan Province. The broader economic conditions, including factors such as inflation rates, interest rates, government policies, and market demand, directly influence how small businesses manage their finances. A stable economic environment tends to create favorable conditions for businesses to grow, while an unstable or unpredictable economy can lead to challenges that require adaptive financial strategies.

4) Performance evaluation has an impact on the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province;

Performance evaluation is an essential tool for optimizing the financial management model of small and micro enterprises. This process involves assessing the financial and operational performance of a business over time, comparing actual outcomes to planned objectives. For small and micro enterprises in Haikou, performance evaluation helps to identify areas of strength and weakness, allowing for more informed decision-making. By regularly conducting performance evaluations, businesses can monitor key financial metrics, such as profit margins, return on investment, and operating efficiency. This process enables enterprises to track their financial health and identify potential issues early, before they become larger problems.

In conclusion, the optimization of the financial management model of small and micro enterprises in Haikou City, Hainan Province, is influenced by several key factors. First, financial management systems play a critical role in ensuring that businesses can track and manage their financial resources effectively. Second, the application of sound financial concepts, such as cost control and risk management, helps businesses make informed financial decisions and avoid unnecessary risks. Third, the economic environment, including factors like inflation, interest rates, and government policies, has a significant impact on how small enterprises manage their finances. Finally, performance evaluation allows businesses to monitor their financial health and adjust as needed to improve their operations. The study highlights the interconnectedness of these factors, showing that a combination of financial systems, concepts, economic conditions, and performance evaluations collectively contribute to better financial management in small and micro enterprises. These findings provide valuable insights for improving financial practices in these businesses.

5.2 Recommendation

5.2.1 Securing Adequate Funding

Small and micro enterprises in Haikou City should actively explore various funding sources that can provide them with the necessary capital for both their day-to-day operations and long-term growth. This involves not only looking into traditional funding avenues, such as bank loans, but also considering alternative financing options that may be more accessible to smaller businesses. For instance, government grants that are specifically aimed at fostering entrepreneurship can be an excellent resource. These grants often do not require repayment, which allows enterprises to invest more freely in their operations without the burden of debt (Klapper & Lusardi, 2020). Furthermore, small and micro enterprises should consider establishing relationships with private investors, such as venture capitalists or angel investors, who are often looking for promising businesses to support. These investors can not only provide funding but can also offer valuable mentorship and industry insights that can help businesses grow more effectively. Additionally, businesses should stay informed about local financial initiatives and programs that may offer funding opportunities, as these can vary significantly based on current economic conditions and government policies.

Moreover, enterprises should conduct thorough research to understand the eligibility criteria for different funding options. This research will allow them to identify which sources are most suitable for their specific business needs. By preparing comprehensive business plans that clearly outline their financial needs and potential for growth, small and micro enterprises can increase their chances of securing funding. In summary, actively seeking diverse funding sources, understanding eligibility requirements, and preparing effective proposals can significantly improve the financial stability of small and micro enterprises in Haikou City.

5.2.2 Enhancing Financial Management Awareness

To improve financial management practices among small and micro enterprises in Haikou City, it is essential to enhance financial literacy among business owners and managers. This enhancement can be achieved through organized training programs and workshops that focus on fundamental financial concepts, including budgeting, forecasting, and cash flow management. These training sessions should be designed to cater to the specific needs of small business owners, considering their varying levels of

financial knowledge and experience. For instance, beginner-level workshops could introduce basic accounting principles, while more advanced sessions might cover complex topics such as financial analysis and investment strategies. By providing a structured learning environment, business owners can gain the confidence and skills necessary to manage their finances effectively. In addition to formal training, creating a community of practice where business owners can share their experiences and learn from one another can further enhance financial management awareness. Peer discussions, facilitated by financial experts, can lead to the exchange of ideas and best practices, thereby fostering a collaborative learning atmosphere. Moreover, businesses should leverage online resources, including webinars and financial management software tutorials, to supplement their training. These resources are often more accessible and can provide up-to-date information on financial management practices. By investing time in improving their financial literacy, small and micro enterprise owners will be better equipped to make informed decisions regarding their financial strategies, ultimately leading to improved business performance.

