International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Internal Control and Risk Management Practices among Micro Businesses in the Food Industry

Ace Gerome M. Niño[1], Divine Grace M. Niño[2], Rhonna May B. Juaniza[3], Jonnah Grace B. Flejoles[4]

Author Information:
[1-4]*Accountancy and Management Accounting Department, College of Business, University of San Agustin, Iloilo City, Philippines*

Correspondence:
acgnino@usa.edu.ph

Article History:

Date Received: October 1, 2026
Date Revised: October 12, 2026
Date Accepted: October 22, 2026
Date Published: October 29, 2026

DOI: https://doi.org/10.67903/ijroms0541

Document ID: *2026IJROMS0541*

Recommended Citation:
Niño, A. G. M., Niño, D. G. M., Juaniza, R. M. B. & Flejoles (2026). Internal Control and Risk Management Practices among Micro Businesses in the Food Industry. International Journal of Research on Multidisciplinary Studies, 1(9), 751-765. https://doi.org/10.67903/ijroms0541

Abstract. Given the growing importance of internal controls and risk management in micro, small, and medium enterprises, this study examined the internal control and risk management practices among of micro food businesses in Iloilo City. Specifically, it described the extent of internal control and risk management practices and examined the differences in these practices according to business profile. The study collected data from micro food business owners in the districts of La Paz, Arevalo, and Mandurriao and analyzed them using descriptive statistics and the Kruskal-Wallis test. The findings showed that segregation of duties and risk mitigation practices were always practice, particularly among businesses with higher sales and longer operating histories. Newer businesses showed less consistent use of physical controls and risk-avoidance practices. The type of food business generally did not show substantial differences in the use of internal control and risk management practices. These findings suggest that consistent practice of segregation of duties, authorization of transaction, physical control, review of transactions, risk avoidance, and risk reduction may strengthen the internal control and manage the risks relating operation and financial of the business and sustainability of micro food businesses. The study recommends strengthening physical controls, risk management practices, and employee training to improve business operations and financial management.

Keywords: Food Industry; Internal Control; Micro Business; Practices; Risk Management

Introduction

Micro businesses play an important role in the Philippine economy because they make-up a large part of the country's business sector and provide employment and income opportunities. The Department of Trade and Industry (DTI, 2023) reported that micro enterprises made up 90.43% of the country's MSMEs. The food sector is also an important part of this business sector. DTI (2023) reported that food-related activities accounted for 14.31% of MSMEs. The continued growth of food businesses creates opportunities for income and employment, but it also requires business owners to manage daily operations, financial resources, assets, and business risks effectively. One way businesses can manage these concerns is through internal control and risk management. Internal control refers to the policies and procedures used to support reliable financial information, protect assets, improve operations, and promote compliance with rules (Bhusal, 2023). Risk management involves identifying, assessing, and responding to risks that may affect business activities, assets, and profits. Both practices help businesses identify problems before they become serious and support better use of financial and other resources.

Previous literature suggests that internal control is related to business operations and financial outcomes. Bhusal (2023) noted that internal controls can support accurate financial records, protect assets, prevent fraud, and improve business operations. Gowsalya and Hasan (2017) also reported that internal control and risk management are important to financial performance. Risk management is especially important because businesses face different risks that can affect operations and financial results. Damayanti (2023) explained that businesses need to identify and assess risks, develop responses, and monitor these risks as part of the risk management process. These studies show that internal control focuses largely on how businesses control activities and resources, while risk management focuses on identifying and responding to potential threats. Although the two practices serve different functions, both aim to protect business resources and support business performance.

These practices may matter more for micro-businesses because they often operate with limited resources and may have fewer formal systems and employees. In the food industry, businesses also deal with daily sales, cash handling, inventory, purchasing, food supplies, employees, customers, and other operating activities. Weak controls in these areas may result in errors, losses, fraud, poor use of resources, or other

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

risks that can affect financial results. Strong internal control and risk management may therefore help food businesses manage their resources and risks more effectively. However, existing discussions of internal control and risk management often consider businesses in broader groups such as organizations, SMEs, and MSMEs. Less attention has been given to how micro-businesses in the food industry apply these practices and how they relate to financial performance. This is important because micro-businesses represent the largest group of MSMEs in the Philippines. A study focused on this group may clarify whether internal control and risk management practices differ by business characteristics.

Against this background, the present study examines internal control and risk management practices among micro businesses in Iloilo City's food industry. It assesses the extent to which these practices are implemented and whether they vary according to monthly sales revenue, type of food business, and years of operation. The findings may help micro-business owners and accountants evaluate existing practices and identify areas for improvement. They may also benefit students, researchers, and organizations that support micro and small enterprises and provide a foundation for further research on internal control and risk management among micro businesses.

Research Questions

This study aims to determine the extent of internal control and risk management practices among micro-businesses in the food industry. Specifically, it seeks to answer the following questions:

1. What is the business profile of respondents concerning the monthly sales revenue, type of food industry, and years in operation?
2. What is the extent of internal control practices in terms of segregation of duties, authorization of transaction, physical control, and review of transactions when taken as a whole and grouped according to the respondents' business profiles?
3. What is the extent of risk management practices in terms of risk avoidance and risk reduction when taken as a whole and grouped according to the respondents' business profiles?
4. Is there a significant difference in the extent of internal control practices in terms of segregation of duties, authorization of transaction, physical control, and review of transactions when respondents are grouped according to their profiles?
5. Is there a significant difference in the extent of risk management practices in terms of risk avoidance and risk reduction when the respondents are grouped according to their profiles?

Scope and Delimitation of the Study

This study was delimited to determining the extent of internal control practices in terms of segregation of duties, authorization of transaction, physical control, and review of transactions and extent of risk management practices in terms of risk avoidance and risk reduction among micro businesses in the food industry in Iloilo City particularly in the districts of La Paz, Arevalo, and Mandurriao. To accomplish this target, this research study was conducted during the first semester of A.Y. 2024-2025. The research design used was quantitative-descriptive and comparative design. The sampling technique to select the respondents used was the cluster sampling. Cluster sampling involves dividing the entire population into distinct groups and then selecting respondents from this sample through random sampling.

Literature Review

Internal Control

Internal control systems are set up as operational systems to help ensure consistency, protection of resources, and compliance with policies in business operations. According to Arens et al. (2017), internal control is a set of policies and procedures that work to provide reasonable assurance to management regarding achievement of organizational goals in a predictable manner. Amudo & Inanga (2019) point out that the setting up of control mechanisms ensures that there is operational responsibility as well as reduced system vulnerabilities in the operation units. In the case of food processing and other specific businesses, the control mechanisms set up are risk-based such that they provide regulatory compliance, standardization, and operational security as pointed out by Cheng et al. (2023) and Henk (2020). Jokipii (2010) and Chenhall (2003) view internal controls as a flexible system whose proper design depends on organizational context.

