

# LIQUIDITY AND FINANCIAL SUSTAINABILITY IN MALAYSIAN UNIVERSITIES: A CASE STUDY OF UnIPSAS

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## Abstract

*This study analyzes the liquidity status of Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS) from 2018 to 2022 to assess the financial resilience of Malaysian higher education institutions (HEIs). Although financial sustainability has become increasingly important for HEIs, empirical evidence based on internal audited financial data remains scarce in Malaysia, particularly at the institutional level. To address this gap, the study adopts a quantitative approach using time-series trend analysis to examine five liquidity indicators: the current ratio, quick ratio, accounts receivable turnover (ART), working capital, and cash ratio. The results show that liquidity improved from 1.48 in 2018 to 2.68 in 2022, indicating a stronger short-term financial buffer. However, the ART ratio declined sharply to 0.62 in 2022, signalling substantial inefficiencies in student fee and sponsorship collections. These findings suggest that prolonged cash conversion cycles may pose risks to operational cash flows despite improved liquidity. This study contributes institution-level evidence derived from audited data and highlights the critical role of receivables management in supporting financial sustainability in HEIs. The study recommends the adoption of digital payment systems and automated receivables monitoring to enhance cash flow efficiency. Future research should incorporate solvency and efficiency measures, qualitative perspectives on financial governance, and a broader range of institutions to provide a more comprehensive assessment of financial sustainability in higher education.*

**Keywords:** liquidity ratio, financial performance, higher education institutions, Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS)

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## 1. INTRODUCTION

### 1.1. Overview

Financial sustainability is a central governance challenge for HEIs amid tightening public funding and

rising operational demands. In Malaysia, existing studies on HEIs financial performance largely depend on publicly available or aggregated financial data, offering limited insight into institution-level liquidity dynamics that directly affect cash flow resilience and operational continuity (Ahsan, 2024; Sirat & Wan, 2022). Liquidity indicators such as the current ratio, quick ratio, cash ratio, working capital, and accounts receivable turnover, are widely used to assess short-term solvency and cash management efficiency. However, empirical evidence based on audited internal financial data from Malaysian HEIs remains scarce, particularly studies that disaggregate liquidity components over time and link them to managerial decision-making (Ahsan, 2024). International literature demonstrates that institutions may exhibit strong headline liquidity while simultaneously experiencing weak cash conversion due to deteriorating receivables collection, resulting in a condition of “paper solvency” that masks underlying cash flow stress (Fraser & Ormiston, 2016; Ross et al., 2019; Higgins, 2022).

This issue is especially salient for HEIs that depend heavily on tuition fees, sponsorships, and government-linked funding, where billing cycles and collection efficiency materially influence the cash conversion cycle (Hill et al., 2010; Baños-Caballero et al., 2014). Despite the recognised importance of liquidity analysis in financial management theory (Brigham et al., 2016; Gitman & Zutter, 2015), Malaysian studies rarely examine liquidity behaviour at the institutional level using longitudinal internal data, leaving a decision-oriented evidence gap for university managers and policymakers.

Accordingly, this study addresses this gap by analysing audited internal financial statements of Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS) over the period 2018–2022. By focusing on key liquidity ratios and their five-year trends, the study evaluates UnIPSAS’s short-term financial resilience and cash conversion effectiveness, providing institution-specific evidence to support strategic financial planning and sustainable governance in Malaysian higher education.

## **1.2. Background of University**

Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS) is a state-owned higher education institution governed and administered by Sistem Pendidikan Islam Pahang Sendirian Berhad (SPIPSB). The establishment of an Islamic higher education institution in Pahang was approved by the State Executive Council in 1996, with the initial objective of providing tertiary education opportunities for graduates of state religious secondary schools. The institution commenced academic operations in 1998 and was later upgraded to university status under its current name (Universiti Islam Pahang Sultan Ahmad Shah, n.d.).

From a governance and financial reporting perspective, UnIPSAS does not prepare standalone financial statements, as its financial operations - including grants, operating revenue, expenditure, assets, and liabilities - are consolidated within the financial statements of SPIPSB. In this parent–subsidiary relationship, SPIPSB functions as the principal funding, governance, and strategic authority, while UnIPSAS operates as an educational entity under its control. Consequently, UnIPSAS’s financial performance and liquidity position are reflected within the SPIPSB group accounts rather than reported independently.

