

Analysis of the Impact of Cash Management on Liquidity in the F&B Sector of MSMEs in Bandung

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Abstract

This study aims to examine the impact of Cash Management on Liquidity in Micro, Small, and Medium Enterprises (MSMEs) operating in the Food and Beverage (F&B) sector in Bandung City, while investigating the moderating effect of Product Type. The investigation employed a quantitative methodology, using simple linear regression analysis techniques for Model 1, and multiple linear regression for Model 2, which incorporates interaction variables. The findings show that Cash Management exerts a positive and statistically significant influence on Liquidity, as evidenced by the R Square value of 0.363. In addition, the inclusion of the interaction variable of Cash Management and Product Type in Model 2 resulted in an increased R-Square value of 0.420, thus reflecting the increased capacity of the model to explain variations in Liquidity. The interaction variable of Cash Management with Product Type was also shown to have a significant effect, thus strengthening the relationship between Cash Management and Liquidity. Based on these findings, it can be concluded that proficient cash management is critical to improving the liquidity of F&B MSMEs. Moreover, the nature of the products sold serves to moderate this relationship; consequently, it is important for cash management strategies to be tailored to the specific attributes of the products. This research provides practical contributions to MSMEs by facilitating the optimization of their financial management practices.

Keywords : Cash Management, Liquidity, Product Type, MSMEs, F&B Sector

Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economic framework, contributing significantly to job creation and Gross Domestic Product (GDP), with the food and beverage (F&B) sector witnessing tremendous expansion driven by changing urban consumption trends. A growing urban population, particularly in metropolitan areas like Bandung, has given rise to a shift in consumer preferences, fostering a conducive environment for the prosperity of F&B MSMEs (Aprilia et al., 2025). Bandung's designation as a gastronomic hub attracts not only locals but also visitors, thus building a strong market for entrepreneurial ventures. Furthermore, entrepreneurial activity in the F&B domain is essential for economic progress, as it strengthens employment opportunities and boosts comprehensive GDP growth (Suhaili & Sugiharsono, 2019). The interplay between urbanization, evolving consumer habits, and the culinary appeal of cities like Bandung positions the F&B sector as a fundamental contributor to the advancement of MSMEs in Indonesia. The expansion of small and medium enterprises (SMEs) often reveals deficits in critical

managerial competencies, particularly in financial management, which can lead to significant cash management challenges. Suboptimal cash flow management can lead to inadequate operating funds, delayed remittances to suppliers, and difficulties in meeting short-term obligations, ultimately jeopardizing the liquidity and sustainability of these companies (Amaliyah et al., 2024). Prudent working capital management is crucial, as it requires monitoring current assets and liabilities to maintain liquidity and profitability. Furthermore, adopting cash budgeting practices can help SMEs forecast cash inflows and outflows, enabling them to detect potential cash flow difficulties early (Mazzarol, 2014). A comprehensive understanding of the cash conversion cycle is crucial, as a shortened cycle can improve cash management and reduce financial risk. Consequently, addressing this aspect of financial management is crucial for the survival and continued expansion of SMEs in this sector.

Many food and beverage (F&B) SMEs face significant difficulties in meeting their financial obligations, often culminating in bankruptcy or cessation of operations. These difficulties are exacerbated by revenue volatility, which arises from factors such as seasonal variations and economic downturns, making cash flow management particularly challenging. Furthermore, rising operational costs, including labor and raw materials, further strain financial resources, complicating the pursuit of profitability (Efriyenty & Purba, 2022). A key factor contributing to these difficulties is the lack of financial literacy among small business owners, which hinders their ability to make informed decisions regarding cash flow and financial strategy. Effective financial planning is essential for these businesses, as it facilitates cash flow management, debt reduction, and strategic investment implementation, ultimately driving long-term sustainability (Sun, 2012). Improving financial literacy and strategic planning can substantially improve the financial health of micro, small, and medium enterprises (MSMEs) operating in the F&B sector.