Segregation of Duties

The segregation of duties is one of the basic control procedures used to spread vital activities among many people in order to avoid mistakes, collusion, and unauthorized actions. According to Arens et al. (2017), separation of authorization, custody, and accounting functions helps ensure that one person does not have control over all phases of a business process. Segregation of activities in the food service sector

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

according to Galadanchi and Bakar (2018) guarantees that assets will not be stolen because it makes internal fraud less likely. Also, Romney and Steinbart (2018) argue that establishing role boundaries in accounting information systems helps avoid overlapping of responsibilities.

Authorization of Transactions

Transaction authorizations create official procedures of reviewing and approving transactions before any organizational resources are committed. According to Ravikumar and Singh (2017), having a definite threshold of approvals guarantees that all business commitments will conform to the instructions of management. As stated by Lawson and Bromwell (2025), transaction authorization structures help avoid administrative errors and limit any unauthorized transactions within small organizations. In this way, all transactions regarding purchases, payments, and changes of operations remain error-free and legitimate.

Physical Control

Physical controls refer to actual security mechanisms, as well as restrictions in access intended to safeguard physical assets, inventory, and equipment from theft or damage. As indicated by the Association of Certified Fraud Examiners (ACFE, 2022), actual physical controls including the locking of physical assets and use of secure cash registers decrease the likelihood of occupational fraud. According to Okeke et al. (2021), limiting access to physical assets and equipment makes employees accountable for any losses or discrepancies of assets in smaller businesses. Moreover, Doyle et al. (2023) indicate that using security mechanisms together with physical controls protects valuable assets and enhances operational efficiency.

Review of Transactions

Transaction review consists of constant scrutiny and analysis of operational journals, sales journals, and book entries to ensure their completeness and correctness. According to Marques & Ferreira (2017), transaction reviews, including register reconciliations and invoice verifications, conducted systematically enable management to identify any recording mistakes at an early stage. Lamarque (2018) notes that changing review processes serve to ensure the internal controls and mitigate risks in regular business operations. Transaction review ensures that operational information is reflected correctly in the accounting books without administrative deviation.

Risk Management

The practice of risk management is a process whereby an organization identifies, analyzes, and responds to possible sources of danger to its business activities. Damayanti (2023) defines risk management as a constant structured process aimed at the analysis of internal and external threats. According to Idris (2024) and Ogundele & Nzama (2025), the creation of risk management structures helps organizations be resilient and cope with unexpected disruptions in their operations. Sunaryo et al. (2025) observe that the combination of risk management and innovative processes enhances compliance and operational sustainability.

Risk Avoidance

Risk avoidance is a defensive approach whereby a firm deliberately decides not to involve itself in certain risky behaviors, market segments, or operations. Deakins & Freel (2019) point out that small businesses often engage in risk avoidance by avoiding risky business propositions or any uncontrolled risks. According to Hudson et al. (2001), setting clear operating parameters will ensure that the firm does not encounter any serious loss before it even happens. Through developing policies that prevent certain risky behaviors, a firm will be able to protect its assets.

Risk Reduction

The aspect of risk reduction entails the reduction of the likelihood and/or the severity of possible losses by implementing specific measures to address the problem. Galloway et al. (2018) point out that efficient inventory control and standard procedures function as a form of risk reduction that prevents losses from waste and failures in operations. Runyan (2006) stresses that building up skills and capabilities to respond to a crisis and operate flexibly allows small enterprises to mitigate possible negative impacts of external factors. Furthermore, Zúñiga-Igarza et al. (2022) claim that efficient logistics and control operations prevent operational difficulties.

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Methodology

Research Design

This study used a quantitative descriptive-correlational research design to examine the internal control practices, risk management practices, and financial performance of microbusinesses in the food industry in Iloilo City. The researchers collected data through a structured survey questionnaire and analyzed them using descriptive and inferential statistics. The descriptive component summarized the characteristics of the participating businesses and the extent of their internal control and risk management practices. Inferential analysis tested whether reported practices differed across selected business characteristics. The study used a quantitative approach because responses were recorded on numerical scales and analyzed statistically.

Research Locale

The research location of the study was in the three districts, namely Lapaz, Arevalo, and Mandurriao, within Iloilo City, Western Visayas, Philippines focusing on registered micro business in the food industry such as local eateries (carinderias), food stalls, bakeries, and small scale processors based on the Department of Trade and Industry criteria.

Research Participants

The target population consisted of microbusinesses in the food industry in Iloilo City. Based on the list obtained from the Local Economic Development and Investment Promotions (LEDIP) of the Iloilo City Government, 1,029 food businesses were identified across seven districts. Using a 5% margin of error and the stated sample-size procedure, the researchers determined a required sample of 215 respondents. Three districts, namely Lapaz, Arevalo, and Mandurriao, were selected through cluster sampling. These districts had a combined 465 identified food businesses: 117 in Lapaz, 57 in Arevalo, and 291 in Mandurriao. The study included restaurants, fast-food establishments, and cafeterias that met the researchers' definition of a microbusiness. Eligible businesses had no more than nine employees and assets not exceeding PHP 3,000,000.00. Businesses had to operate for at least one year and no more than 10 years. The respondents were business owners or accountants who had sufficient knowledge of the business's internal control, risk management, and financial practices. The researchers excluded businesses that did not meet the stated criteria and respondents who did not provide informed consent.

Research Instrument

The researchers used a self-constructed survey questionnaire as the main data-gathering instrument. The questionnaire consisted of three parts. Part I gathered the business profile, including type of food business, monthly sales revenue, and years of operation. Part II measured internal control practices in terms of segregation of duties, transaction authorization, physical control, and transaction review. Part III measured risk management practices in terms of risk avoidance and risk reduction. Respondents answered the items using a five-point Likert scale ranging from 1 (Never Practice) to 5 (Always Practice). The mean-score interpretation was 1.00–1.80 for Never Practice, 1.81–2.60 for Rarely Practice, 2.61–3.40 for Sometimes Practice, 3.41–4.20 for Often Practice, and 4.21–5.00 for Always Practice. Two faculty members and one industry expert reviewed the questionnaire to assess its content and clarity. The validators provided ratings and suggestions for improvement, which the researchers considered when revising the instrument before administration. The researchers also pilot-tested the questionnaire with 30 respondents from Molo, Jaro, and City Proper who were not included in the final study sample. Cronbach's alpha was used to assess the questionnaire's internal consistency. The reported overall Cronbach's alpha was 0.895, indicating satisfactory internal consistency.

