

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

Dodi Tisna Amijaya ¹, Rudi Suprianto Ahmadi ²

¹ Universitas Winaya Mukti, Indonesia, email; amijaya07@gmail.com

² Universitas Winaya Mukti, Indonesia, email; rudiahmadi64@gmail.com

Corresponding author: Dodi Tisna Amijaya

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

Received: March 19th, 2025

Revised: March 30th, 2025

Accepted: April 23th, 2025

Published: April 30th, 2025

Curr. Ver.: April 30th, 2025



Hak cipta: © 2025 oleh penulis.
Diserahkan untuk kemungkinan
publikasi akses terbuka
berdasarkan syarat dan ketentuan
lisensi Creative Commons
Attribution (CC BY SA) (
<https://creativecommons.org/licenses/by-sa/4.0/>)

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the Indonesian 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. The growing urban population, especially in metropolitan areas such as Bandung, has given rise to a transformation in consumer preferences, thereby fostering a conducive environment for the prosperity of F&B MSMEs (Aprilia et al., 2025). The designation of Bandung as a gastronomic hub attracts not only locals but also visitors, thereby 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 enhances comprehensive GDP growth (Suhaili & Sugiharsono, 2019). The interplay between urbanization, evolving consumer habits, and the culinary appeal of cities such as Bandung positions the F&B sector as a fundamental contributor to the progress of MSMEs in Indonesia.

The expansion of small and medium enterprises (SMEs) often reveals deficits in critical managerial competencies, particularly in the area of financial management, which can trigger major 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 enterprises (Amaliyah et al., 2024). Prudent working capital administration is essential, as it requires monitoring current assets and liabilities to maintain liquidity and

profitability. Additionally, adopting cash budgeting practices can help SMEs forecast cash inflows and outflows, enabling them to detect potential cash flow difficulties at an early stage (Mazzarol, 2014). A comprehensive understanding of the cash conversion cycle is essential, as a shortened cycle can improve cash management and reduce financial risk. Consequently, addressing this aspect of financial management is critical to the survival and continued expansion of SMEs in the 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, arising from factors such as seasonal variations and economic downturns, making cash flow management extremely challenging. In addition, rising operating costs, including labor and raw materials, further strain financial resources, making it difficult to pursue profitability (Efrienty & Purba, 2022). A major contributing factor 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 enterprises, 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 F&B micro, small, and medium enterprises (MSMEs).

Liquidity serves as an important metric of a company's capacity to meet short-term obligations, especially for Micro, Small, and Medium Enterprises (MSMEs) operating in the Food and Beverage (F&B) domain. Strong liquidity ratios, such as the current ratio and quick ratio, signal a stable financial condition and add to the ability to adapt to market fluctuations (Michalski, 2013). Adept cash flow management is essential to maintaining this liquidity, as it requires monitoring cash inflows and outflows to ensure that short-term obligations are met. Additionally, working capital management plays a vital 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 to maintaining operational stability and achieving long-term success (Somaeswar & Sureka, 2025).

2. Literature review

Cash Management

Cash flow management is critical for small and medium enterprises (SMEs), especially given their limited resources and limited access to external financing. Efficient cash flow management ensures that 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 enterprises (SMEs) to project cash inflows and outflows, thereby facilitating the identification of potential financial deficits or excess cash reserves. In addition, liquidity management is critical, 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 vital role by optimizing the monitoring of current assets and liabilities, thereby ensuring that SMEs can meet their financial obligations without compromising their operational effectiveness. Through the integration of these components, SMEs can formulate a robust cash management strategy that enhances their financial resilience and operational success.

Liquidity

Liquidity is a fundamental aspect for small and medium enterprises (SMEs) as 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 depict an organization's proficiency in managing its liquid assets. High liquidity ratios indicate that a company has the ability to meet its short-term obligations, a factor that is of particular significance for SMEs that often operate without large reserves for emergencies (Emery & Cogger, 1982). Failure to meet such financial commitments can result in the dissolution of the business, highlighting the critical nature of maintaining adequate liquidity levels. As SMEs face various financial difficulties, understanding and

improving these liquidity ratios can enhance their operational sustainability and adaptability in the 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 Sector MSMEs

In the food and beverage (F&B) industry, particularly in an urban environment such as Bandung City, small and medium enterprises (SMEs) face distinct challenges caused by rapid inventory turnover and limited profit margins. Adept cash flow management is critical for these firms 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 critical, as it measures the efficacy of converting inventory into cash, thereby increasing 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 critical to 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 critical to the resilience and success of F&B SMEs in Indonesia.

Previous Research

Several previous studies have shown a strong positive correlation between proficient cash management and improved liquidity ratios, especially within the framework of small and medium enterprises (SMEs). For example, Sari & Nugroho (2021) established that 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 critical to 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 important for meeting short-term financial commitments but is also critical for the resilience of small businesses during periods of volatility (Sari & Wirananda, 2025). Implementing a robust cash management strategy is critical for MSMEs to thrive and maneuver proficiently through financial uncertainties.

