

Financial Planning in Micro and Small Commercial Enterprises in Chachapoyas (2018-2023)

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Abstract

This study examines the influence of financial planning on the economic sustainability of commercial micro and small enterprises (MSEs) in Chachapoyas, Peru, during the period 2018-2023. Using a descriptive cross-sectional design and a sample of 100 MSEs, three key dimensions were assessed: financial resource management, investment planning, and risk management. The results show that most companies achieve a medium or high level of financial planning, although only a minority implement advanced practices. The research highlights the importance of strengthening budgetary control, investment strategies and risk management to improve the resilience and adaptability of these companies. This analysis provides a theoretical and practical perspective on financial planning in MSEs, with recommendations to foster their sustainable development and stability in a changing economic environment.

Keywords: *Financial planning, Economic sustainability, MSEs, Risk management, Chachapoyas.*

Introduction

Financial planning is a fundamental pillar for the survival and growth of micro and small enterprises (MSEs), especially in volatile economic contexts where the ability to manage resources, plan investments and mitigate risks is crucial. In Peru, MYPES represent approximately 80% of the business fabric and play a vital role in both the local and national economy (Instituto Nacional de Estadística e Informática [INEI], 2023). However, the lack of adequate financial planning limits their long-term sustainability and growth, generating vulnerability in the current economic context (INEI, 2023).

In regions such as Chachapoyas, MSEs face particular challenges in achieving financial stability due to economic conditions and the limited availability of management tools. Among the main challenges is income and expense management, a basic practice in financial planning that many MSEs do not perform in a formal manner. Recent studies indicate that more than 60% of MSEs in Peru lack adequate financial records, which restricts their access to financing and their ability to make informed decisions about savings and investment (Banco Central de Reserva del Perú [BCRP], 2022). According to González et al. (2021), poor financial management in environments of economic uncertainty increases the risk of business failure, as it limits the ability of these companies to control their expenses and adjust their budgets when they face difficulties.

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Another critical aspect of MSE financial planning is investment planning. Most of these enterprises in Chachapoyas depend on their own resources to make investments, due to limited access to formal financing. This situation prevents many MSEs from conducting detailed evaluations of their investment projects, which affects their profitability and long-term sustainability (Martinez & Rojas, 2020). Rodríguez and Paredes (2022) point out that in the absence of adequate planning and quantitative methods to evaluate investments, many MSEs make decisions based on assumptions, which increases the risk of losses.

Financial risk management is another essential component of financial planning, especially for MSEs, which are often exposed to a variety of both internal and external risks. The lack of preparation to face these risks has led many MSEs in Peru, including those in Chachapoyas, to have difficulty overcoming critical events such as the COVID-19 pandemic, which evidences the vulnerability of enterprises without a financial contingency plan (Rivera, 2021). (Rivera, 2021). Salazar and Pérez (2023) found that only 30% of MSEs in the country have risk mitigation strategies, which limits their capacity to adapt to adverse conditions and reduces their resilience to changes in the economic environment.

These factors highlight the need for comprehensive financial planning that allows MSEs in Chachapoyas not only to manage their resources efficiently, but also to evaluate investment options and establish strategies to mitigate financial risks. The Lima Chamber of Commerce (2024) suggests that strengthening financial planning in MSEs would contribute to the economic stability of the companies and the economic development of the regions where they operate. Recommended practices include the use of technological tools for budgetary control, training in investment analysis, and the development of strategies for identifying and mitigating financial risks (Cámara de Comercio de Lima, 2024).

Given the context described above, the present research sets out to answer the following question: **how** does financial planning influence the economic sustainability of micro and small business enterprises in Chachapoyas during the period 2018-2023? To answer this question, the following specific objectives have been established: to analyze how financial resource management, particularly income and expense management, affects the financial stability of MSEs in Chachapoyas; to evaluate the impact of budgetary control on decision making and the effectiveness of financial strategies within these enterprises; and to examine the contribution of financial risk management on the resilience and adaptive capacity of MSEs in the face of adverse conditions.