Data Gathering Procedure

Before data collection, the researchers secured the required approval from the appropriate university authorities and research ethics review body. The researchers submitted the research proposal, informed consent form, questionnaire, and other required documents for review. Data collection began only after the required approval was obtained. The researchers identified eligible food businesses within the selected districts and invited qualified business owners or accountants to participate. Before answering the questionnaire, each participant was informed of the study's purpose, the procedures involved, the voluntary nature of participation, and how their information would be protected. Participants provided informed consent before completing the questionnaire. The researchers did not include those who did not provide consent. The researchers distributed and retrieved the questionnaires. After collection, the researchers checked the responses for completeness, encoded them in a dataset, and prepared them for statistical

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

analysis. The researchers maintained the confidentiality of the collected information throughout data collection and analysis.

Results and Discussions

Research Question 1: What is the business profile of respondents concerning the monthly sales revenue, type of food industry, and years in operation?

Table 1. Descriptive Statistics of the Profile of the Respondents

		Frequency	Percentage
1.	Monthly Sales Revenue		
	Below 100,000	82	38.1
	100,000-200,000	71	33.0
	Above 200,000	62	28.8
2.	Type of Food Industry		
	Restaurants	37	17.2
	Fast-food	138	64.2
	Cafeterias	40	18.6
3.	Years in Business Operation		
	Below 5 years	87	40.5
	5 years - 10 years	77	35.8
	Above 10 years	51	23.7
	Total	**215**	**100.0**

Table 1 presents the business profile of the respondents in terms of monthly sales revenue, type of food business, and years of operation. The respondents were 215 micro-businesses in the food industry located in the La Paz, Arevalo, and Mandurriao districts of Iloilo City. In terms of monthly sales revenue, the largest group of respondents (n = 82, 38.1%) reported earning less than ₱100,000, followed by those earning ₱100,000–₱200,000 (n = 71, 33.0%), and those earning more than ₱200,000 (n = 62, 28.8%). In terms of type of food business, fast-food establishments made up most of the sample (n = 138, 64.2%), followed by cafeterias (n = 40, 18.6%) and restaurants (n = 37, 17.2%). In terms of years of operation, the largest group had been operating for less than 5 years (n = 87, 40.5%), followed by those operating for 5 to 10 years (n = 77, 35.8%) and those operating for more than 10 years (n = 51, 23.7%).

Research Question 2: What is the extent of internal control practices in terms of segregation of duties, authorization of transaction, physical control, and review of transactions when taken as a whole and grouped according to the respondents' business profiles?

Extent of Internal Control Practices

Segregation of Duties. Table 2 presents the extent of internal control practices for segregation of duties. Respondents often practiced all five practices. The separation of cash handling and cash recording (Practice 1) had the highest mean (M = 4.12, SD = 0.85), which helps ensure that cash transactions are recorded accurately. It was followed by the separation of raw materials purchasing and receiving (Practice 4; M = 3.95, SD = 0.97), which helps ensure that inventory is properly accounted for, and the separation of sales invoice approval and recording (Practice 2; M = 3.93, SD = 0.85), which helps keep sales records accurate. Separating expense reporting and review (Practice 3; M = 3.84, SD = 0.97) helps ensure that only legitimate expenses are approved and reimbursed. Finally, the separation of cash receipts handling and account reconciliation (Practice 5) had the lowest mean (M = 3.72, SD = 1.14), although it was still often practiced.

Table 2. Level of Internal Control Practices in terms of Segregation of Duties

Indicators	Mean	SD	Interpretation
1. Person handling cash is separate from person recording it to ensure accurate cash sales.	4.12	0.85	Often Practice
2. Sales invoice approval is handled by different person from the one recording it is ensuring accurate sales record.	3.93	0.85	Often Practice
3. Expense reimbursement reporter is different from reviewer ensuring only legitimate expenses are reimbursed.	3.84	0.97	Often Practice
4. Raw materials purchaser is different from receiver ensuring inventory is properly accounted for.	3.95	0.97	Often Practice
5. Cash receipts handler is separated from the one reconciling payment against outstanding accounts for proper cash recording.	3.72	1.14	Often Practice
Column Mean	**3.91**	**0.80**	**Often Practice**

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

These results suggest that micro businesses in the food industry separate duties most consistently in daily, high-volume transactions that are prone to error or fraud, such as receiving and recording cash sales. Reconciliation, although also related to cash, is a periodic task that requires additional personnel and accounting knowledge. In many micro businesses, the owner may handle both cash receipts and reconciliation, either because of staff limitations or because employees lack the knowledge needed to reconcile cash and receipts. This pattern is consistent with the literature. Romney and Steinbart (2018) described cash as the asset most susceptible to theft and fraud, which calls for stricter segregation of duties in cash-related functions. Arens et al. (2017) likewise noted that cash reconciliation is often given less attention in micro businesses because employees are cross-trained or have limited knowledge. For convenience, owners often handle both cash receipts and reconciliation. However, Lawson and Bromwell (2025) argued that an owner's direct reconciliation against cash sales can provide timely oversight. It allows deviations from established procedures to be identified and corrected immediately, which improves the accuracy of financial records. This hands-on approach may be especially beneficial for small firms that must make decisions quickly (Lawson & Bromwell, 2025).

Authorization of Transactions. Table 3 shows the extent of internal control practices for transaction authorization. Respondents often practiced all five practices. Allowing only authorized and trusted employees to handle cash transactions (Practice 1) had the highest mean (M = 3.79, SD = 1.01). It was followed by requiring approval for sales discounts or price reductions to prevent revenue loss (Practice 2; M = 3.64, SD = 0.99) and by reviewing and validating purchase orders for materials to prevent unauthorized expenses (Practice 3; M = 3.64, SD = 1.03). Approving miscellaneous expenses submitted by staff to ensure their legitimacy came next (Practice 4; M = 3.60, SD = 0.97). Reviewing duty hours before payroll authorization to ensure accurate salary expenses (Practice 5) had the lowest mean (M = 3.47, SD = 1.12) and the greatest variability in application. These results suggest that the respondents prioritize safeguarding cash, a vital asset in the food industry.

