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# Working Capital Management In Bakeshops: A Study In Metro Manila

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*HIGHLIGHTS*

- Assessment of bakeshop owners on all the components of working capital management practices is effective
- Various aspects of working capital management have significant differences when grouped according to number of employees, capitalization, and average monthly sales of bakeshops
- The result shows significant difference between the profile of the bakeshop owners and their working capital management practices

**ABSTRACT**

This study assessed the effectiveness of working capital management practices among bakeshops in Marikina City and Pasig City, Metro Manila. Using a quantitative descriptive-survey research design, data was collected from owners and managers of registered bakeshops to evaluate four core components: cash, receivables, payables, and inventory management practices. Descriptive and inferential statistical tools were utilized to evaluate the data and determine whether assessment of effectiveness differed when respondents were categorized according to their firm and individual profiles. The findings indicate that bakeshops generally exhibit effective working capital management practices, with cash and inventory management emerging as the most effective components. Results further reveal that there were significant differences in the effectiveness of these practices in specific firm profiles—such as capitalization and monthly sales—as well as individual respondent profiles, including age, sex, and training. The study concluded by providing useful recommendations for bakeshop owners, aspiring entrepreneurs, and local government units in strengthening financial management practices.

## INTRODUCTION

The baking industry remains a vital segment of the Philippine retail food sector, with bakeshops sprouting in different locations in Metro Manila. Filipinos have come to appreciate a broad variety of breads, from spicy to the widely consumed *pandesal* and sweet type, supporting the continuous growth of small and micro bakeshop enterprises. In recent years, businesses are growing their baked products divisions. This can be seen in the city's emergence of fresh brands and concepts as well as the resurgence of a number of long-standing competitors with current tastes like cheese pastries and salted egg yolk, among other things.

During the Covid-19 pandemic which started late in the year 2019, the situation of many companies around the world is very difficult. For businesses across all industries and regions, this has resulted in levels of disruption and instability never experienced. Additionally, to a continuous fight with powerful competitors, the smallest businesses, including retail bakeshops are losing most of their customers. Although some bakeshops are affected by this, other small bakeshops benefited from the crisis as this brought windfall to them since consumers are rediscovering their neighboring bakeries as they are walking distance to them (Gil, 2020). Because many bakeshops have experienced changing consumer demands or supply-side disruptions, many of them struggle to maintain effective control over short-term cash flows and the working capital that sustains them.

Working capital of a company consists of cash, short-term assets, inventory, and receivable. This process of managing working capital entails making decisions about the relationship between short-term assets and short-term liabilities of a company. As a result, the company is able to carry on with business as usual and maintain enough cash flow to pay off the approaching operational costs as well as the aging short-term debt. This is predicated on the notion that Insufficient cash reserves may indicate a threat to the company’s sustainability, whereas an excess of working capital could signal operational inefficiency (Padachi, 2006). Despite the importance, many small bakeshop owners fail to execute effective practices for inventory and payable management, often depending on informal approaches that lead to negative cash flows or supplier payment concerns.

While existing literature establishes the general importance of working capital for SMEs, there is a significant research gap regarding empirical studies examining the effectiveness of working capital management practices among small retail bakeshops within the highly competitive urban environments of Marikina City and Pasig City in Metro Manila. To address this gap, the researcher has decided to examine working capital management to aid bakeries in improving their practices related to the management of inventories, payables, cash, and receivables.

## METHODOLOGY

### Materials

### Software

The research utilized SPSS as the primary tool for data analysis. SPSS was used to perform various statistical methods to analyze the data collected from the respondents. The statistical methods include frequency percentage that was employed to quantify the proportion of the firm and individual, Independent Samples T-test was employed to assess the statistical significance of any differences in means between the two populations, and One-Way Analysis of Variance (ANOVA) was conducted to assess the potential impact of respondent profiles on the effectiveness of managing practices of working capital management, determining if significant differences existed among the groups.