In recent years, the Government of Pahang has announced plans to reposition UnIPSAS as a University Quran, supported by a RM20 million allocation under the Belanjawan Negeri Pahang 2026. This strategic initiative underscores the institution’s expanding academic mandate and heightens the importance of effective financial management to support operational stability and long-term sustainability.

Within this context, liquidity analysis plays a critical role in evaluating UnIPSAS’s capacity to meet short-term financial obligations, manage cash flows efficiently, and support strategic development initiatives. A systematic assessment of liquidity indicators provides management and stakeholders with essential insights into the institution’s financial resilience, particularly in an environment characterised by funding constraints and increasing operational demands (Hendra et al., 2025).

### **1.3. Problem Statement**

Despite the increasing focus on financial sustainability within higher education institutions, there exists a paucity of institution-specific research about the impact of internal liquidity dynamics on operational cash flow in Malaysian universities. Current research predominantly depends on aggregated or publicly accessible financial data, providing inadequate understanding of the cash conversion efficiency of specific institutions. This constraint hinders university management's capacity to recognize and mitigate liquidity issues at the operational level.

The preliminary examination of the audited financial statements for UnIPSAS reveals that, although the reported liquidity ratios are reasonably robust, potential deficiencies in accounts receivable collection may be surfacing, especially towards the conclusion of the study period. This apparent difference raises concerns that favourable headline liquidity metrics may not accurately represent the institution's actual cash availability. If not scrutinized, this condition may subject UnIPSAS to the peril

of paper solvency, wherein accounting metrics indicate short-term financial robustness while actual cash resources are limited.

In the absence of a systematic examination of liquidity components and their patterns, UnIPSAS's management lacks an empirical foundation to evaluate short-term financial resilience, identify cash flow vulnerabilities, and execute targeted liquidity management solutions. A thorough analysis of liquidity ratios and cash conversion efficiency is essential to facilitate informed financial decision-making and improve the institution's long-term viability.

#### **1.4. Objectives**

This study includes three objectives. The study aims to identify the critical liquidity ratios for UnIPSAS, including the current ratio, quick ratio, accounts receivable turnover ratio, working capital ratio, and cash ratio, to achieve a thorough knowledge of the institution's short-term financial condition. Secondly, it aims to analyze liquidity trends across the chosen financial eras to discern patterns of enhancement or decline over time. The study aims to evaluate the short-term financial stability of UnIPSAS by analyzing liquidity ratios to ascertain the institution's capacity to fulfill its immediate financial obligations. The report seeks to offer strategic recommendations to improve UnIPSAS's liquidity management, so ensuring enhanced financial resilience and sustainability in the future.

## **2. LITERATURE REVIEW**

### **2.1. Financial Statement**

Financial statements serve as the principal instruments for evaluating an institution's financial well-being. The financial statements comprise the statement of financial position, statement of profit or loss, cash flow statement, and statement of changes in equity, which combined offer insights into liquidity, solvency, and operational efficiency (CFA Institute, 2023). These statements enable stakeholders to assess resource allocation, sustainability, and adherence to accounting rules (Gomes, 2025). Raw financial data frequently lacks clarity, requiring ratio analysis for significant insights. The financial analysis of national university hospitals in Korea employed ratios including liquidity, stability, growth, activity, and profitability to evaluate operational performance and financial viability, illustrating the significance of ratio indicators for organizations delivering public services rather than functioning solely for profit (Lee, 2015). McLaren and Struwig (2019) examined financial ratios as indications of financial sustainability at a South African university, emphasizing the utility of ratio analysis in

assessing long-term fiscal viability within higher education settings. Khumalo and Schutte (2025) underscored that financial ratios offer a pragmatic framework for assessing sustainability in public colleges. Additional empirical studies, like those in Islamic banking, further validate the efficacy of ratio analysis in evaluating organizational performance within service-oriented sectors (Zulianty & Witono, 2025). This research applies established financial ratio analysis frameworks to a Malaysian institution, which may exhibit distinct income structures, stakeholder expectations, and sustainability challenges, despite the efficacy demonstrated across many industries in previous studies.