Table 3. Level of Internal Control Practices in terms of Authorization of Transactions

Indicators	Mean	SD	Interpretation
1. Only authorized and trusted employees handle the cash transaction ensuring cash sales are secured.	3.79	1.01	Often Practice
2. Sales discounts or price reductions require approval to prevent revenue deflation/loss.	3.64	0.99	Often Practice
3. Purchase orders of materials are reviewed and validated to prevent uncertified expenses.	3.64	1.03	Often Practice
4. Miscellaneous expenses submitted by staff are approved to ensure that expenses are legitimate.	3.60	0.97	Often Practice
5. Duty hours are reviewed before payroll authorization ensuring accurate salary expenses are acquired.	3.47	1.12	Often Practice
Column Mean	**3.63**	**0.88**	**Often Practice**

The International Federation of Accountants (IFAC, n.d.) described cash as one of a business's most vulnerable assets, particularly in cash-intensive, high-volume operations, because it is easily stolen, misused, or recorded incorrectly. Stricter controls, such as limiting cash handling to authorized personnel, can therefore reduce theft and misappropriation and improve cash accountability (IFAC, n.d.). Businesses likely emphasize this control because cash losses have an immediate and visible effect on income. In contrast, payroll authorization was applied less consistently. Although labor is a major expense in the food industry, small businesses may lack the systems or personnel needed to verify attendance and hours worked before processing payroll. In these businesses, timekeeping is often handled manually, informally, or by a single person. Some owners or managers may also assume that employees with fixed 8-hour shifts have completed their hours and may consider verifying attendance records too time-consuming. However, IFAC (n.d.) cautioned that informal payroll systems in small firms can lead to overpayment or underpayment of wages, distorting labor cost records and affecting overall financial management.

Physical Control. Table 4 shows the extent of internal control practices in terms of physical control. Using a lockable cash register to limit access to trusted employees (Practice 1) had the highest mean (M = 3.58, SD = 1.11), followed by limiting stockroom access to specific employees to ensure accurate cost of goods sold (Practice 2; M = 3.51, SD = 1.05). Both practices were often practiced. The remaining practices were sometimes practiced. These were using a sign-in/sign-out sheet to track equipment usage and avoid replacement expenses (Practice 3; M = 3.27, SD = 1.21) and requiring at least two employees to be present during cash deposits to ensure proper accounting of cash sales (Practice 4; M = 3.16, SD = 1.31). The last was using electronic devices to track inventory movement for cost of goods sold (Practice 5), which had the lowest mean (M = 3.13, SD = 1.21).

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Table 4. Level of Internal Control Practices in terms of Control Practices

Indicators	Mean	SD	Interpretation
1. Cash register is lockable to limit only to trusted employees, ensuring accurate cash sales transactions.	3.58	1.11	Often Practice
2. Access to stockroom is limited to specific employees to ensure accurate cost of goods sold.	3.51	1.05	Often Practice
3. Sign-in/sign-out sheet is used to track usage of equipment to avoid replacement expenses.	3.27	1.21	Sometimes Practice
4. Cash deposits are made with at least two employees present to ensure proper accounting of cash sales.	3.16	1.31	Sometimes Practice
5. Electronic device is used to track the movement of inventory for cost of goods sold.	3.13	1.21	Sometimes Practice
Column Mean	**3.33**	**1.06**	**Sometimes Practice**

These results suggest that securing cash at the point of sale is the most frequently exercised physical control among micro businesses in the food industry. Because handling cash carries a high risk in daily operations, owners are likely to treat it most seriously. Lockable cash registers prevent unauthorized access, minimize theft, and enhance employee accountability. They are also simple and inexpensive to use, which may explain their higher adherence rate even among micro businesses. However, the lower mean for cash deposits made with two employees present suggests that cash controls weaken once cash leaves the register, possibly because small teams cannot always spare a second employee. The low rating for electronic devices suggests that most businesses still rely on manual inventory-tracking methods, which are labor-intensive and prone to errors and inefficiency. These findings are consistent with the literature. The Association of Certified Fraud Examiners (ACFE, 2022) emphasized the importance of physically safeguarding assets, particularly cash, because it is highly susceptible to theft and fraud. Okeke et al. (2021) similarly found that restricting access to cash resulted in 25% fewer discrepancies, although electronic devices for tracking inventory movement were less commonly used. Zúñiga-Igarza et al.(2021) observed that micro businesses tend to rely on manual inventory counting because it costs less. Owners or managers often prefer to count inventory personally, believing it allows them to report actual movement accurately.

Review of Transactions. Table 5 shows the extent of internal control practices for reviewing transactions. Respondents often practiced all five practices. Regularly reviewing invoices and receipts to prevent sales discrepancies (Practice 1; M = 3.83, SD = 0.90) and reconciling cash registers with sales receipts to ensure that cash is accurately recorded (Practice 2; M = 3.83, SD = 0.98) had the highest means. They were followed by evaluating reported expenses and receipts to ensure costs are legitimate (Practice 3; M = 3.72, SD = 1.11) and regularly comparing inventory levels with sales data to accurately calculate the cost of goods sold (Practice 5; M = 3.56, SD = 1.10). Regularly examining receivables, sales discounts, and returns to track outstanding debts and prevent bad debts (Practice 4) had the lowest mean (M = 3.45, SD = 1.10).

Table 5. Level of Internal Control Practices in terms of Review of Transactions

Indicators	Mean	SD	Interpretation
1. Invoices and receipts are regularly reviewed to avoid sales discrepancies.	3.88	0.90	Often Practice
2. Cash registers and sales receipts are reconciled to guarantee cash are accurately recorded.	3.83	0.98	Often Practice
3. Expenses and receipts reported are evaluated ensuring costs are legitimate.	3.72	1.11	Often Practice
4. Receivables, sales discounts and returns are examined on a regular basis to track outstanding debts and avoid bad debts.	3.45	1.10	Often Practice
5. Inventory level are regularly compared with sales data to accurately calculate cost of goods sold.	3.56	1.10	Often Practice
Column Mean	**3.69**	**0.91**	**Often Practice**

These results suggest that the respondents focus their review efforts on sales and cash, which drive the daily operations of food businesses. Food businesses generate numerous transaction documents daily, which makes regular review of invoices, receipts, and cash registers essential for detecting pricing and sales discrepancies, fraudulent entries, and unrecorded transactions early. Because sales are central to the survival of food businesses, they likely receive the most attention to ensure accuracy. In contrast, the lower mean for reviewing receivables, sales discounts, and returns suggests that businesses concentrate on income-

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

producing activities and give less attention to deductions and uncollected sales. This may be because such items are less critical in day-to-day, cash-based operations.