### Methods

### Quantitative Research Method

A quantitative descriptive survey research methodology was utilized to ascertain the effectiveness of working capital management methods among bakery owners. This approach allows the researcher to understand how the findings relate to existing theories and models, Working Capital Management Theory and the Operating and Cash Conversion Cycle models, which describes how cash, inventories, receivables, and payables interact across the company's operational cycle to impact liquidity and sustainability (Melicher & Norton, 2016). Moreover, it uncovers existing or non-existing conditions or relationships, prevalent or absent attitudes or viewpoints, processes that are either active or inactive, practices that are either widespread or uncommon, and effects that are experienced, and patterns that are developing (Salvador, Baysa & Geronimo, 2013).

**Research Framework**

This study employed the Input-Process-Output (IPO) model as a framework for evaluation of the efficacy of working capital management strategies employed by bakeries.

The study's input variables encompass the respondents' firm and individual profile, and the components of managing working capital. The second box of study entailed the presentation, analysis, and interpretation of data gathered through survey questionnaires. The third section contains the anticipated results obtained from evaluating the working capital management of bakeshops, as determined by survey respondents. For improving working capital management, there were recommendations made.

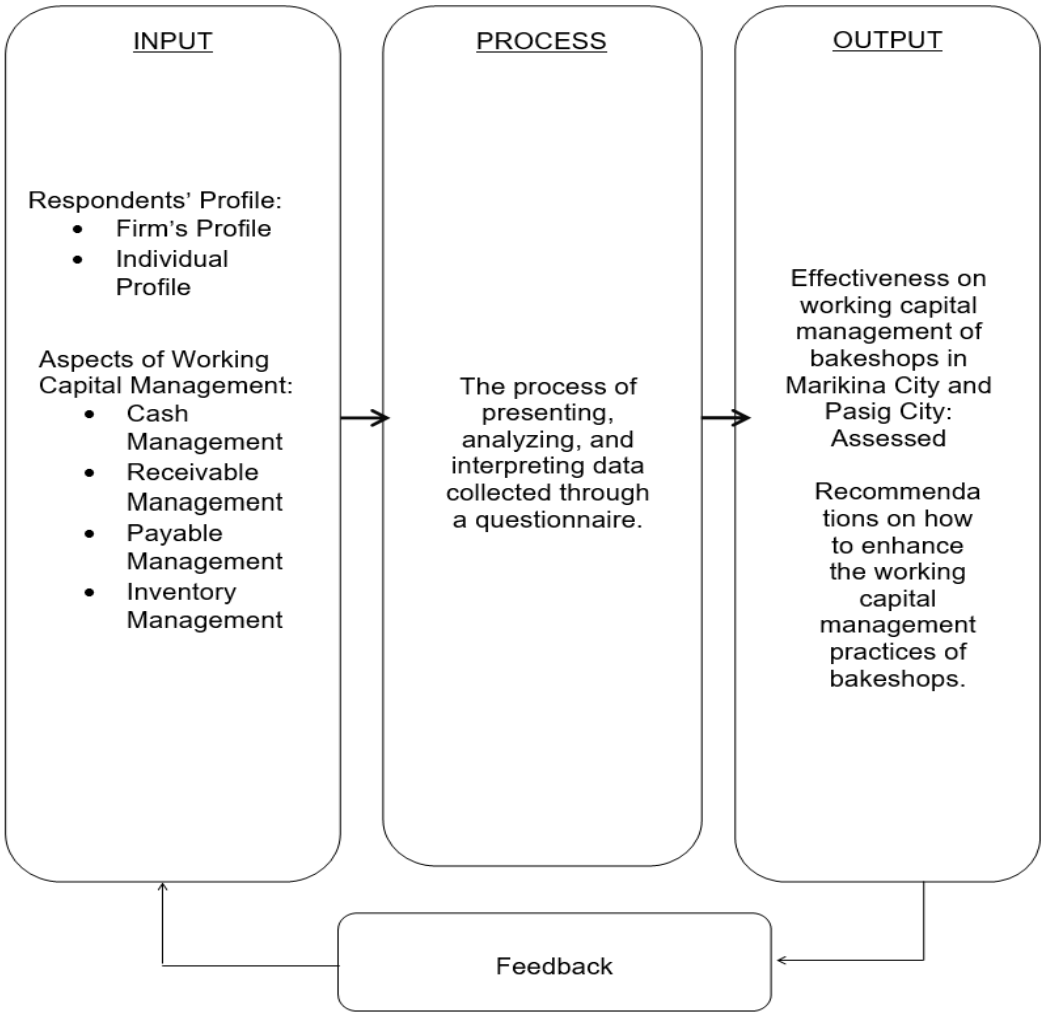


**Figure 1.** Research framework

**Data Collection**

After securing approval from academic adviser, the researcher proceeded to conduct the study at various bakeshops in Marikina and Pasig City. Furthermore, in March 2020, the researcher formally approached the two cities' Business Permit and Licensing Office (BPLO) for a comprehensive list of registered bakeshop establishments. On March 16, 2020, the national government announced that the entire island of Luzon has been placed under lockdown for how many months, wherein all the establishments, schools, and transportation were shut down due to COVID-19 pandemic, and the researcher was not able to push through with the research. Because of the less restricted quarantine imposed in Metro Manila by the national government after a year, on June 26, 2021, the researcher was able to continue and submitted Chapter 1 to 3 and Survey Questionnaire to his statistician for the proper computation of the sample size to be gathered from the list provided by the Marikina and Pasig City BPLO. Subsequently, the researcher received advice from his statistician to distribute the survey questionnaire to a sample of 40 participants in order to conduct a reliability test. The results were computed and delivered to the statistician on July 6, 2021. After four days, the statistician advised the researcher to proceed with the administration of the actual survey questionnaire to 156 respondents as the sample size. On the following days, the researcher sent the Google Form link to the respondents for them to accomplish. The researcher gathered a total of 2 responses via Google Form. The researcher also personally distributed a sum of 170 survey questionnaires with vernacular translation for