## **2.2. Liquidity Ratio**

Financial liquidity is an essential indicator of an organisation's ability to meet short-term financial obligations and maintain stable operations. (Daft & Samson, 2012) emphasise that liquidity ratios directly reflect an organisation's capacity to settle its current debts, while (Sukiennik, 2012) highlights that adequate liquidity ensures smooth payment of routine expenses such as bills and employee remuneration. Investors and stakeholders also consider liquidity critical because persistent difficulty in meeting short-term obligations increases the risk of financial distress (Ross, Westerfield, & Jordan, 2019). Therefore, liquidity ratios are widely used to evaluate financial health, and their interpretation should include comparisons with industry norms and multi-year trends (Higgins, 2022).

Liquidity measures differ based on the type of assets used in the calculation. While the current ratio considers all current assets, more conservative indicators such as the quick ratio and cash ratio exclude fewer liquid items to provide a clearer picture of immediate solvency (Fraser & Ormiston, 2016). Efficient working capital and receivable management are closely linked to liquidity, as delays in billing or collection can weaken cash flow even when current assets appear sufficient (Banos-Caballero, García-Teruel, 2014). The cash conversion cycle also plays a major role, as cash remains tied up in receivables and operational activities until payments are received. (Hill, Kelly, & Highfield, 2010; Enqvist, Graham, & Nikkinen, 2014)

## **2.3. Significance of Contemporary Studies and Research Gaps**

Despite comprehensive research exists on financial statement analysis and liquidity management in universities and service-oriented enterprises worldwide, there is a lack of empirical material pertaining to Malaysian higher education institutions (HEIs). Recent studies indicate that financial ratios,

especially liquidity ratios, serve as effective instruments for evaluating operational efficiency, sustainability, and the risk of financial distress in organizations reliant on fluctuating revenue sources, such as tuition fees, government grants, and sponsorships (Christensen, 2023; Gardner, 2021; Ross, Westerfield, & Jordan, 2019; Daft & Samson, 2012). Data from South African universities and Korean hospitals underscores the practical application of ratio analysis in assessing long-term financial sustainability and operational efficacy (Lee, 2015; McLaren & Struwig, 2019; Khumalo & Schutte, 2025). Malaysian higher education institutions may possess unique income patterns, stakeholder expectations, and operational issues that could affect the interpretation of financial measures. This study addresses a significant gap by employing recognized financial ratio frameworks, particularly concerning liquidity management, in a Malaysian institution, thereby offering context-specific insights into financial health and sustainability that remain underexamined in existing literature.

### **3. METHODOLOGY**

#### **3.1. Research Design**

This study utilizes a quantitative research design with secondary financial data to measure the liquidity condition of UnIPSAS. Quantitative approaches are extensively utilized in financial research for their capacity to deliver objective evaluations and numerical analyses of organizational financial performance (Bryman, 2016; Creswell, 2014).

The research uses financial ratio analysis as the principal analytical instrument to assess liquidity. The analyzed ratios encompass the current ratio, quick (acid-test) ratio, accounts receivable turnover ratio, working capital, and cash ratio, which together assess the institution's capacity to convert current assets into cash and fulfill short-term financial obligations (Helfert, 2001; Fraser & Ormiston, 2016; Agriyanto, 2020; Nadila Mariska, N., Sari, D., & Putri, 2022).

Time series analysis is used to analyze trends, patterns, and liquidity swings in financial data over a five-year period (2018-2022), offering insight into the institution's short-term financial stability and operational success. The study's specific goal is to evaluate UnIPSAS's short-term financial stability by measuring liquidity ratios to identify the institution's ability to satisfy immediate financial obligations, hence assessing operational resilience and financial distress risk.

### **3.2. Sampling and Data Collection**

The research employs audited financial accounts of UnIPSAS from 2018 to 2022, which are designated for internal use alone and are not publicly available. Authorization from UnIPSAS was secured to access these assertions, guaranteeing that the data employed are precise, dependable, and pertinent to the study's aims.

### **3.3. Data Analysis Method**

Liquidity performance is evaluated by financial ratio analysis, a recognized method for assessing an institution's capacity to fulfill short-term financial obligations (Helfert, 2001; Fraser & Ormiston, 2016).

The research analyzes five essential liquidity ratios:

1. The Current Ratio analyzes an institution's ability to fulfill current liabilities with its current assets.
2. The Quick (Acid-Test) Ratio measures immediate liquidity by eliminating less liquid current assets from the computation.
3. The Accounts Receivable Turnover Ratio analyzes the effectiveness of the institution in collecting outstanding receivables.
4. The Working Capital indicates the sufficiency of net current assets for facilitating daily operational activity.
5. The Cash Ratio assesses an institution's ability to settle short-term financial obligations with cash and cash equivalents.