3. Method

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 sector (SMEs) located in Bandung City. The target population of this investigation consists of all micro, small, and medium enterprises (SMEs) in the F&B sector that are actively operating and registered under the jurisdiction of the Bandung City Cooperative and SME Service. The sampling technique adopted is purposive sampling, with the sample size determined through the application of the Slovin formula, using a margin of error of 10% or the amount deemed appropriate based on the accessibility of the respondents.

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 Current Ratio and Quick Ratio, with Mediating Variable (M): Product Type.

4. Results & Discussion

Validity & Reliability Test

Validity Test Table

Correlations		
	Sig. (2-tailed)	Information
Cash Management	0,000	Valid
Types of products	0,000	Valid
Likuiditas	0,000	Valid

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

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

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,139	1,773		6,845	0,000
	Manajemen Kas	1,018	0,195	0,603	5,232	0,000

a. Dependent Variable: Likuiditas

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: Likuiditas

b. Predictors: (Constant), Manajemen Kas

Interpretation

The calculated F value = 27.373, Significance value (Sig.) = 0.000, Because the significance value (0.000) is smaller than 0.05, then: H_0 is rejected and H_1 is accepted. Thus, 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 UMKM in Bandung City. Because the calculated F value of 27.373 shows that the regression model is strong enough to explain the relationship between cash management and liquidity. The greater the F value, the better the model is in describing the relationship.

Determinant Coefficient Analysis Table

Table 5. 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), Manajemen Kas				

Interpretation

With an R Square value of 0.363, the influence of cash management on liquidity is 36.3%, thus the influence 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

Tabel Analisis Uji t

Table 6. Analisis Uji t

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14,029	1,923		7,295	0,000
	Manajemen Kas	0,210	0,421	0,124	0,498	0,621
	Man. Kas*Jenis Produk	0,056	0,026	0,535	2,148	0,037
a. Dependent Variable: Likuiditas						

Interpretation

1. Cash Management
Sig value = 0.621 (> 0.05). Cash Management directly does not have a significant effect on Liquidity in this model after considering the interaction with Product Type.
2. Cash Management is moderated by the Product Type variable
Sig value = 0.037 (< 0.05). Thus, the interaction between Cash Management and Product Type has a significant effect on Liquidity. Thus, the Product Type variable moderates the relationship between Cash Management and Liquidity so that the effect of Cash Management on Liquidity becomes stronger or weaker depending on the type of product sold by MSMEs.

Tabel Uji f

Table 7. Tabel Uji f

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: Likuiditas						
b. Predictors: (Constant), Man. Kas*Jenis Produk, Manajemen Kas						

Interpretation

The calculated F value = 17.025, and the significance value (Sig.) = 0.000, because the significance value of 0.000 is smaller than 0.05, then: H_0 is rejected and H_1 is accepted. Thus, the regression model involving Cash Management and the interaction of Cash Management with Product Type simultaneously has a significant effect on Liquidity in F&B sector MSMEs in Bandung City. With a calculated F value of 17.025, this shows that the two independent variables (Cash Management and its interaction with Product Type) together are able to explain variations in Liquidity significantly and the model is feasible to use.

Tabel Coefficient determinan

Table 7. Coefficient determinan

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 of the coefficient determinant test is 0.420. Thus, the influence of cash management after being influenced by the type of product sold has an R Square value of 42.0%, thus the cash management variable after being influenced by the type of product sold has an increase in influence of 42.0% while the remaining 58% is influenced by other factors outside this study.

5. 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, as well as to explore the role of intervention of the Product Type variable in strengthening the relationship. Based on the results of 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) value of 0.363 indicates that 36.3% of the variation in Liquidity can be explained by Cash Management. The results of the t-test indicate that Cash Management has a significant effect with a significance value below 0.05. Meanwhile, the results of the F test also confirm that this regression model is statistically significant. Furthermore, in Model 2, a test was carried out by adding an interaction variable between Cash Management and Product Type. The results of the analysis show that the interaction has a positive and significant effect on Liquidity. The coefficient of determination value increased to 0.420, which means 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 of Model 2 is also higher than Model 1, with the model's significance remaining below 0.05, indicating that this model is statistically better.

From the comparison between Model 1 and Model 2, it can be concluded that Model 2 is better at explaining the effect on Liquidity. This can be seen from the increase in the R Square value and the decrease in the standard error value. In other words, when taking into account the type of product sold by MSMEs, the relationship between Cash Management and Liquidity becomes stronger. These results prove that Product Type acts as a moderator variable that strengthens the relationship between Cash Management and Liquidity. Different types of products may require different cash management strategies, so the effectiveness of cash management in increasing liquidity is highly dependent on the characteristics of the products sold. In general, this study emphasizes the importance of effective cash management for MSMEs in the F&B sector in Bandung City in maintaining their liquidity health. In addition, MSMEs are also advised to consider the type of product in their cash management strategy so that financial performance can be more optimal.