easy answering to the respondents through printed copies. Only 154 copies or 91% were retrieved and all were valid. Out of 170 printed copies distributed to the respondents, 16 copies or 9% were rejected due to confidentiality. In total, 156 responses were gathered via both means of data gathering within a week and made sure that the information was answered fully and accordingly. While the response rate was sufficient for statistical analysis, the researcher acknowledges the possibility of non-response bias cannot be entirely ruled out, as bakeshop owners that declined to participate might have different characteristics from those who did. Lastly, the researcher used statistical tools to analyze all the data he collected.

**Sampling Technique**

Simple random sampling is chosen to ensure that every bakeshop owner in the population has an equal probability of being included in the sample. This approach underpins the integrity of statistical inferences drawn from the study (Salvador, Baysa, & Geronimo, 2013). To ensure true randomness from the population, the researcher assigned a unique identification number using a random number generator to select the specific subjects until the required sample size was met.

**Population and Sample Size**

A comprehensive report forms the basis of the analysis compiled by BPLO of Marikina City and Pasig City, the registered bakeshops are 135 and 126, respectively. Thus, the population consists of 261 bakeshop owners as of March 2020. The ample size in the study was calculated and determined using Cochran's formula.

The sample size to be used is 156 (rounded-up) registered microenterprises, yielding an approximate response of 60% which is considered ideal by statistical standards.

**Research Instrument**

This study collects data from participants using a survey questionnaire. It is a series of questions in which respondents provide the information required to complete the study.

Part I of the survey questionnaire collected information on respondent profiles, drawing from both the firm's profile and the individual's profile. Part II focused on the various aspects of working capital management practices. Additionally, a five-point scale was used to modify respondents' responses when evaluating five choices with the respective scale. The items in the questionnaire are presented and

characterized as: “Very Effective”, “Effective”, “Somehow Effective”, “Less Effective”, and “Not Effective” according to the specified boundary limitations.

**Statistical Treatment of Data**

The researcher utilized various statistical methods to analyze the collected data. Frequency Percentage was employed to quantify the proportion of the firm and individual. Weighted Mean was utilized to assess the effectiveness of practices for managing working capital. Independent Samples T-test was employed to assess the statistical significance of any differences in means between the two populations. One-Way Analysis of Variance (ANOVA) was conducted to assess the potential impact of respondent profiles on the effectiveness of managing practices of working capital management, determining if significant differences existed among the groups. Ranking is a quantitative measure utilized for evaluating numerical data. It was used under study to facilitate comparisons and convey the significance of the things.