Liquidity serves as a critical metric of a company's capacity to meet short-term obligations, particularly for Micro, Small, and Medium Enterprises (MSMEs) operating in the Food and Beverage (F&B) sector. Strong liquidity ratios, such as the current and quick ratios, signal financial stability and enhance the ability to adapt to market fluctuations (Michalski, 2013). Adept cash flow

management is crucial to maintaining this liquidity, as it requires monitoring cash inflows and outflows to ensure that short-term obligations are met. Furthermore, working capital management plays a crucial role by managing current assets and liabilities, thereby ensuring adequate liquidity (Hidayat et al., 2024). In the rapidly growing F&B sector, where cash cycles can exhibit volatility, these financial indicators and management strategies are essential for maintaining operational stability and achieving long-term success (Somaeswar & Sureka, 2025).

Literature Review

Cash Management

Cash flow management is crucial for small and medium-sized enterprises (SMEs), especially given their limited resources and limited access to external financing. Efficient cash flow management ensures these organizations can maintain liquidity while simultaneously pursuing profitability (Kontuš & Mihanović, 2019). Fundamental elements of cash management include cash budgeting, which enables micro, small, and medium-sized enterprises (MSMEs) to project cash inflows and outflows, thus facilitating the identification of potential financial deficits or excess cash reserves. Furthermore, liquidity management is crucial, as it involves maintaining sufficient liquid assets to meet short-term obligations, thereby preventing cash shortages (Somaeswar & Sureka, 2025). Furthermore, working capital management plays a crucial role by optimizing the oversight of current assets and liabilities, thus ensuring that SMEs can meet their financial obligations without compromising their operational effectiveness. Through the integration of these components, MSMEs can formulate robust cash management strategies that enhance their financial resilience and operational success.

Liquidity

Liquidity is a fundamental aspect for small and medium-sized enterprises (SMEs) because it directly correlates with their capacity to meet short-term financial obligations. Key metrics used to evaluate liquidity include the current ratio, quick ratio, and cash ratio, which collectively illustrate an organization's ability to manage its liquid assets. High liquidity ratios indicate a company's ability

to meet its short-term obligations, a factor of particular significance for SMEs, which often operate without substantial emergency reserves (Emery & Cogger, 1982). Failure to meet these financial commitments can result in business dissolution, highlighting the critical nature of maintaining adequate liquidity levels. When SMEs face various financial difficulties, understanding and improving these liquidity ratios can enhance their operational sustainability and adaptability in a competitive landscape (Scott, 2018). Adept liquidity management goes beyond mere financial metrics, emerging as a critical factor influencing the long-term prosperity of SMEs (Singh & Garhwal, 2014).

F&B MSMEs

In the food and beverage (F&B) industry, particularly in urban environments like Bandung, small and medium enterprises (SMEs) face distinct challenges caused by rapid inventory turnover and limited profit margins. Adept cash flow management is crucial for these companies to maintain liquidity and effectively navigate the competitive landscape, especially given demand fluctuations that can trigger liquidity crises (Wulansari & Rosento, 2024). A comprehensive understanding of the cash conversion cycle is crucial, as it measures the efficacy of converting inventory into cash, thereby improving liquidity and reducing reliance on external financing. Furthermore, robust financial planning empowers F&B SMEs to set explicit financial goals and make prudent investment choices, which are crucial for ensuring long-term viability (Wati et al., 2023). Furthermore, exploring diverse financing alternatives for SMEs can provide the necessary capital to support operational activities and facilitate growth, thereby mitigating the risks associated with cash flow difficulties. The incorporation of sound financial management practices is crucial for the resilience and success of F&B SMEs in Indonesia.