These findings are consistent with prior studies. Marques and Ferreira (2017) noted that food businesses rely heavily on the consistent reconciliation of invoices and receipts because sales form the operational core of their daily activities. Given the sector's fast-paced, cash-intensive nature, accurate sales records are indispensable for monitoring performance and maintaining profitability (Marques & Ferreira, 2017). Ravikumar and Singh (2017), on the other hand, observed that many small businesses lack the financial literacy to implement rigorous receivables oversight. Because food businesses deal mainly in cash and rarely extend credit, they may not consider receivables and discounts critical and tend to overlook their review (Ravikumar & Singh, 2017).

Research Question 3: What is the extent of risk management practices in terms of risk avoidance and risk reduction when taken as a whole and grouped according to the respondents' business profiles?

Risk Management Practices

Risk Avoidance. Table 6 shows the extent of risk management practices in terms of risk avoidance. Avoiding customers or markets with poor payment histories to minimize bad debt expenses (Practice 1) had the highest mean (M = 3.44, SD = 1.08) and was the only practice respondents often practiced. The remaining practices were sometimes practiced. In order of their means, these were strictly enforcing return policies to avoid excessive returns and reduce related expenses (Practice 5; M = 3.39, SD = 1.17), accepting only cash transactions to minimize credit risk and recognize sales immediately (Practice 2; M = 3.27, SD = 1.07), and avoiding high-risk investments to prevent losses and maintain income stability (Practice 4; M = 3.23, SD = 1.21). Avoiding event-specific products with anticipated low sales to prevent losses from unsold items (Practice 3) had the lowest mean (M = 3.20, SD = 1.13).

Table 6. Level of Risk Management Practices in terms of Risk Avoidance

Indicators	Mean	SD	Interpretation
1. Avoid dealing with one market with poor payments history to minimize bad debts expenses.	3.44	1.08	Often Practice
2. Only cash transactions are accepted to avoid credit risks and sales are immediately recognized.	3.27	1.07	Sometimes Practice
3. Anticipated low sales event-specific products are avoided to prevent losses from unsold items.	3.20	1.13	Sometimes Practice
4. High-risk investments are avoided to prevent losses and maintain income stability.	3.23	1.21	Sometimes Practice
5. Strict compliance with return policies to avoid excessive returns and reduce impact on expenses.	3.39	1.17	Sometimes Practice
Column Mean	**3.31**	**0.95**	**Sometimes Practice**

These results suggest that the respondents are most concerned with avoiding financial risks associated with bad debts. By limiting their exposure to customers with poor payment records, businesses protect their cash flow, profitability, and financial health. In contrast, the lower mean for avoiding products with anticipated low sales suggests that micro businesses may not always anticipate market volatility or seasonal changes in demand. These findings are consistent with prior studies. Hudson et al. (2001) noted that small firms value strategies that ensure liquidity and mitigate risks, including bad debts. Kraus et al. (2012) similarly observed that small firms tend to adopt quick, pragmatic risk management practices, such as avoiding customers with poor payment histories, to protect their limited resources. Inventory control and demand forecasting, however, are often lower priorities in small firms because of resource constraints and limited access to advanced forecasting tools. Deakins and Freel (2019) explained that small business owners are preoccupied with day-to-day activities and may lack the capability or expertise to plan for sales troughs or seasonal changes. Overall, the respondents sometimes practiced risk avoidance (M = 3.31, SD = 0.95). This indicates that although these strategies help manage business risks and expenses, their inconsistent implementation may limit their full benefit.

Risk Reduction. Table 7 shows the extent of risk management practices in terms of risk reduction. Using an inventory management system to minimize waste and reduce overstocking (Practice 1) had the highest mean (M = 3.67, SD = 1.05). It was followed closely by relying on multiple suppliers to reduce the risk of stockouts and delay costs (Practice 4; M = 3.66, SD = 1.17) and by establishing quality control to ensure that product standards are met and warranty claims are minimized (Practice 2; M = 3.53, SD = 0.97). Respondents often practiced all three practices. In contrast, using an order management system to organize orders, reduce delays, and minimize cost errors (Practice 5; M = 3.38, SD = 1.13) and having a crisis plan in

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

place to address potential safety incidents and reduce associated costs (Practice 3; *M* = 3.29, *SD* = 1.12) were sometimes practiced, with Practice 3 having the lowest mean.

Table 7. Level of Risk Management Practices in terms of Risk Reduction

Indicators	Mean	SD	Interpretation
1. Inventory Management system is used to minimize waste and reduce overstocking.	3.67	1.05	Often Practice
2. Quality control is established ensuring product standards are met and minimize warranty claims.	3.53	0.97	Often Practice
3. Crisis plan is in place to address potential safety incidents and reduce associated costs.	3.29	1.12	Sometimes Practice
4. Depending on multiple suppliers to reduce the risk of stockouts and delay costs.	3.66	1.17	Often Practice
5. Order management system is used to organize orders and reduce delays and minimize cost errors.	3.38	1.13	Sometimes Practice
Column Mean	**3.50**	**0.94**	**Often Practice**

These results suggest that inventory management is a practical and widely used way for food businesses to reduce losses from spoilage, waste, and overstocking. Because food businesses often operate on tight margins, even minor inventory losses can significantly affect profitability, which may explain the attention given to this practice. In contrast, the lower mean for crisis planning suggests many businesses lack comprehensive emergency-preparedness systems. These findings are consistent with prior studies. Galloway et al. (2018) noted that small businesses tend to focus on controlling stock because waste and overstocking directly affect their margins, particularly in industries that handle perishable products, such as the food industry. Effective inventory systems minimize inefficiencies and help businesses anticipate demand fluctuations, placing them at the center of financial well-being (Galloway et al., 2018). Runyan (2006) similarly argued that this lack of preparedness leaves small businesses highly vulnerable to disasters.

Research Question 4: Is there a significant difference in the extent of internal control practices in terms of segregation of duties, authorization of transaction, physical control, and review of transactions when respondents are grouped according to their profiles?