This study seeks to contribute to the existing theoretical framework on financial planning in MSEs, a key business management area that has been insufficiently explored in the Peruvian regional context. According to Brigham and Houston (2021), adequate financial planning is essential to optimize the use of resources and minimize risks, especially in smaller firms. By delving into the dimensions of financial resource management, investment planning and risk management, this research will enrich knowledge about the role of financial planning as a survival and growth tool for MSEs in areas with limited resources and high economic volatility (Gitman & Zutter, 2022).

From a practical perspective, the results of this study will provide empirical evidence on the effectiveness of financial planning in improving the stability and resilience of MSEs in Chachapoyas. This information will be valuable for MSE owners and managers, who will be able to better understand the importance of keeping detailed control of income and expenses, implementing effective budgets, and adopting risk mitigation strategies. In addition, this research can be used in training and counseling programs for local entrepreneurs, promoting the development of sound financial practices that benefit the regional economy (Cámara de Comercio de Lima, 2024).

Methodologically, this study provides a specific design to analyze financial planning in the context of MSEs in a particular region, which could serve as a model for similar research in other areas. The descriptive approach and the use of a structured survey to collect data on financial resource management, investment planning and financial risk management represent a replicable methodology adapted to the conditions of small enterprises in regions such as Chachapoyas. This will allow other researchers to use the indicators and approaches employed in this study to evaluate financial planning in different contexts, promoting greater consistency in research applied to MSEs (Ross, Westerfield & Jaffe, 2021; Hull, 2020).

This study faces certain limitations that should be recognized. First, the geographic scope is restricted to the city of Chachapoyas, which limits the generalizability of the results to other regions. In addition, the temporal period of analysis (2018-2023) provides a limited view to a specific time interval, which could influence the applicability of the results in the long term. In addition, the data collected are self-reported, which could introduce biases in the accuracy of the information provided by participants. Finally, the diversity in the levels of financial development of MSEs could make it difficult to standardize the results, affecting the ability to draw conclusions applicable to all types of enterprises.

Overall, this research aims to provide an in-depth and practical understanding of how financial planning can influence the economic sustainability of MSEs in Chachapoyas. Through an approach that encompasses resource management, investment planning and risk management, this study hopes to bring recommendations to both theory and practice, offering tools and to strengthen the resilience of MSEs in challenging economic environments.

Methods

Type and Level of Research

This is a non-experimental study, since the variables are not manipulated, but rather their characteristics and relationships are observed and described. A descriptive level has been chosen for the study, since the main objective is to analyze how various aspects of financial planning are manifested in the economic sustainability of commercial micro and small enterprises (MSEs) in Chachapoyas. This descriptive approach allows us to observe and characterize financial practices without establishing direct causal relationships.

Research Design

The research is based on a descriptive cross-sectional design, in which information is collected at a single point in time, making it possible to evaluate the state of financial planning of MSEs in the specific context of Chachapoyas during the study period. This design facilitates the collection of representative data on current financial planning practices and their relationship with the economic sustainability of these enterprises.

Population and Sample

The study population is composed of micro and small enterprises (MYPES) in the commercial sector in the city of Chachapoyas, Department of Amazonas, Peru. Since an exact census of the target population is not available, an estimate of the sample size was made based on data from chambers of commerce and other local institutions. A sampling formula for finite populations was applied, considering a 95% confidence level and an acceptable margin of error for the context. As a result, a representative sample of 100 MSEs was calculated, which allows for adequate representativeness and reliability of the results.

Measuring Instrument

The data collection instrument is a structured survey specifically designed to assess financial planning in three key dimensions: financial resource management, investment planning and financial risk management. The survey is organized into questions using a five-point Likert scale, with responses ranging from "Strongly Disagree" to "Strongly Agree". This approach provides quantitative data on respondents' level of agreement with financial practices and strategies.

The **dimensions and indicators** evaluated in the instrument are as follows:

Financial Resources Management:

Indicators

- *Revenue and Expense Management:* Includes statements such as "The company has a detailed record of all revenues" and "The company adjusts its expenses based on revenues," which assess control and efficiency in managing revenues and expenses.
- *Budgetary Control:* Includes statements such as "The budget is reviewed and adjusted periodically" and "Technological tools are used for budgetary control", which measure the use of budgets and technological tools to manage financial resources.