## RESULTS AND DISCUSSIONS

The data has been statistically presented, scrutinized, and interpreted to address the questions posed in the problem statement.

**Table 1.** Respondents’ frequency and percentage distribution according to firm’s profile

| Variable | Characteristics | Frequency (N=156) | Percentage |
|---|---|---|---|
| Years in Operation | Below 1 year | 29 | 18.59 |
| | 1 - 3 years | 39 | 25.00 |
| | 4 - 6 years | 39 | 25.00 |
| | Above 6 years | 49 | 31.41 |
| Number of Employees | 0 – 2 employees | 53 | 33.97 |
| | 3 – 5 employees | 69 | 44.23 |
| | 6 – 8 employees | 30 | 19.23 |
| | More than 8 employees | 4 | 2.56 |
| Capitalization | Below P50,000 | 94 | 60.26 |
| | P50,001 – P250,000 | 52 | 33.33 |
| | P250,001 – P500,000 | 9 | 5.77 |
| | More than P1,000,000 | 1 | 0.64 |
| Source of Capitalization | Self-funding | 73 | 46.79 |
| | Friends and Family | 51 | 32.69 |
| | Loans | 32 | 20.51 |

| Variable | Characteristics | Frequency (N=156) | Percentage |
|---|---|---|---|
| Average Monthly Sales | Less than P50,000.00 | 89 | 57.05 |
| | P50,000.00 - P100,000.00 | 54 | 34.62 |
| | P150,001.00 -P200,000.00 | 12 | 7.69 |
| | More than P250,000.00 | 1 | 0.64 |

As seen in Table 1, illustrates that 49 or 31.42% of the respondents are in more than 6 years in operation, 39 or 25.00% in both 1 – 3 years and 4 – 6 years, and 29 or 18.59% are in less than 1 year in the business. This result illustrated that majority of bakeshops in Marikina city and Pasig City have been operating for many years. Due to the substantial size and reliability of the Filipino market, the local baking business continues to thrive. This is shown by a rise in the number of bakeries and stores in commercial malls and bustling streets throughout the country (Ferrolino, 2018). According to GlobalData (2020), preferences of Filipino consumers for bakery & cereals products remain unchanged.

With regard to the number of employees, the highest frequency was 69 or 44.23% are having 3 – 5 employees, 53 or 33.97% are having 0 – 2 employees, 30 or 19.23% are having 6 – 8 employees, and 4 or 2.56% are having more than 8 employees. This showed that a bakery may need a variety of employees who prepare goods for sale and engage customers, and process sales. According to Decker (2019), It is entirely possible to start this business with only two or three people, but as it grows, you will need to hire more personnel to fulfil certain positions, such as counter staff, skilled bakers for production, specialized bakers, and kitchen assistants.

In terms of capitalization, the highest frequency was 94 or 60.26% had less than Php 50,000, while the lowest frequency was 1 or 0.64% had a capitalization of more than Php 1,000,000. According to FilipiKnow (2020), If you decide to establish your bakery business in your own house instead of spending up to Php30,000 in monthly rental fees, the initial expenditure of Php 150,000 might be lowered. The bulk of the money is used to buy baking supplies and equipment, which may run as high as Php 60,000. Additionally, the type(s) of bread this business plans to sell will determine the overall capital. Because the materials are affordable and easily obtainable, a bakeshop's launch costs will be much lower if it solely offers plain *malunggay pandesal*

Seventy-three or 46.79% of the respondents shown in Table 4 sourced their capital from self-funding, 51 or 32.69% are from friends and family, and 32 or 20.51% are from loans. None of the respondents obtained their capital from other particular sources. It may imply that most of the respondents obtained their capital from their own pocket followed by friends and family. Most entrepreneurs and small company owners have come to the realization that until additional official funding sources arise, they will need to finance their projects on their own for a considerable amount of time. Another well-liked and successful way to get early funding for a business is through funding from friends and family (Gleeson, 2013). Daskalakis et al., (2013) discovered Companies have a restricted range of choices when it comes to borrowing money, but they would select for a higher level of debt compared to their existing usage.