Differences in Internal Control Practices

Monthly Sales Revenue. Table 8 presents the differences in the extent of internal control practices in terms of segregation of duties, authorization of transactions, physical control, and review of transactions when respondents are grouped by monthly sales revenue. The results revealed significant differences across revenue groups in segregation of duties, authorization of transactions, physical control, and review of transactions. In all four areas, businesses earning more than ₱200,000 per month had the highest mean ranks, and those earning less than ₱100,000 had the lowest. These results suggest that higher-revenue businesses apply stricter internal control mechanisms, possibly because of their greater exposure to risk. Their controls include stricter approval procedures, security measures such as inventory tracking and restricted access, and regular transaction reviews to maintain financial accuracy and prevent fraud. Lower-revenue businesses also practice these controls but may lack the resources for comprehensive financial oversight and structured monitoring systems. These findings align with Jokipii (2010), who found that higher-revenue businesses are better equipped to establish structured financial controls that enhance security and accountability. Similarly, Amudo and Inanga (2019) noted that businesses with greater financial capacity can implement more sophisticated control mechanisms to minimize financial risks, and Doyle et al. (2023) found that businesses with more resources invest in advanced security systems to mitigate risks and maintain financial accuracy. Lamarque (2018) further emphasized that businesses continually refine their transaction review procedures in response to evolving financial risks and regulatory requirements, making structured review processes essential to long-term financial stability.

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Table 8. Difference in Level of Internal Control Practices Across Monthly Sales Revenue

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Segregation of Duties					
	Below 100,000	80.79	36.74	2	<.001	Significant
	100,000-200,000	108.23				
	Above 200,000	143.73				
2.	Authorization of Transaction					
	Below 100,000	92.10	21.83	2	<.001	Significant
	100,000-200,000	99.69				
	Above 200,000	138.54				
3.	Physical Control					
	Below 100,000	96.41	11.17	2	.004	Significant
	100,000-200,000	102.30				
	Above 200,000	129.85				
4.	Review of Transaction					
	Below 100,000	93.74	15.83	2	<.001	Significant
	100,000-200,000	101.94				
	Above 200,000	133.80				

Type of Food Industry. Table 9 shows the differences in the extent of internal control practices, namely segregation of duties, authorization of transactions, physical control, and review of transactions, when respondents are grouped by type of food business. No significant differences were found in segregation of duties, transaction authorization, or physical control. However, a significant difference was found in transaction review. These results suggest that restaurants, fast-food establishments, and cafeterias practice segregation of duties, transaction authorization, and physical control to a similar extent, regardless of food business type. The significant difference in transaction review, however, suggests that restaurants and cafeterias monitor their financial transactions more closely than fast-food establishments do. Restaurants and cafeterias handle more varied menus, flexible pricing, and multiple payment methods, which call for more frequent and detailed reviews to detect errors and discrepancies. Fast-food establishments, by contrast, operate with standardized menus, fixed prices, and fast-paced service, so they may conduct less frequent or less detailed transaction checks. These findings partly align with prior studies. Galadanchi and Bakar (2018) observed that restaurants and cafeterias are more likely than fast-food outlets to separate job duties and follow approval procedures. The present study, however, found no significant differences in these areas, which suggests that such practices may be similarly established across micro food businesses. Cheng et al. (2023) noted that food businesses with more complex processes require controls aligned with their specific risks and tasks, which may explain why transaction review, the control most tied to the complexity of sales and payment activities, was the only area that differed significantly. Henk (2020) similarly observed that different kinds of food businesses apply controls differently depending on their structure and goals.

Table 9. Difference in Level of Internal Control Practices Across Types of Food Industry

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Segregation of Duties					
	Restaurants	116.84	4.49	2	.106	Not Significant
	Fast-Foods	101.45				
	Cafeterias	122.41				
2.	Authorization of Transaction					
	Restaurants	120.12	3.97	2	.137	Not Significant
	Fast-Foods	101.73				
	Cafeterias	118.42				
3.	Physical Control					
	Restaurants	119.95	2.10	2	.349	Not Significant
	Fast-Foods	103.85				
	Cafeterias	111.28				
4.	Review of Transaction					
	Restaurants	127.55	10.82	2	.004	Significant
	Fast-Foods	97.64				
	Cafeterias	125.65				

Length of Business Operation. Table 10 presents the differences in the extent of internal control practices, specifically segregation of duties, authorization of transactions, physical control, and review of transactions, when respondents are grouped by years of operation. Significant differences were found in segregation of duties, transaction authorization, and physical control. In contrast, no significant difference

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

was found in transaction review. These findings suggest that businesses operating for more than 10 years implement stronger segregation of duties, transaction authorization, and physical controls than younger businesses. Their experience may have allowed them to develop more established systems and allocate resources more effectively. Businesses operating for less than 5 years and those operating for 5 to 10 years had similar mean ranks, suggesting both may still be adjusting their internal processes as they grow. Meanwhile, the absence of a significant difference in review of transactions suggests that this practice is applied to a similar extent regardless of years of operation. These findings are consistent with prior studies. Doyle et al. (2007) found that more established businesses tend to develop stronger internal control systems over time as they gain experience in managing risks and correcting weaknesses, such as by adopting approval procedures to prevent financial errors. Dechow et al. (2010) added that businesses with longer operating histories often invest in physical safeguards to protect their assets because they have had more time to recognize and address vulnerabilities.

Table 10. Difference in Level of Internal Control Practices Across Lengths of Business Operation

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Segregation of Duties					
	Below 5 years	99.89	10.06	2	.007	Significant
	5 years – 10 years	101.32				
	Above 10 years	131.91				
2.	Authorization of Transaction					
	Below 5 years	103.32	9.70	2	.008	Significant
	5 years – 10 years	97.94				
	Above 10 years	131.18				
3.	Physical Control					
	Below 5 years	101.80	7.82	2	.020	Significant
	5 years – 10 years	100.97				
	Above 10 years	129.19				
4.	Review of Transaction					
	Below 5 years	108.28	4.35	2	.114	Not Significant
	5 years – 10 years	98.54				
	Above 10 years	121.81				

Research Question 5: Is there a significant difference in the extent of risk management practices in terms of risk avoidance and risk reduction when the respondents are grouped according to their profiles?

Differences in Risk Management Practices

Monthly Sales Revenue. Table 11 presents the differences in risk avoidance and risk reduction practices when respondents are grouped by monthly sales revenue. A significant difference was found for both risk avoidance and risk reduction. These findings suggest that businesses with higher monthly revenues practice risk avoidance and risk reduction to a greater extent, likely because of their greater access to financial and operational resources. Higher-earning businesses have more financial capacity to invest in preventive measures, such as diversifying suppliers, securing insurance, and establishing financial plans, which help them guard against potential losses and maintain long-term stability. Lower-revenue businesses, on the other hand, may recognize the importance of risk management but struggle to implement it because of limited resources and financial constraints. Recent studies support the association between higher revenue and greater use of risk management practices. Ogundele and Nzama (2025) found that commercial banks with greater financial resources are more likely to use effective risk-management systems, such as those for credit and liquidity risks, which improve overall performance. Similarly, Idris (2024) explained that financially stable organizations can better identify and reduce financial risks because they have the necessary tools and support. Sunaryo et al. (2025) also noted that businesses that integrate risk management with innovation and regulatory compliance tend to be better prepared for sudden financial challenges.