Investment Planning

Indicators

- *Evaluation and Project Evaluation:* Includes statements such as "The company conducts a detailed analysis before investing in new projects" and "Quantitative methods are used to evaluate investment projects," which reflect the companies' ability to analyze projects and select the most leasable ones.
- *Financing Strategies:* Includes statements such as "The company has a clear strategy for obtaining financing" and "The company has used external financing in the last five years", which evaluate the diversification of financing sources and access to external resources.

Financial Risk Management

Indicators

- *Financial Risk Identification:* Includes statements such as "The company regularly identifies financial risks" and "Risk identification is part of strategic planning", which measure the ability of companies to anticipate financial risks.
- *Development of Mitigation Strategies:* Includes statements such as "The company has strategies to mitigate financial risks" and "The company has a contingency plan in case of financial crisis", which reflect the level of preparedness to face adverse situations.

This instrument makes it possible to capture detailed and specific information on financial planning practices in each of these dimensions, facilitating the analysis of their influence on the economic sustainability of MSEs.

Procedure

Data collection was carried out through personal interviews at the facilities of the companies selected in the sample. Each respondent, generally the owner or financial manager of the MSE, was informed of the objectives of the research and asked for his or her consent to participate voluntarily, guaranteeing the confidentiality and anonymity of the responses. During the process, a face-to-face approach was used, which made it possible to resolve doubts in real time and obtain a higher response rate. Data collection was carried out over a period of two months, following the ethical principles of research.

Data Analysis

SPSS (Statistical Package for the Social Sciences) software, version 27, was used for data analysis, which facilitated the management and statistical analysis of the information collected. Given the descriptive approach of the study, descriptive statistical techniques were used to analyze each dimension and indicator, using measures of central tendency (mean, mode) and measures of dispersion (standard deviation), as well as frequencies and percentages that show the distribution of the responses in each of the indicators.

This descriptive analysis made it possible to identify patterns and trends in the financial planning practices of MSEs, providing a clear view of the level of financial planning and its possible influence on economic sustainability. The results are presented in tables and graphs to facilitate the interpretation and comparison of the data obtained, in accordance with the specific objectives of the research.

Results

GO: Determine the influence of financial planning on the economic sustainability of micro and small business enterprises in Chachapoyas during the period 2018-2023.

Table 1. Financial Planning

Level	N	%
Low (55-78)	2	2,0%
Medium (79-102)	32	32,0%
High (103-126)	59	59,0%
Very High (127-150)	7	7,0%
TOTAL	100	100.0%

Interpretation of Results: Table 1 shows that 59% of commercial micro and small enterprises (MSEs) in Chachapoyas have a High level of financial planning, suggesting that the majority of MSEs apply sound financial planning practices. Thirty-two percent are at the Medium level, while a small percentage, 7 percent, are at the Very High level, and 2 percent are at the Low level. These results indicate that although most companies have financial planning practices, there are variations in the depth and effectiveness of these practices.

SO1: Analyze how financial resource management, particularly income and expense management, affects the financial stability of micro and small commercial enterprises in Chachapoyas.

Table 2. Financial Resources Management

Level	N	%
Low (19-26)	5	5,0%
Medium (27-34)	16	16,0%
Tall (35-42)	67	67,0%
Very High (43-50)	12	12,0%
TOTAL	100	100.0%

Interpretation of Results: In Table 2, we observe that the majority of micro and small enterprises (67%) have a High level of financial resource management, indicating sound management of income and expenses. Sixteen percent of the enterprises are at a Medium level and only 5% at a Low level. Likewise, 12% reach a

Very High level, which shows that, although most of the enterprises manage their financial resources well, only a minority have developed advanced financial resource management.

SO2: Evaluate the impact of budgetary control on decision making and the effectiveness of financial strategies within micro and small business enterprises.