The study uses descriptive time-series analysis to examine volatility in liquidity over time. Year-on-year (YoY) growth rates are computed for each liquidity ratio to discern annual fluctuations and evaluate phases of enhancement or deterioration. A basic linear regression trend analysis is utilized to assess the direction and consistency of liquidity performance throughout the five-year span. The regression analysis is performed using Microsoft Excel, with linear trendlines applied to the liquidity ratio data.

These analytical methodologies provide the evaluation of UnIPSAS's short-term liquidity position, the examination of liquidity trends throughout the specified financial periods, and the assessment of the institution's capacity to fulfill its immediate financial obligations.

### 3.4. Ethical Consideration

Given that the financial statements are confidential and intended solely for internal use, the study upholds rigorous data confidentiality. Access is restricted to approved individuals, and all results are presented in aggregated form without revealing sensitive information. The institution's collaboration is duly acknowledged, and data management adheres to ethical research norms.

## 4. RESULTS

### 4.1. Current Ratio

According to Table 1 and an analysis of UnIPSAS' audited financial records from 2018 to 2022, the current ratio has constantly grown, showing an overall improvement in the university's liquidity and ability to satisfy short-term obligations. The current ratio is determined as follows:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

The current ratio increased from 1.48 in 2018 to 1.51 in 2019, 1.78 in 2020, and then significantly to 2.58 in 2021 and 2.68 in 2022, as illustrated in Table 1. During the five-year span, the average current ratio was 2.01, indicating that UnIPSAS consistently maintained more than twice the level of current assets relative to current liabilities, reflecting strong capacity to meet short-term obligations and a comfortable liquidity buffer. The annual growth varied from 2.03% (2018–2019) to 44.94% (2020–2021), demonstrating significant improvement in the university's financial position over the period.

Table 1: Current Ratio and Year-on-Year Growth

Year	Current Asset (RM)	Current Liabilities (RM)	Current Ratio	YoY Growth (%)
2022	16,661,330	6,219,741	2.68	3.88
2021	14,743,333	5,713,921	2.58	44.94
2020	10,788,384	6,052,192	1.78	17.88
2019	8,010,760	5,296,469	1.51	2.03
2018	6,238,375	4,215,651	1.48	-

A straightforward linear regression of the current ratio over time, depicted in Figure 1, reveals a robust positive trend, indicating a statistically significant enhancement in liquidity throughout the period. This higher trend signifies that UnIPSAS has enhanced its capacity to meet current liabilities, probably owing to stronger cash management, an increase in current assets, or more effective liability control. A high current ratio indicates robust short-term stability, but it may also imply that certain assets are underutilized and should be employed more effectively.

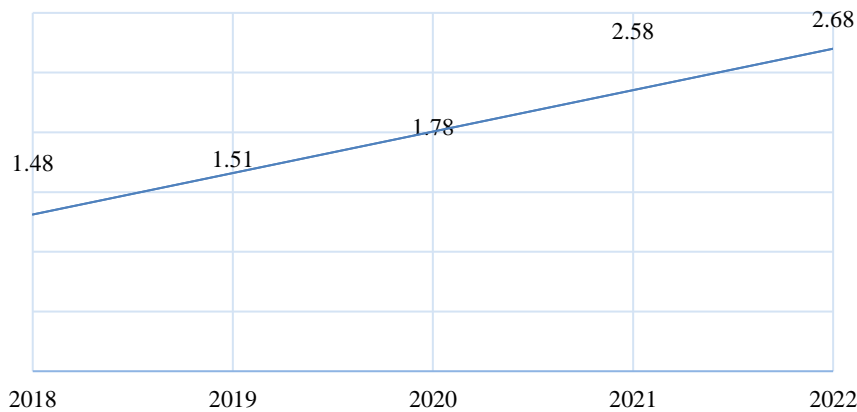


Figure 1: Current Ratio

The results align with previous studies emphasizing the significance of liquidity ratios as metrics of financial stability and operational efficacy in higher education and service-oriented organizations (Daft & Samson, 2012; Ross, Westerfield, & Jordan, 2019; Christensen, 2023; Gardner, 2021). Comparable increases in liquidity have been noted in South African universities (McLaren & Struwig, 2019) and national university hospitals in Korea (Lee, 2015), validating the efficacy of ratio analysis for evaluating sustainability and financial stability.