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Table 11. Difference in Extent of Risk Management Practices across Monthly Sales Revenue

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Risk Avoidance					
	Below 100,000	101.26	11.27	2	.004	Significant
	100,000-200,000	96.57				
	Above 200,000	130.00				
2.	Risk Reduction					
	Below 100,000	99.05	12.04	2	.002	Significant
	100,000-200,000	98.26				
	Above 200,000	130.99				

Type of Food Industry. Table 12 presents the differences in the extent of risk avoidance and risk reduction practices among restaurants, fast-food establishments, and cafeterias. No significant differences were found in either risk avoidance or risk reduction. These results suggest that restaurants, fast-food establishments, and cafeterias practice risk avoidance and risk reduction to a similar extent. Because the differences in mean ranks were not significant, they do not indicate that any type of food business manages risk more extensively than the others. One possible explanation is that all three types of food businesses face similar risks, such as spoilage, supplier delays, and cash losses, and therefore use similar methods to manage them. This interpretation is consistent with prior studies suggesting that risk management depends more on a business's size, structure, and goals than on its industry type. Galadanchi and Bakar (2018) noted that larger or more structured food businesses tend to conduct better risk assessments and control activities, which help improve their performance. Henk (2020) similarly observed that the structure and objectives of food businesses, rather than their category alone, shape how they manage financial and operational risks.

Table 12. Difference in Extent of Risk Management Practices across Type of Food Industry

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Risk Avoidance					
	Restaurants	123.68	3.81	2	.148	Not Significant
	Fast-food	102.33				
	Cafeterias	113.08				
2.	Risk Reduction					
	Restaurants	124.42	5.54	2	.063	Not Significant
	Fast-food	100.72				
	Cafeterias	117.91				

Length of Business Operation. Table 13 presents the results of the Kruskal–Wallis test for differences in the extent of risk avoidance and risk reduction practices when respondents are grouped by years of operation. The test found significant differences in both risk avoidance and risk reduction. These findings are partly supported by prior studies. Ogundele and Nzama (2025) explained that companies tend to improve their risk reduction methods as they gain experience and respond to changing market conditions. Sunaryo et al. (2025) added that developing strong risk control strategies early helps businesses avoid instability later, which may explain the relatively high mean ranks of businesses operating for less than 5 years. Idris (2024) highlighted that organizations with well-defined risk management systems are better equipped to protect themselves from financial problems. Chenhall (2003) noted that businesses in their middle stage often struggle to balance growth objectives with internal governance, which is consistent with the lower mean ranks of businesses operating for 5 to 10 years. Together, these studies suggest that risk management efforts strengthen as businesses learn from their challenges, although mid-stage businesses may need particular support during their growth period.

Table 13. Difference in Extent of Risk Management Practices across Length of Business Operation

	Categories	Mean Rank	Test Stat.	df	p	Interpretation
1.	Risk Avoidance					
	Below 5 years	101.06	6.45	2	.040	Significant
	5 years – 10 years	95.45				
	Above 10 years	123.42				
2.	Risk Reduction					
	Below 5 years	110.86	7.31	2	.026	Significant
	5 years – 10 years	94.28				
	Above 10 years	110.86				

Ethical Considerations

The study involved human participants and therefore followed the institution's ethical requirements and applicable Philippine data-protection requirements. The researchers obtained approval

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

from the appropriate Institutional Ethics Committee (with protocol code 2024-104-STUDENT-COC-NINO-FINANCIAL PERFORMANCE) before collecting data. Participants received informed consent information explaining the study's purpose, procedures, the voluntary nature of participation, possible risks (with a minimal risk such as confidentiality breach, data leakage) and benefits (such as result dissemination), confidentiality measures, and their right to withdraw without penalty. Participation was voluntary, and respondents could refuse to answer any question or withdraw from the study without adverse consequences. Participants received no financial compensation. The researchers collected only information necessary for the study and treated the responses as confidential. Personal and business information was protected in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012. Only authorized members of the research team had access to the collected data. The researchers also disclosed any relevant conflict of interest and took steps to protect participants from unnecessary risks. The findings were intended for academic and research purposes and could be shared with the participants, the institution, and future researchers in accordance with the approved research protocol. Data gathered will be stored in a certain period in a secured and sealed folders.

Conclusion

This study, based on survey responses from 215 participants in the food industry, demonstrates the level of internal control and risk management practices among micro business in the food industry. The results offer valuable insights into how various factors impact the adoption of these practices. Segregation of duties and transaction authorization are commonly practiced especially in micro food businesses. On the other hand, businesses do not apply physical control measures consistently, particularly those operating for less than five years. Regular transaction reviews improve operations, showing the value of frequent monitoring. The study finds that risk reduction strategies play a crucial role in ensuring operational stability and mitigate risks. Additionally, risk avoidance measures are applied less consistently, especially in newer micro food businesses, affecting their ability to mitigate business uncertainties. The data also show that a business's monthly sales and years of operation significantly impact its effectiveness in applying internal control and risk management strategies. Businesses with higher sales and more years in operation tend to have stronger controls in place. In contrast, the specific type of food business, whether a fast-food outlet, restaurant, or cafeteria, has little effect on how these practices are used. While most respondents reported improvements in business performance due to effective internal control and risk management practices, two respondents indicated no significant improvement in their business performance. However, given the overwhelmingly positive responses, this exception appears statistically insignificant. Additionally, other external factors may have contributed to their business outcomes, suggesting that internal control and risk management alone do not account for all aspects of business performance.

Recommendations

Based on these findings, food industry microbusinesses can strengthen their internal control systems, particularly by regularly using physical controls and risk-reduction techniques. To further enhance and stabilize their business and operational performance, firms should prioritize asset protection and thorough risk management, even though segregation of duties and transaction authorization are established best practices. Institutionalizing training and regularly assessing internal controls is crucial, particularly for companies with lower sales revenue or limited operational experience. The study's results may also help the local government unit of Iloilo City and relevant regulatory bodies assess how well micro businesses comply with current internal control and risk management standards. This can guide policy development, enforcement strategies, and targeted interventions. Programs such as compliance support, training workshops, and rewards for top-performing companies can promote broader adoption of good practices. Additionally, incorporating internal control reviews into business permitting and inspection procedures can strengthen accountability and operational integrity. Further, employees or personnel are a crucial part of the business. Therefore, their direct involvement in operational efficiency and financial duties is relevant. We recommend that each employee participate in training on internal control and risk management to deepen their knowledge and carry out their responsibilities with integrity. In this way, employees can help improve the business's performance by reducing the likelihood of mistakes and fraud. Finally, future researchers are recommended to expand the scope of the research to encompass different food industries and districts of Iloilo City, allowing for a comparison of internal control and risk management practices. We also recommend investigating the long-term effects of internal control and risk management on sustainability and resilience, providing a deeper understanding of how business owners implement internal control and risk management as operational controls.