The tables also illustrates that 89 or 57.05% of the respondents have less than Php 50,000 average monthly sales, 54 or 34.62% have Php 50,000 – Php 100,000 average monthly sales, 12 or 7.69% have Php 150,001 – Php 200,000 average monthly sales, and 1 or 0.64% has more than Php 250,000 average monthly sales. It presented that the majority of bakeshop owners have less than Php 50,000 average monthly sales. According to Pinca (2015), baking is a profitable business as long as good business practices are followed and product quality is maintained. However, the survey was conducted during Covid-29 pandemic. Campos

(2020) highlights that while some bakeries benefited from the crisis, other smaller ones lost about 30 percent of sales in the first few months of Covid-19 pandemic in 2020, primarily due to border closures and lockdown measures.

**Table 2.** Respondents' frequency and percentage distribution according to individual profile

| Variable | Characteristics | Frequency (N = 156) | Percentage |
|---|---|---|---|
| Age | 23 years old and below | 15 | 9.62 |
| | 24- 39 years old | 81 | 51.92 |
| | 40-64 years old | 56 | 35.90 |
| | 65 years old and above | 4 | 2.56 |
| Sex | Male | 100 | 64.10 |
| | Female | 56 | 35.90 |
| Highest Educational Attainment | College Graduate | 102 | 65.38 |
| | High School | 36 | 23.08 |
| | Vocational | 15 | 9.62 |
| | Post Graduate Studies | 3 | 1.92 |
| Number of Trainings | 0 | 67 | 42.95 |
| | 1 – 2 | 75 | 48.08 |
| | 3 – 4 | 12 | 7.69 |
| | 5 and above | 2 | 1.28 |

Eighty-one or 51.92% were aged 24 – 39 years old was exhibited in Table 2 followed by 56 or 35.90% were aged 40-64 years old, 15 or 9.62% were below 23 years old, while a minimal number of 4 respondents, or 2.56%, were aged 65 and above. Based on the findings, the predominant demographic of participants consisted of young adults and middle-aged individuals. Younger startup founders possess a greater understanding of technology and are less hesitant to take risks, while elder startup founders leverage their expertise, business acumen, network, and access to financing (Haden, 2020). According to research of Zhao et. al (2021) on age and entrepreneurial career success, Entrepreneurs in their 20s and 50s have an equivalent rate of success when initiating a firm.

The table also shows that 100 respondents, representing 64.10%, identified as male, while 56 respondents, accounting for 35.90%, identified as female. This may imply that most of the respondents who are engaged in bakery industry were males. Men account for such a large proportion of the bakery industry (British Baker, 2019). These results are also consistent with other estimates in which men own a majority of small businesses. Women founded between 29% and 32% of new firms in each year, according to the study conducted by Farrell, Wheat & Mac (2019). Other studies found that 20% of small businesses are

female-owned (Federal Reserve, 2017). Men dominate most businesses in Uganda; men start businesses at a younger age and have larger business networks than their female counterparts (Sserwanga, 2011).

In terms of highest educational attainment, 102 or 65.38%, have achieved a college degree, 36 or 23.08% had finished high school, 15 or 9.62% had finished vocational, and 3 or 1.92% finished post graduate studies which suggests that the majority of the respondents hold a college degree. According to Jordan (2018), many business owners choose not to pursue education, and there is no requirement that they do. However, it is a useful way to advance one's understanding of a company's inner workings and can make life easier in the long run. Around 60% of recent college graduates say they would like to start their own business (Wiener, 2020).

Lastly, 75 or 48.08% had 1 – 2 trainings attended, 67 or 42.95% had 0 training attended, 12 or 7.69% had 3 – 4 trainings attended, and 2 or 1.28% had 5 and above trainings attended. This may imply that there is a large impact of related training/seminars on bakeshop owners. Giwa et al. (2014) conducted a study to examine how business training affects business success, the need for business training is critical for business success. This is supported by Kessy and Temu (2010) study on the need for business training, which leads to faster business growth. It was discovered that businesses owned by people who benefit from training perform significantly better than those who have not received any type of business training.