Previous Research

Several previous studies have demonstrated a strong positive correlation between proficient cash management and improved liquidity ratios, particularly within the framework of small and medium enterprises (SMEs). For example, Sari & Nugroho (2021) determined that an effective cash management methodology substantially improved liquidity ratios in manufacturing micro, small, and

medium enterprises (MSMEs) in Central Java, thus emphasizing the importance of cash management in maintaining financial stability. Furthermore, Wulandari (2020) emphasized that effective cash management is crucial for the sustainability of food and beverage MSMEs during the COVID-19 pandemic, as it facilitates the maintenance of positive cash flow amidst economic hardship. This body of evidence supports the notion that proficient cash management is not only crucial for meeting short-term financial commitments but also crucial for the resilience of small businesses during periods of volatility (Sari & Wirananda, 2025). Implementing a robust cash management strategy is crucial for MSMEs to thrive and navigate adeptly through financial uncertainty.

Methods

This study uses a quantitative methodology characterized by a causal associative research design. This methodological framework is applied to ascertain and evaluate the relationship between the independent variable (cash management) and the dependent variable (liquidity) in small and medium enterprises (SMEs) in the food and beverage (F&B) sector located in Bandung City. The target population of this study consists of all actively operating micro, small, and medium enterprises (MSMEs) in the F&B sector registered under the jurisdiction of the Bandung City Cooperatives and MSMEs Office. The sampling technique adopted was purposive sampling, with the sample size determined using the Slovin formula, using a 10% margin of error or an appropriate number based on the respondents' accessibility.

The variables included in this study are as follows:

Independent Variable (X): Cash Management, characterized by indicators such as Cash Planning, Cash Inflow and Outflow Control, Minimum Cash Balance Maintenance, Accounts Receivable and Payable Management, and Cash Reconciliation Frequency. Dependent Variable (Y): Liquidity, assessed through indicators including the Current Ratio and Quick Ratio, with Mediating Variable (M): Product Type.

Results and Discussion

Validity & Reliability Test

Validity Test Table

Correlations		
	Sig. (2-tailed)	Description
Cash Management	0,000	Valid
Product Type	0,000	Valid
Liquidity	0,000	Valid
**. Correlation is significant at the 0.01 level (2-tailed).		

Interpretation

All questionnaire items in this research variable have a significance value of 0.000 (<0.000), thus the items in this study are declared valid.

Tabel Reability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
0,724	3

Interpretation

The variable items in this study have a Cronbach's Alpha value of 0.724 (>0.70). Thus, the items in this study are declared reliable and can be continued in this study..

1. Multiple Linear Regression Analysis Model 1

T-Test Analysis Table

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,139	1,773		6,845	0,000
	Cash Management	1,018	0,195	0,603	5,232	0,000
a. Dependent Variable: Liquidity						

Interpretation

The calculated t-value = 5.232, Significance value (Sig.) = 0.000. Since the significance value (0.000) is less than 0.05 and the calculated t-value (5.232) is greater than the t-table (usually around 1.984 for $n=100$, $\alpha=5\%$), then: H_0 is rejected and H_1 is accepted. The results show a significant influence between Cash Management on Liquidity in F&B sector MSMEs in Bandung City..

Table F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	216,949	1	216,949	27,373	,000 ^b
	Residual	380,431	48	7,926		
	Total	597,380	49			
a. Dependent Variable: Liquidity						
b. Predictors: (Constant), Cash Management						

Interpretation

The calculated F value is 27.373, and the significance value (Sig.) is 0.000. Since the significance value (0.000) is less than 0.05, H_0 is rejected and H_1 is accepted. Therefore,

The regression model formed, namely the effect of Cash Management on Liquidity, is significant. This means that the independent variable (Cash Management) simultaneously has a significant effect on the dependent variable (Liquidity) in the F&B sector of MSMEs in Bandung City. The calculated F value of 27.373 indicates that the regression model is quite strong in explaining the relationship between cash management and liquidity. The higher the F value, the better the model describes the relationship.

Table Determinant Coefficient Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,603 ^a	0,363	0,350	2,815
a. Predictors: (Constant), Cash Management				

Interpretation

With an R Square value of 0.363, the effect of cash management on liquidity is 36.3%. Thus,

the effect of cash management on liquidity is 36.3%, and the remaining 63.7% is influenced by other variables outside this study.