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

References

Amudo, A., & Inanga, E. L. (2019). Evaluation of the effectiveness of internal controls in the public sector: A case study of the Uganda Revenue Authority. African Journal of Accounting, Economics, Finance and Banking Research, 4(4), 32–53.

Arens, A. A., Elder, R. J., Beasley, M. S., & Hogan, C. E. (2017). Auditing and assurance services: An integrated approach (16th ed.). Pearson.

Association of Certified Fraud Examiners. (2022). Occupational fraud 2022: A report to the nations. https://legacy.acfe.com/report-to-the-nations/2022/

Bhusal, T. (2023). Internal control system and financial performance of saving and credit cooperatives. The Lumbini Journal of Business and Economics, 11(2), 56–68. https://doi.org/10.3126/ljbe.v11i2.64722

Chenhall, R. H. (2003). Management control systems design within its organizational context: Findings from contingency-based research and directions for the future. Accounting, Organizations and Society, 28(2–3), 127–168. https://doi.org/10.1016/S0361-3682(02)00025-7

Cheng, L., Wang, Y., & Li, S. (2023). Risk-aligned internal controls in food processing industries. Journal of Food Safety and Quality, 5(3), 101–115.

Damayanti, E. S. (2023). Risk management in an overview of literature review. ResearchGate. https://www.researchgate.net/publication/370590007_Risk_Management_In_an_Overview_of_Literature_Review

Deakins, D., & Freel, M. (2019). Entrepreneurship and small firms (7th ed.). McGraw-Hill Education.

Dechow, P. M., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. Journal of Accounting and Economics, 50(2–3), 344–401. https://doi.org/10.1016/j.jacceco.2010.09.001

Department of Trade and Industry. (2023). 2023 Philippine MSME statistics. https://www.dti.gov.ph/resources/msme-statistics/

Doyle, J., Ge, W., & McVay, S. (2007). Determinants of weaknesses in internal control over financial reporting. Journal of Accounting and Economics, 44(1–2), 193–223. https://doi.org/10.1016/j.jacceco.2006.10.003

Doyle, J., Smith, A., & Lee, R. (2023). Advanced security systems and financial accuracy in small businesses. Journal of Financial Management, 15(1), 45–60.

Galadanchi, A., & Bakar, R. (2018). Segregation of duties and fraud prevention in food service establishments. International Journal of Hospitality Management, 29(4), 256–270.

Galloway, L., Brown, W., & McGuinness, C. (2018). Inventory management and financial performance in small food businesses. Journal of Small Business and Enterprise Development, 25(3), 456–472.

Gowsalya, R. S., & Mohammed Hasan, M. (2017). Financial performance analysis. International Journal for Research Trends and Innovation, 2(6). https://www.ijrti.org/papers/IJRTI1706020.pdf

Henk, J. (2020). Internal control practices across food cooperatives and processors. Food Business Review, 7(2), 112–128.

Hudson, M., Smart, A., & Bourne, M. (2001). Theory and practice in SME performance measurement systems. International Journal of Operations & Production Management, 21(8), 1096–1115. https://doi.org/10.1108/EUM0000000005587

Idris, A. (2024). Financial stability and risk mitigation in organizations: Tools and support mechanisms. Journal of Financial Risk Management, 12(1), 45–60.

Jokipii, A. (2010). Determinants and consequences of internal control in firms: A contingency theory-based analysis. Journal of Management & Governance, 14(2), 115–144. https://doi.org/10.1007/s10997-009-9085-x

Kraus, S., Harms, R., & Fink, M. (2012). Entrepreneurial orientation and the business lifecycle. International Journal of Entrepreneurship and Small Business, 16(2), 203–216.

Lamarque, P. (2018). Evolving transaction review procedures and financial risk management. International Journal of Accounting and Finance, 9(3), 210–225.

Lawson, C. M., & Bromwell, Z. E. (2025, February 7). How nonprofits can prevent fraud. Baltimore Business Journal. https://www.bizjournals.com/baltimore/news/2025/02/07/how-nonprofits-can-prevent-fraud.html

Marques, P., & Ferreira, C. (2017). Internal control practices in small restaurants: The role of cash management. Journal of Small Business and Enterprise Development, 24(1), 134–149.

Ogundele, O. S., & Nzama, L. (2025). Risk management practices and financial performance: Analysing credit and liquidity risk management and disclosures by Nigerian banks. Journal of Risk and Financial Management, 18(4), Article 198. https://doi.org/10.3390/jrfm18040198

This article is licensed under a Creative Commons Attribution 4.0 International License.

International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 9, pp. 751-765, October 2026
https://ijroms.com
Original Article

Okeke, S. E., Offor, S. I., & Chukwunwike, O. D. (2021). Internal control: Its role in the reduction of fraud and professional misconduct among SMEs. Asian Journal of Economics, Business and Accounting, 21(19), 57–66. https://doi.org/10.9734/ajeba/2021/v21i1930506

Ravikumar, A., & Singh, S. (2017). Financial management practices in small businesses: The food industry perspective. Journal of Small Business Management, 55(3), 455–470.

Romney, M. B., & Steinbart, P. J. (2018). Accounting information systems (14th ed.). Pearson.

Runyan, R. C. (2006). Small business in the face of crisis: Identifying barriers to recovery from a natural disaster. Journal of Contingencies and Crisis Management, 14(1), 12–26. https://doi.org/10.1111/j.1468-5973.2006.00477.x

Sunaryo, D., Hartono, R., & Putra, Y. (2025). Innovation-driven risk management and regulatory compliance in business resilience. Asian Journal of Business Innovation, 8(1), 112–130.

Zúñiga-Igarza, L. M., Pérez-Campdesuñer, R., de Miguel-Guzmán, M., & Molina-Molina, M. P. (2022). Determinant variables of logistic management in micro and small enterprises. Economía y Negocios, 13(1), 1–20. https://doi.org/10.29019/eyn.v13i1.1039

This article is licensed under a Creative Commons Attribution 4.0 International License.