**Table 3.** Assessments on working capital management practices' effectiveness of bakeshops

| Practice of Working Capital Management | Mean Average | Interpretation | Rank |
|---|---|---|---|
| Cash Management | 4.35 | Effective | 1 |
| Receivable Management | 4.11 | Effective | 4 |
| Payable Management | 4.17 | Effective | 3 |
| Inventory Management | 4.31 | Effective | 2 |
| **Grand Mean** | **4.19** | **Effective** | |

Table 3 summarizes that cash management is associated with the highest mean average of 4.34. While receivable management is the lease effective working capital management practice with mean average of 4.11. All aspects are interpreted as "Effective". This implies that Marikina and Pasig bakeshops prioritize liquidity in order to cover immediate operating expenses short-term debt obligations. Such results align with Padachi (2006), who emphasizes that maintaining sufficient cash reserves is important for a company's sustainability, as inadequate reserves can indicate a threat to business continuity.

**Table 4.** Significant difference on working capital management practices according to years in operation

| Aspects | Years in Operation | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Below 1 year | 4.17 | 0.39 | 0.76 | Accept $H_0$ | Not Significant |
| | 1 to 3 | 4.31 | | | | |
| | 4 to 6 | 4.29 | | | | |
| | More than 6 years | 4.29 | | | | |
| Receivable Management | Below 1 year | 3.8 | 1.55 | 0.2 | Accept $H_0$ | Not Significant |
| | 1 to 3 | 3.99 | | | | |
| | 4 to 6 | 3.97 | | | | |
| | More than 6 years | 4.14 | | | | |
| Payable Management | Below 1 year | 4.11 | 0.36 | 0.79 | Accept $H_0$ | Not Significant |
| | 1 to 3 | 4.14 | | | | |
| | 4 to 6 | 4.03 | | | | |
| | More than 6 years | 4.12 | | | | |
| Inventory Management | Below 1 year | 4.34 | 1.18 | 0.32 | Accept $H_0$ | Not Significant |
| | 1 to 3 | 4.3 | | | | |
| | 4 to 6 | 4.09 | | | | |
| | More than 6 years | 4.17 | | | | |

Table 4 shows that all components, Cash Management (F-value=0.39), Receivable Management (F-value =1.55), Payable Management (F-value=0.39), and Inventory Management (F-value=1.18), had p-values above 0.05, the chosen level of significance, which accepts the null hypothesis in the respondents' assessment that are grouped by years in operation. Regardless of whether the bakeries are startups or well-established businesses, this result suggest a high level of operational consistency. This lack of significance would suggest that the basic needs of operating a bakeshop, including the daily need to buy inventories and handle quick sales, dictate standard set of procedures that owners must quickly implement to survive. Additionally, the consistency of these findings supports the finding that the majority of respondents face comparable limitations, such as low capitalization and self-funding. As Padachi (2006) suggest, in order to prevent operational failure, the drive to maintain sustainability frequently compels even novice business owners to handle their short-term assets and liabilities with the same degree of caution as experienced owners.

**Table 5.** Significant difference on working capital management practices according to number of employees

| Aspects | Number of Employees | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | 0 – 2 | 4.1 | 3.52 | 0.02 | Reject $H_0$ | Significant |
| | 3 – 5 | 4.32 | | | | |
| | 6 – 8 | 4.41 | | | | |
| | More than 8 | 4.75 | | | | |
| Receivable Management | 0 – 2 | 3.78 | 2.90 | 0.04 | Reject $H_0$ | Significant |
| | 3 – 5 | 4.08 | | | | |
| | 6 – 8 | 4.13 | | | | |
| | More than 8 | 4.34 | | | | |
| Payable Management | 0 – 2 | 4.07 | 0.58 | 0.63 | Accept $H_0$ | Not Significant |
| | 3 – 5 | 4.08 | | | | |
| | 6 – 8 | 4.15 | | | | |
| | More than 9 | 4.4 | | | | |
| Inventory Management | 0 – 2 | 4.18 | 0.21 | 0.89 | Accept $H_0$ | Not Significant |
| | 3 – 5 | 4.22 | | | | |
| | 6 – 8 | 4.21 | | | | |
| | More than 8 | 4.45 | | | | |