Table 3. Investment Planning

Level	N	%
Very Low (10-16)	1	1.0%
Low (17-22)	6	6.0%
Medium (23-28)	32	32,0%
High (29-34)	52	52,0%
Very High (35-40)	10	10,0%
TOTAL	100	100.0%

Interpretation of Results: Table 3 shows that 52% of micro and small enterprises (MSEs) in Chachapoyas have a High level of investment planning, which indicates a considerable effort in project evaluation and selection. 32% are at the Medium level and 10% reach the Very High level. Thirty-two percent are at the medium level and 10% are at the very high level. However, 6% and 1% are at the Low and Very Low levels respectively, suggesting that some companies have limited investment planning, potentially affecting their effectiveness in financial decision making.

SO3: Examine the contribution of financial risk management to the resilience and adaptive capacity of these companies in the face of adverse conditions.

Table 4. Financial Risk Management

Level	N	%
Very Low (14-25)	1	1.0%
Low (26-37)	14	14,0%
Medium (38-49)	54	54,0%
Tall (50-61)	27	27,0%
Very High (62-70)	4	4.0%
TOTAL	100	100.0%

Interpretation of Results: In Table 4, we observe that the majority of micro and small enterprises (55%) have a Medium level of financial risk management, which suggests a partial implementation of risk identification and mitigation practices. Twenty-seven percent of the companies reach a High level and only 4% reach the Very High level, indicating that a minority have developed advanced risk management practices. At the other extreme, 14% are at the Low level and 1% at the Very Low level, showing that some companies lack effective practices for dealing with financial risks.

Discussion

Comparison with Previous Studies

The results of this study show that financial planning has a medium to high level in most commercial micro and small enterprises (MSEs) in Chachapoyas, which is consistent with existing literature on the importance of financial planning for the economic sustainability of enterprises. Gitman and Zutter (2022) highlight that

proper financial planning optimizes the use of resources and mitigates risks, which is critical for business stability and growth. The finding that 59% of MSEs have a high level of financial planning suggests that these companies understand the relevance of these practices, although there is still room for deeper implementation to reach very high levels.

In terms of financial resource management, 67% of MSEs in Chachapoyas achieve a high level, suggesting effective management of income and expenses. This finding is aligned with the studies of Brigham and Houston (2021), who stress that effective control of income and expenses contributes to maintaining a positive cash flow, essential for financial stability. However, Gitman and Zutter (2022) point out that a comprehensive approach to financial planning should also include advanced tools for budgetary control and investment evaluation. Most companies in Chachapoyas do not yet reach a very high level in this regard, indicating that they could benefit from more training in advanced financial practices.

In terms of investment planning, 52% of the companies show a high level, which is a sign that many MSEs are implementing project evaluation and selection practices. Ross, Westerfield and Jaffe (2021) argue that effective investment planning not only evaluates the profitability of projects, but also considers various sources of financing and optimizes the use of resources. The proportion of firms with low or medium levels in this study suggests that the formalization of these processes is not yet consolidated in all MSEs in Chachapoyas, which could limit their ability to take advantage of investment opportunities.

Financial risk management shows that 54% of MSEs in Chachapoyas are at a medium level, indicating that although many companies are aware of the need to manage risks, few implement robust strategies to protect themselves from adverse events. This finding is consistent with Salazar and Perez (2023), who highlight the importance of risk management for organizational adaptability, especially in crisis contexts such as the COVID-19 pandemic. Only 4% of the companies in this study achieved a very high level of risk management, indicating that most could benefit from a more comprehensive approach that includes contingency planning and long-term assessments (Hull, 2020).

Theoretical Interpretation

From a theoretical perspective, these results reinforce the financial planning model as a pillar for the sustainability of MSEs, in line with financial management theories that suggest that adequate resource management, investment planning and risk mitigation are fundamental for business stability and growth. Brigham and Houston's (2021) financial resource management theory postulates that proper management allows covering financial obligations and maintaining a stable cash flow, which is evident in the high percentage of businesses in Chachapoyas that manage their income and expenses well.