This study combines ratio analysis and time series evaluation on five years of audited internal financial data from UnIPSAS, offering context-specific evidence for Malaysian higher education institutions and addressing a gap in the literature about the scarcity of empirical data on liquidity trends. The findings indicate that systematic oversight of liquidity ratios can inform institutional decision-making, improve short-term financial stability, and facilitate strategic planning, thus contributing to the understanding of financial management in Malaysian higher education.

#### 4.2. Quick Ratio

The quick ratio assesses an institution’s capacity to fulfill short-term liabilities with its most liquid assets, specifically cash, cash equivalents, and accounts receivable, while excluding less liquid current assets like inventories or prepaid expenses. The calculation of the ratio is as follows:

$$\text{Quick Ratio} = \frac{\text{Cash + Cash Equivalents + Accounts Receivable}}{\text{Current Liabilities}}$$

According to Table 2 and a review of UnIPSAS’ audited financial statements for 2018-2022, the quick ratio grew over the five-year period. The figure increased from 1.21 in 2018 to 1.31 in 2019, then to 1.64 in 2020, followed by a notable rise to 2.36 in 2021. It slightly decreased to 2.33 in 2022, leading to a negative year-over-year growth of -1.27%. The average quick ratio over the five-year period was 1.81, signifying that the university held RM1.81 of highly liquid assets for each RM1 of current liabilities, thereby reflecting a robust ability to fulfill immediate financial obligations.

Table 2: Quick Ratio and Year-on-Year Growth

Year	Cash + Cash Equivalents + Accounts Receivable (RM)	Current Liabilities (RM)	Quick Ratio	YoY Growth (%)
2022	14,505,967	6,219,741	2.33	-1.27
2021	13,497,847	5,713,921	2.36	43.90
2020	9,915,677	6,052,192	1.64	25.19
2019	6,926,487	5,296,469	1.31	8.26
2018	5,111,333	4,215,651	1.21	-

Figure 2 presents a simple linear regression trendline that indicates a generally upward trajectory, thereby confirming a consistent improvement in liquidity throughout the observed period. The minor decrease in year-over-year growth from 2021 to 2022 indicates a stabilization of immediate liquidity following previous rapid growth, rather than a decline in financial health. Overall, the quick ratio study shows that UnIPSAS has maintained strong short-term financial stability, with enough liquid assets to pay current liabilities, whilst the mean ratio demonstrates the institution’s consistent ability to efficiently manage immediate obligations.

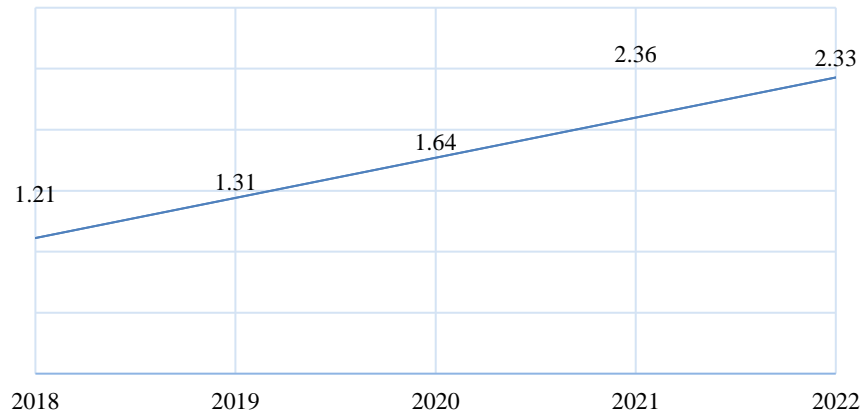


Figure 2: Quick Ratio

### 4.3. Accounts Receivable Turnover Ratio

The accounts receivable turnover (ART) ratio quantifies an institution’s efficiency in collecting receivables, indicating the rate at which credit extended to students or other debtors is transformed into cash. The calculation is as follows:

$$\text{Accounts Receivable Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

As shown in Table 3 and the audited financial accounts of UnIPSAS for the years 2018–2022, the ART ratio exhibits a downward trajectory during the five-year span. The ratio diminished from 2.70 in 2018 to 2.61 in 2019 (YoY growth: -3.33%), 1.64 in 2020 (-37.16%), 1.54 in 2021 (-6.10%), and ultimately 0.62 in 2022 (-59.74%).