Table 5 displays that cash Management (F-value=3.53, p-values=0.02) and Receivable Management (F-value=2.90, p-values=0.004) which rejected the assumed level of significance. Respodents assessed the effectiveness of various aspects of working capital management with significant difference. Working hours in bakeshop are not always so friendly from mixing dough in advance, baking bread, taking orders, cashiering, and assisting customers and it takes a lot of hard work and perseverance to do all of these when fewer employees or only the owner oversees overall operations including managing finances and receivables. Chandra and Selvaraj (2012) had shown their study that the company size is impacted significantly by the effectiveness of working capital management. An understaffed business lacks sufficient employees to complete tasks efficiently (Seidel, 2019).

**Table 6.** Significant difference on working capital management practices according to capitalization

| Aspects | Capitalization | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Less than P50,000 | 4.19 | 2.06 | 0.11 | Accept $H_0$ | Not Significant |
| | P50,001 to P250,000 | 4.36 | | | | |

| Aspects | Capitalization | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | P250,001 and more | 4.58 | 2.06 | 0.11 | Accept $H_0$ | Not Significant |
| Receivable Management | Less than P50,000 | 3.87 | 3.77 | 0.01 | Reject $H_0$ | Significant |
| | P50,001 to P250,000 | 4.13 | | | | |
| | P250,001 and more | 4.44 | | | | |
| Payable Management | Less than P50,000 | 4 | 3.38 | 0.02 | Reject $H_0$ | Significant |
| | P50,001 to P250,000 | 4.23 | | | | |
| | P250,001 and more | 4.36 | | | | |
| Inventory Management | Less than P50,000 | 4.13 | 2.14 | 0.1 | Accept $H_0$ | Not Significant |
| | P50,001 to P250,000 | 4.29 | | | | |
| | P250,001 and more | 4.6 | | | | |

As seen in Table 6, the aspects Cash Management (F-value=2.06, p-values=0.11) and Inventory Management (F-value=2.14, p-values=0.10) had p-values above the chosen level of significance. The assessment of the respondents are the same. Consequently, the null hypothesis is accepted.

Both Receivable Management and Payable Management obtained a p-value of 0.01 and 0.02, respectively, which rejects the null hypothesis because they had p-values below 0.5. The initial investment to put up bakeshop business is Php 150,000. Most of the money are allocated towards the acquisition of baking utensils and equipment, with potential costs reaching up to Php 60,000.00. The total capital is also determined by the type(s) of bread that this company intends to sell (Filipiknow, 2020). Even after the business is up and running, cash flow will most likely be negative for several months, if not a year. To avoid closing its doors before ever making a profit, the company will need enough money to cover all of its startup costs and fund negative cash flows. A bakeshop that started with low initial capital often has low working capital.

**Table 7.** Significant difference on working capital management practices according to source of capitalization

| Aspects | Source of Capitalization | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Self-funding | 4.2 | 2.94 | 0.06 | Accept $H_0$ | Not Significant |
| | Friends and Family | 4.43 | | | | |
| | Loans | 4.19 | | | | |
| Receivable Management | Self-funding | 4.01 | 0.95 | 0.39 | Accept $H_0$ | Not Significant |
| | Friends and Family | 4.06 | | | | |
| | Loans | 3.85 | | | | |
| Payable Management | Self-funding | 4.07 | 0.44 | 0.65 | Accept $H_0$ | Not Significant |

| Aspects | Source of Capitalization | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Payable Management | Friends and Family | 4.16 | 0.44 | 0.65 | Accept $H_0$ | Not Significant |
| | Loans | 4.08 | | | | |
| Inventory Management | Self-funding | 4.16 | 0.52 | 0.6 | Accept $H_0$ | Not Significant |
| | Friends and Family | 4.26 | | | | |
| | Loans | 4.27 | | | | |

In Table 7, displays Cash Management (F-value=2.94), Receivable Management (F-value=0.95, Payable Management (F-value=0.44), and Inventory Management (F-value=0.52) with p-values higher than chosen level of significance. The respondents assessed the effectiveness of aspects in managing their working capital as the same which accepted the null hypothesis. This consistency suggests that the operational needs—rather than the strain of external debt—are the main drivers for financial discipline. Because most respondents rely on either self-funding or contributions from family and friends, it is likely that they manage their capital with a high level of personal accountability.