Bibliography

- [1] F. N. Amaliyah, A. Yasmin, and H. Hetika, "Analisis Pengelolaan Kas pada UMKM," *Riset dan Jurnal Akuntansi*, 2024. [Online]. Available: <https://doi.org/10.33395/owner.v8i4.2454>
- [2] N. Aprilia, W. T. Subroto, and N. Sakti, "The Role of Small and Medium Enterprises (SMEs) in Supporting the People's Economy in Indonesia," *International Journal of Research and Scientific Innovation*, vol. XI, no. XII, pp. 368–376, 2025. [Online]. Available: <https://doi.org/10.51244/ijrsi.2024.11120036>
- [3] D. Efriyenty and N. M. B. Purba, "Use of Profit and Cash Flows in Predicting Financial Distress Food and Beverage Companies," *Riset dan Jurnal Akuntansi*, vol. 6, no. 2, pp. 1239–1248, 2022. [Online]. Available: <https://doi.org/10.33395/owner.v6i2.544>
- [4] G. W. Emery and K. O. Cogger, "The Measurement of Liquidity," *Journal of Accounting Research*, vol. 20, no. 2, pp. 290–303, 1982. [Online]. Available: <https://doi.org/10.2307/2490741>
- [5] G. Hidayat, A. Kartiwa, and H. Purwoko Putro, "The Effect of Cash Management and Credit Policy on Liquidity and Profitability of MSMEs in Bandung City," *West Science Interdisciplinary Studies*, vol. 2, no. 08, pp. 1603–1613, 2024. [Online]. Available: <https://doi.org/10.58812/ws.is.v2i08.1237>
- [6] E. Kontuš and D. Mihanović, "Management of liquidity and liquid assets in small and medium-sized enterprises," *Economic Research-Ekonomska Istraživanja*, vol. 32, no. 1, pp. 3247–3265, 2019. [Online]. Available: <https://doi.org/10.1080/1331677X.2019.1660198>
- [7] T. Mazzarol, "Financial management in SMEs," *Small Enterprise Research: The Journal of SEAAANZ*, vol. 21, no. 1, pp. 2–13, 2014. [Online]. Available: <https://research-repository.uwa.edu.au/en/publications/financial-management-in-smes>
- [8] G. Michalski, "Płynność finansowa w małych i średnich przedsiębiorstwach (Financial Liquidity Management in Small and Medium Enterprises)," *Social Science Research Network*, 2013. [Online]. Available: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2214715
- [9] R. Sari and H. A. Wirananda, "Pengaruh Perputaran Kas dan Perputaran Piutang terhadap Likuiditas Perusahaan Manufaktur Sektor Industri Makanan dan Minuman yang Terdaftar di BEI Tahun 2020-2022," *Jurnal EMT KITA*, vol. 9, no. 1, pp. 269–277, 2025. [Online]. Available: <https://doi.org/10.35870/emt.v9i1.3567>
- [10] P. Scott, "Ratio analysis 2: liquidity, working capital and long-term financial stability," *Oxford University Press*, 2018. [Online]. Available: <https://doi.org/10.1093/hebz/9780198807797.003.0008>
- [11] W. C. Singh and H. N. B. Garhwal, "Liquidity Management - A Review of Relevant Literature Management," 2014.
- [12] A. Somaeswar and R. Sureka, "A Study on Cash Management with Reference to Del Monte Foods Private Limited Company," *International Journal for Multidisciplinary Research*, vol. 7, no. 1, 2025. [Online]. Available: <https://doi.org/10.36948/ijfmr.2025.v07i01.34416>
- [13] M. Suhaili and S. Sugiharsono, "Role of MSME in Absorbing Labor and Contribution to GDP," *Economics Development Analysis Journal*, vol. 8, no. 3, pp. 301–315, 2019. [Online]. Available: <https://doi.org/10.15294/EDAJ.V8I3.35229>
- [14] M. Sun, "Causes and Countermeasures of Small and Medium-sized Enterprises Financing Difficulties," *Science Technology and Industry*, 2012. [Online]. Available: https://en.cnki.com.cn/Article_en/CJFDTOTAL-CYYK201201026.htm
- [15] A. S. Wati, M. K. Dedyanti, N. Febriyanti, and M. Y. R. Pandin, "Pengaruh Rasio Likuiditas, Leverage, dan Profitabilitas terhadap Financial Resilience pada Industri Food and Beverage (F&B) dalam Masa Krisis Ekonomi," *Cemerlang*, vol. 3, no. 3, pp. 136–154, 2023. [Online]. Available: <https://doi.org/10.55606/cemerlang.v3i3.1358>
- [16] M. Wulansari and R. Rosento, "Analisis Kinerja Keuangan dengan Menggunakan Metode Rasio Keuangan pada Perusahaan Food and Beverage yang Terdaftar di Bursa Efek Indonesia Tahun 2019–2023," *Trending*, vol. 2, no. 4, pp. 471–495, 2024. [Online]. Available: <https://doi.org/10.30640/trending.v2i4.3256>