Table 3: Account Receivable Turnover Ratio and Year-on-Year Growth

Year	Net Credit Sales (RM)	Average Accounts Receivable (RM)	ART Ratio	YoY Growth (%)
2022	12,667,067	20,388,220	0.62	-59.74

2021	13,157,444	8,554,469	1.54	-6.10
2020	11,248,082	6,863,047	1.64	-37.16
2019	12,168,485	4,656,694	2.61	-3.33
2018	9,903,831	3,663,490	2.70	-

The notable decline from 2020 to 2022, particularly between 2021 and 2022, suggests a reduced collection of receivables relative to credit sales. This may result from an increase in outstanding payments from students, sponsors, or government entities, resulting in extended cash conversion cycles. The gradual decline from 2018 to 2021 indicates a minor reduction in collection effectiveness; however, the significant drop in 2022 suggests a considerable buildup of receivables, negatively impacting immediate liquidity. Figure 3 illustrates a simple linear regression trendline that confirms the downward trajectory, indicating a consistent slowdown in receivables collection over the five-year period.

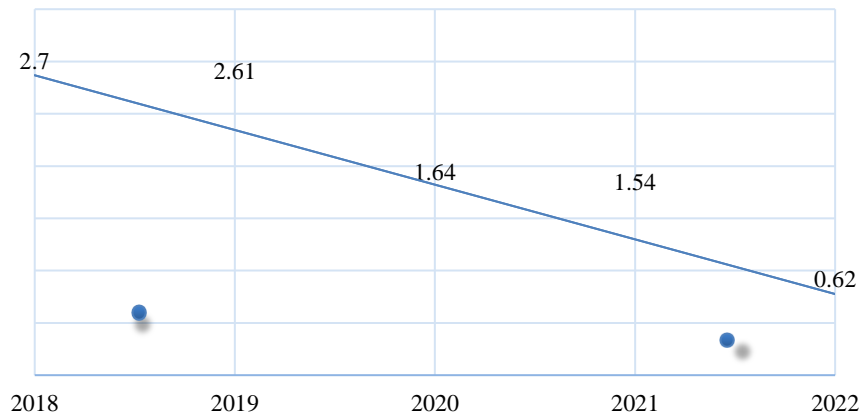


Figure 3: Account Receivable Turnover Ratio

Despite the decline, the mean ART of 1.82 over five years indicates that, on average, UnIPSAS collected receivables nearly twice per year. This suggests that collection processes are functional but may need enhancement to maintain short-term cash flows. The interpretation of the current and quick ratios, which remain robust, indicates that the university's liquidity is adequate. However, it is advisable to focus on accounts receivable management to avert possible short-term cash constraints.

#### 4.4. Working Capital

The working capital assesses the sufficiency of an institution's net current assets for facilitating its short-term operations. The calculation is as follows:

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

The audited financial statements of UnIPSAS for the years 2018–2022 indicate, as presented in Table 4, that the working capital ratio exhibited a steady increase throughout the five-year period. Net working capital rose from RM 2,022,724 in 2018 to RM 2,714,291 in 2019, RM 4,736,192 in 2020, RM 9,029,412 in 2021, and reached RM 10,441,589 in 2022. The year-on-year growth varied from 34.2% in 2019 to 90.3% in 2021, reflecting a significant enhancement in the university’s capacity to meet short-term obligations with current assets.

Table 4: Working Capital and Year-on-Year Growth

Year	Current Assets (RM)	Current Liabilities (RM)	Working Capital (RM)	YoY Growth (%)
2022	16,661,330	6,219,741	10,441,589	15.7
2021	14,743,333	5,713,921	9,029,412	90.3
2020	10,788,384	6,052,192	4,736,192	74.5
2019	8,010,760	5,296,469	2,714,291	34.2
2018	6,238,375	4,215,651	2,022,724	-

Figure 4 illustrates a simple linear regression trendline that indicates a strong positive trajectory, demonstrating a statistically significant increase in working capital over the observed period. The observed upward trend indicates that UnIPSAS has enhanced its short-term financial buffer, potentially due to improved cash management, an increase in current assets, or diligent liability control. Higher working capital reflects robust liquidity and operational support; however, it may also indicate potential underutilization of assets that could be allocated more efficiently.