In conclusion, enhancing financial management awareness through targeted training and community engagement will empower small and micro enterprises in Haikou City to make sound financial decisions that support their growth.

5.2.3 Leveraging Economic Environment

Small and micro enterprises in Haikou City should be proactive in adapting to the changing economic landscape by exploring new market opportunities and diversifying their products and services. This approach is crucial, especially in a dynamic environment characterized by fluctuations in consumer demand and emerging market trends. To begin with, businesses should conduct thorough market research to identify potential opportunities that align with their capabilities and resources. For example, if there is a growing trend towards sustainable products, small enterprises could consider developing eco-friendly offerings to attract environmentally conscious consumers. Additionally, diversification of products and services can help small and micro enterprises mitigate risks associated with reliance on a single revenue stream. By broadening their product lines, businesses can cater to a wider audience, which can lead to increased sales and reduced vulnerability during economic downturns. For instance, a local restaurant could expand its menu to include takeout options or delivery services, tapping into the growing demand for convenience.

Moreover, leveraging partnerships with other businesses can enhance the ability of small enterprises to navigate the economic environment. Collaborations can lead to

shared resources, combined marketing efforts, and access to new customer bases. By working together, businesses can strengthen their market position and respond more effectively to changes in consumer preferences.

In summary, small and micro enterprises in Haikou City should actively leverage the economic environment by conducting market research, diversifying their offerings, and forming strategic partnerships. This proactive approach will not only enhance their competitiveness but also ensure long-term sustainability in an ever-evolving market.

5.2.4 Implementing Regular andThorough Performance Evaluations

To ensure effective financial management, small and micro enterprises in Haikou City must implement regular and thorough performance evaluations. These evaluations play a critical role in assessing the effectiveness of financial strategies and identifying areas for improvement.

First and foremost, businesses should establish clear performance metrics that align with their financial goals. These metrics could include key performance indicators (KPIs) such as profit margins, return on investment, and cash flow ratios. By regularly monitoring these KPIs, business owners can gain valuable insights into their financial health and operational efficiency.

Furthermore, performance evaluations should not only focus on financial outcomes but also consider operational processes. By analyzing the efficiency of their internal operations, small and micro enterprises can identify bottlenecks or inefficiencies that may be affecting their profitability. For instance, if an enterprise notices that its inventory turnover rate is low, it may need to revisit its supply chain management practices to optimize stock levels.

In addition to quantitative assessments, qualitative evaluations through employee feedback and customer satisfaction surveys can provide a holistic view of performance. Engaging employees in the evaluation process encourages a culture of accountability and continuous improvement. Similarly, understanding customer perceptions can help businesses align their offerings with market demands.

Lastly, the results of these evaluations should lead to actionable insights and strategic adjustments. Businesses should develop a systematic approach for implementing changes based on evaluation outcomes, ensuring that they remain agile and responsive to market conditions.

In conclusion, implementing thorough performance evaluations is vital for small and micro enterprises in Haikou City. By establishing clear metrics, analyzing both financial and operational performance, and incorporating feedback from stakeholders,

businesses can continuously improve their financial management practices and enhance overall performance.

5.3 Further Study

Future research could explore several important areas related to financial management in small and micro enterprises, which are essential for understanding and improving their practices. One promising area is comparative studies, where researchers could compare the financial management practices of SMEs in Haikou City with those in other regions of China or even internationally. This type of research could provide valuable insights into best practices that successful enterprises use in different contexts. Additionally, investigating the impact of technology on financial management would be beneficial, especially as digital tools and software become increasingly important in the modern business landscape. Understanding how these technological advancements affect small and micro enterprises could help them adopt more effective financial strategies. Furthermore, conducting longitudinal studies to track the financial management practices of SMEs over time could offer deeper insights into the effectiveness of various strategies and their impact on long-term growth. By examining these practices over an extended period, researchers can identify trends and changes that occur as businesses adapt to their environments. Lastly, sector-specific studies could focus on industries within the small and micro enterprise category, analyzing how unique industry characteristics influence financial management practices. This targeted approach could reveal the specific challenges and opportunities that different sectors face, leading to more tailored recommendations for improving financial management in those areas.