Multiple Linear Analysis Model 2

Table t-Test Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14,029	1,923		7,295	0,000
	Cash Management	0,210	0,421	0,124	0,498	0,621
	And. Cash*Product Type	0,056	0,026	0,535	2,148	0,037
a. Dependent Variable: Liquidity						

Interpretation

1. Cash Management

Significant value = 0.621 (> 0.05). Cash Management does not directly significantly influence Liquidity in this model after considering the interaction with Product Type.

2. Cash Management is moderated by the Product Type variable

Significant value = 0.037 (< 0.05). Therefore, the interaction between Cash Management and Product Type has a significant effect on Liquidity. Therefore, the Product Type variable moderates the relationship between Cash Management and Liquidity, so the effect of Cash Management on Liquidity becomes stronger or weaker depending on the type of product sold by the MSME..

Table F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	250,966	2	125,483	17,025	,000 ^b
	Residual	346,414	47	7,371		
	Total	597,380	49			
a. Dependent Variable: Liquidity						
b. Predictors: (Constant), Cash Man*Product Type, Cash Management						

Interpretation

The calculated F-value is 17.025, and the significance value (Sig.) is 0.000. Since the significance value of 0.000 is less than 0.05, H_0 is rejected and H_1 is accepted. Therefore, the regression model involving Cash Management and the interaction of Cash Management with Product Type simultaneously has a significant effect on Liquidity in the F&B sector of MSMEs in Bandung City. The calculated F-value of 17.025 indicates that the two independent variables (Cash Management and its interaction with Product Type) together significantly explain variations in Liquidity, and the model is suitable for use.

Table Coefficient determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,648 ^a	0,420	0,395	2,715
a. Predictors: (Constant), Man. Kas*Jenis Produk, Manajemen Kas				

Interpretation

The R-square value from the coefficient of determination test is 0.420. Therefore, the effect of cash management after being influenced by the type of product sold has an R-square value of 42.0%. Therefore, the cash management variable after being influenced by the type of product sold experienced an increase in influence of 42.0%, while the remaining 58% is influenced by other factors outside this study.

Conclusion

This study was conducted to analyze the effect of Cash Management on Liquidity in MSMEs in the Food and Beverage (F&B) sector in Bandung City, and to explore the role of the Product Type variable in strengthening this relationship. Based on the analysis of Model 1, it was found that Cash Management has a positive and significant effect on Liquidity. The coefficient of

determination (R-Square) of 0.363 indicates that 36.3% of the variation in Liquidity can be explained by Cash Management. The t-test results indicate that Cash Management has a significant effect with a significance value below 0.05. Meanwhile, the F-test results also confirm that this regression model is statistically significant.

Next, in Model 2, an interaction variable between Cash Management and Product Type was tested. The analysis results indicate that this interaction has a positive and significant effect on Liquidity. The coefficient of determination increased to 0.420, meaning that 42.0% of the variation in Liquidity can now be explained by Cash Management and its interaction with Product Type. The F-value in the ANOVA test for Model 2 was also higher than that of Model 1, with the model's significance remaining below 0.05, indicating statistical superiority.

From the comparison between Models 1 and 2, it can be concluded that Model 2 better explains the effect on liquidity. This is evident from the increase in the R-square value and the decrease in the standard error value. In other words, when considering the type of product sold by MSMEs, the relationship between cash management and liquidity becomes stronger. These results demonstrate that product type acts as a moderating variable, strengthening the relationship between cash management and liquidity. Different product types may require different cash management strategies, so the effectiveness of cash management in increasing liquidity depends heavily on the characteristics of the products sold. Overall, this study emphasizes the importance of effective cash management for MSMEs in the F&B sector in Bandung City in maintaining their liquidity health. Furthermore, MSMEs are also advised to consider product type in their cash management strategies to optimize financial performance.

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