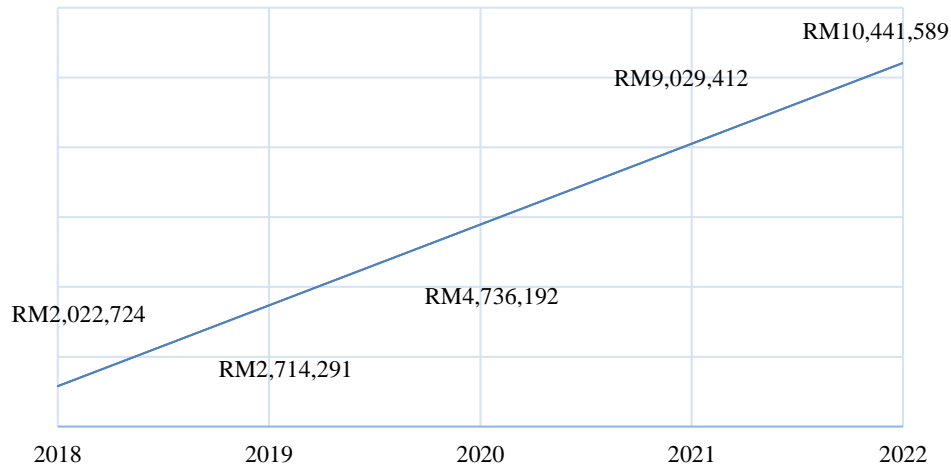


Figure 4: Working Capital

The analysis indicates a robust and enhancing short-term financial position, highlighting UnIPSAS's growing ability to fulfill immediate obligations and maintain operational activities.

#### 4.5. Cash Ratio

The cash ratio assesses an institution's capacity to meet short-term liabilities exclusively with cash and cash equivalents. The calculation is as follows:

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

The audited financial statements of UnIPSAS for the years 2018–2022 indicate, as presented in Table 5, that the cash ratio experienced variations throughout the five-year span. The ratio experienced a decline from 0.37 in 2018 to 0.22 in 2019, followed by an increase to 0.32 in 2020. It then rose sharply to 0.76 in 2021, before declining again to 0.52 in 2022. The year-on-year growth demonstrates notable variability, with the most pronounced increase observed from 2020 to 2021 (+137.5%), indicating a considerable accumulation of cash in relation to current liabilities. The decline observed in 2022 (-31.6%) indicates a reduction in cash reserves, likely attributable to increased operational costs or asset investments.

Table 5: Cash Ratio and Year-on-Year Growth

Year	Cash (RM)	Current Liabilities (RM)	Cash Ratio	YoY Growth (%)
2022	3,251,094	6,219,741	0.52	-31.6
2021	4,355,500	5,713,921	0.76	137.5
2020	1,933,367	6,052,192	0.32	45.9
2019	1,166,984	5,296,469	0.22	-40.5
2018	1,557,448	4,215,651	0.37	-

Figure 5 illustrates a simple linear regression trendline that indicates a general upward trend, despite observed fluctuations. This analysis confirms that UnIPSAS has consistently maintained adequate cash reserves to address a portion of its immediate liabilities. The cash ratio, being more conservative than the current or quick ratios, offers critical insight into the institution's most liquid assets. The analysis indicates a moderate and stable liquidity position, allowing the university to fulfill urgent financial obligations without dependence on receivables or other current assets.

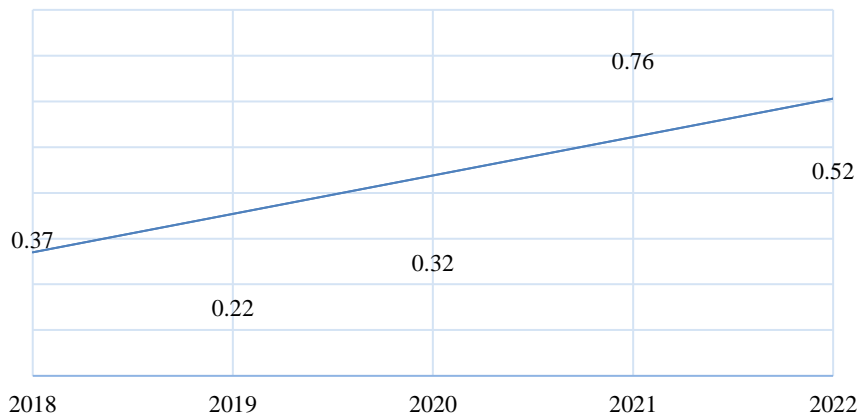


Figure 5: Cash Ratio

## 5. CONCLUSION

### 5.1. Conclusion of Study

This research presents institution-specific empirical information regarding the liquidity performance of UnIPSAS utilizing audited internal financial records from 2018 to 2022. The results demonstrate an

enhancement in overall liquidity, evidenced by consistent improvements in the current ratio, quick ratio, and working capital, indicating improved short-term solvency and the ability to fulfill urgent financial obligations (Ross et al., 2019; Higgins, 2022).