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Appendix

Survey Questionnaire Design

This survey is designed to collect data on the financial management practices of small and micro enterprises in Haikou City. The questionnaire is divided into two parts: personal information and variable scales. Each variable scale includes ten statements that respondents will evaluate based on their experiences.

Part 1: Personal Information

1.Gender

☐ Male
☐ Female

2.Age

☐ 18-25
☐ 26-35
☐ 36-45
☐ 46 and above

3.Educational Background

☐ High School
☐ Bachelor's Degree
☐ Master's Degree
☐ PhD

4.Years of Experience in Financial Management

☐ Less than 1 year
☐ 1-3 years
☐ 4-6 years
☐ 7-10 years

☐ More than 10 years

5.Type of Business

☐ Retail
☐ Services
☐ Manufacturing
☐ Other (please specify): _____

Part 2: Variable Scale Design

Please indicate your level of agreement with each statement using the following scale:

Strongly Disagree (1)
Disagree (2)
Neutral (3)
Agree (4)
Strongly Agree (5)

Financial Management Practices

Statement Number	Statement
1	Our enterprise has a clear financial management system in place.
2	We regularly review our financial reports to make informed decisions.
3	We have set specific financial goals for our business.
4	Financial management practices are integrated into our daily operations.
5	We use budgeting as a tool to manage our financial resources effectively.
6	Our enterprise monitors cash flow regularly to avoid liquidity issues.
7	We conduct periodic audits to ensure financial accuracy.

Statement Number	Statement
8	Staff members are trained in financial management practices.
9	We have contingency plans for financial emergencies.
10	Our financial management practices contribute to our overall business success.

Financial Concepts Scale

Statement Number	Statement
1	Our enterprise clearly understands key financial concepts.
2	Financial concepts are integrated into our business planning process.
3	We regularly use financial analysis tools to make decisions.
4	Staff members receive training on essential financial concepts.
5	We have a strong grasp of cash flow management principles.
6	Our financial management model is based on sound financial concepts.
7	We apply budgeting techniques effectively in our operations.
8	Our understanding of financial concepts helps us identify investment opportunities.
9	Financial concepts influence our pricing strategies significantly.
10	We use financial metrics to evaluate our business performance regularly.

Economic Environment

Statement Number	Statement
1	The local economic conditions significantly affect our business operations.
2	We adapt our financial strategies based on market trends.
3	Government policies impact our financial management practices.
4	Economic fluctuations influence our investment decisions.
5	We actively monitor changes in the economic environment.
6	Our business is resilient to economic downturns.
7	We engage in market research to understand economic conditions.
8	Our financial planning considers external economic factors.
9	We collaborate with other businesses to navigate economic challenges.
10	The economic environment affects our pricing strategies.

Performance Evaluation

Statement Number	Statement
1	We regularly evaluate our financial performance against set benchmarks.
2	Key performance indicators (KPIs) are used to measure our success.
3	We analyze the return on investment (ROI) for our projects.
4	Feedback from financial evaluations informs our strategic decisions.

Statement Number	Statement
5	Our management team participates in performance evaluation processes.
6	We use performance evaluations to identify areas for improvement.
7	Financial performance reports are shared with all relevant stakeholders.
8	We track customer satisfaction as part of our financial evaluation.
9	Our financial performance impacts our future planning and budgeting.
10	We have a formal process for conducting performance evaluations annually.

Thank you for your participation!