In addition, the study confirms Gitman and Zutter's (2022) statement about the need for comprehensive financial planning that goes beyond basic resource management. Although many MSEs in Chachapoyas achieve a high level of resource management, the lower proportions in budget control and investment planning indicate that most have yet to implement a strategic approach that includes quantitative assessments and diversification of funding sources. This suggests that the financial planning model in local MSEs can be improved by incorporating advanced tools and techniques that optimize their decision-making capacity and resilience.

Implications

The findings of this study have important practical and theoretical implications. At the practical level, they highlight the need to strengthen financial planning practices in MSEs in Chachapoyas, especially in areas such as budget control and risk management. The implementation of project evaluation tools, such as cash flow analysis and return on investment calculations, could help these enterprises make more informed decisions and improve the effectiveness of their financial strategies (Ross et al., 2021). In addition, the study suggests the importance of risk management training and the adoption of financial control technologies, which could increase the resilience of these companies in the face of market changes and other external factors.

At a theoretical level, this study contributes to the knowledge on financial planning in the context of MSEs, a crucial sector for developing economies such as Peru's. The results reinforce existing theories on the relationship between financial planning and economic sustainability, and suggest that the adoption of advanced financial practices could benefit MSEs in their adaptability and competitiveness. The results reinforce existing theories on the relationship between financial planning and economic sustainability, and suggest that the adoption of advanced financial practices could benefit MSEs in their adaptability and competitiveness. This research also opens the door to future studies that could further explore the barriers to the implementation of these practices, especially in contexts of limited resources and access to finance.

Limitations

There are some limitations to this study that should be considered when interpreting the results. First, the limited geographic scope to the city of Chachapoyas restricts the generalizability of the findings to other regions with different economic and cultural conditions. In addition, the study used self-reported data, which may introduce biases, as respondents could have provided more favorable responses. Also, business diversity within the MSE business sector implies variability in practices and outcomes that may not be applicable to all subsectors.

Finally, the changing economic context, especially after the COVID-19 pandemic, may affect the financial planning practices of MSEs. Resistance to change and lack of access to appropriate technological tools are additional factors that may have limited the scope of financial planning practices in some firms.

Conclusion

In conclusion, financial planning is presented as a critical component for the economic sustainability of MSEs in Chachapoyas, although the results indicate that there are areas for improvement in terms of implementing advanced practices in budget control, investment planning, and risk management. The findings reinforce the existing literature, suggesting that, despite the adoption of financial planning practices, many MSEs still face challenges in implementing a more strategic and robust approach to improve their competitiveness and resilience in adverse environments.

Conclusions

Summary of Key Findings

The research reveals that the majority of commercial micro and small enterprises (MSEs) in Chachapoyas have a significant level of commitment to financial planning, with 91% of them at medium and high levels. This indicates a moderately consolidated practice in financial resource management, although only a small percentage reach a very high level, evidencing an area for improvement in terms of the depth and sophistication of their financial practices.

Specifically, 67% of MSEs show a high level of financial resource management, which contributes to their financial stability through effective management of income and expenses. However, only 12% reach a very high level, suggesting that many companies could benefit from advanced financial management techniques. In terms of investment planning, 52% of companies exhibit a high level, which supports the effectiveness of their financial strategies and allows for informed decisions on resource allocation. However, 10% of companies at the very high level and 31% at the medium level indicate opportunities for formalization and structuring in these processes.

In relation to financial risk management, the majority of MSEs (54%) are at a medium level, suggesting a basic knowledge of risk mitigation, although implemented in a limited way. Only 4% of the companies reach a very high level in risk management, reflecting that few MSEs have advanced strategies that could strengthen their resilience and capacity to adapt in times of crisis.

Contribution of the Study

This study contributes to the field of financial planning in MSEs, specifically in the context of enterprises in less developed regions, such as Chachapoyas, where financial planning faces particular limitations due to resource constraints and access to finance. By highlighting the need for comprehensive financial planning that includes income and expense management, investment planning, and risk management, this study provides practical and theoretical insights into how MSEs can strengthen their economic sustainability through improved financial practices. In addition, the research highlights areas where MSEs can still improve, especially in the implementation of advanced risk management practices and the use of investment project evaluation tools.

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