The data indicates a steady drop in accounts receivable turnover, particularly worsening in 2022. This trend indicates escalating inefficiencies in the recovery of receivables, especially concerning student fees and sponsorships. The presence of robust headline liquidity ratios alongside deteriorating receivables performance underscores the peril of superficial solvency, wherein accounting metrics obscure fundamental cash flow limitations (Fraser & Ormiston, 2016; Banos-Caballero et al., 2014).

This study illustrates that only relying on aggregate liquidity ratios is inadequate for capturing operational cash flow concerns by disaggregating liquidity into its fundamental components. The utilization of non-public, audited institutional data provides innovative, institution-specific evidence to the literature on higher education funding in Malaysia.

## **5.2. Implications**

The data indicate that although UnIPSAS has attained short-term financial stability, this status is undermined by diminishing cash conversion efficiency. The findings highlight the necessity for higher education institutions to augment conventional liquidity ratios with proactive oversight of receivables performance to guarantee that stated solvency reflects genuine cash availability. Consequently, liquidity ratios serve as valuable baseline instruments, although they must be analyzed in conjunction with operational cash flow metrics for proficient financial management.

## **5.3. Limitations**

This study is constrained by its singular emphasis on liquidity indicators, omitting other aspects of financial performance, including profitability, solvency, and efficiency. The single-institution case study approach limits the generalizability of the findings, while dependence on secondary financial data prevents the analysis of qualitative elements, such as managerial practices and policy effects, that may impact liquidity outcomes.

## **5.4. Recommendations**

### **Short-Term Managerial Suggestions**

In light of the recorded decrease in accounts receivable turnover despite enhanced liquidity ratios, UnIPSAS should focus on fortifying receivables management. Immediate efforts encompass the acceleration of billing cycles, the elucidation of payment schedules, and the enhancement of follow-up procedures for delinquent student fees and sponsorship claims. In accordance with previous studies, deficiencies in receivables management can severely hinder cash flow, despite seemingly robust liquidity ratios (Baños-Caballero et al., 2014; Hill et al., 2010).

The decline in collection effectiveness from 2021 to 2022 reinforces the necessity for implementing digital payment platforms and automated receivables tracking systems. Real-time monitoring tools and automated reminders may expedite cash inflows and reduce the cash conversion cycle, therefore enhancing short-term liquidity management (Fraser & Ormiston, 2016; Christensen, 2023). Moreover, receivables performance metrics must to be systematically incorporated into standard financial reporting in conjunction with conventional liquidity measures.

### **Long-Term Strategic and Policy-Level Recommendations**

The continuous increase in working capital indicates that UnIPSAS has amassed a liquidity reserve that may not be entirely maximized. In the long term, management ought to establish formal policies to allocate excess liquidity more effectively towards academic infrastructure, digital systems, or meticulously assessed revenue-generating initiatives, as consistently elevated liquidity may indicate underutilized resources (Higgins, 2022; Gitman & Zutter, 2015).

It is advised that clearer frameworks be established at the policy level to manage sponsorship distribution schedules and inter-agency payment timetables, as delays in third-party payments lead to the accumulation of receivables. Enhanced collaboration among universities, funding organizations, and governmental entities is crucial for improving the financial sustainability of the sector (McLaren & Struwig, 2019; Khumalo & Schutte, 2025).

### **Directions for Future Research**

Subsequent research may enhance this study by doing comparison studies across other public and private Malaysian higher education institutions to augment generalizability and benchmarking. Incorporating supplementary financial performance metrics, including solvency and efficiency, would facilitate a more comprehensive evaluation of institutional financial health (Ross et al., 2019; Higgins,

2022). Qualitative tools, such as interviews with financial managers and policymakers, could elucidate how governance structures and funding arrangements affect liquidity outcomes. Extended longitudinal studies could investigate the impact of liquidity management on institutional resilience during times of budgetary strain or policy alteration.

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