According to Padachi (2006), ensuring a company can meet its short-term obligations is the primary goal of working capital management. Regardless of the source of the original funding, this objective is the same for the small bakeshops.

**Table 8.** Significant difference on working capital management practices according to average monthly sales

| Aspects | Average Monthly Sales | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Less than P50,000 | 4.17 | 3.95 | 0.02 | Reject $H_0$ | Significant |
| | P50,000 to P100,000 | 4.4 | | | | |
| | P150,001 and more | 4.46 | | | | |
| Receivable Management | Less than P50,000 | 3.85 | 6.60 | 0 | Reject $H_0$ | Significant |
| | P50,000 to P100,000 | 4.12 | | | | |
| | P150,001 and more | 4.47 | | | | |
| Payable Management | Less than P50,000 | 4.02 | 3.01 | 0.05 | Reject $H_0$ | Significant |
| | P50,000 to P100,000 | 4.16 | | | | |
| | P150,001 and more | 4.37 | | | | |
| Inventory Management | Less than P50,000 | 4.13 | 2.88 | 0.06 | Accept $H_0$ | Not Significant |
| | P50,000 to P100,000 | 4.27 | | | | |
| | P150,001 and more | 4.55 | | | | |

As seen in Table 8, Cash Management obtained p-values of 0.02, and Receivable Management had p-values of 0.00, and Payable Management with p-values of 0.05 with F-value of 3.95, 6.60, and 3.01,

respectively which rejected the null hypothesis because their p-values are higher than the level of significance. When respondents are divided into groups based on average monthly sales, their perceptions of working capital management differ significantly. Least profitable bakeshops have lower sales that lead to low cash receipts and can seldom afford to offer sales on credit to customers and will have supplier payment issues that will lose access to better purchase options from vendors because of late payment. Individuals who demonstrate effective financial control and fulfil their responsibilities promptly may be eligible for more favorable conditions from their suppliers, typically resulting in reduced minimum purchase requirements, cheaper interest rates for short-term financing, and improved pricing for large quantities of raw materials. Weissman (2017) stated in his article that the causes of late payments of businesses to suppliers include capacity to manage sales volume and cash flow management. The study of Baños, García, and Martínez (2012) indicated that when SMEs deviate from their optimal level of working capital, their profitability suffers.

Inventory Management (F-value of 2.88), in contrast, had p-value of 0.06 above 0.05. When respondents are grouped based on average monthly sales, their perceptions of the aspect Inventory Management is the same which accepts null hypothesis.

**Table 9.** Significant difference on working capital management practices according to age

| Aspects | Age | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Below 24 years old | 3.88 | 3.03 | 0.03 | Reject $H_0$ | Significant |
| | Ages 24 -39 | 4.34 | | | | |
| | Ages 40- 64 | 4.28 | | | | |
| | Above 65 years old | 4.45 | | | | |
| Receivable Management | Below 24 years old | 3.63 | 2.05 | 0.11 | Accept $H_0$ | Not Significant |
| | Ages 24 -39 | 3.99 | | | | |
| | Ages 40- 64 | 4.07 | | | | |
| | Above 65 years old | 4.34 | | | | |
| Payable Management | Below 24 years old | 3.64 | 5.00 | 0 | Reject $H_0$ | Significant |
| | Ages 24 -39 | 4.14 | | | | |
| | Ages 40- 64 | 4.14 | | | | |
| | Above 65 years old | 4.45 | | | | |
| Inventory Management | Below 24 years old | 3.63 | 4.87 | 0 | Reject $H_0$ | Significant |
| | Ages 24 -39 | 4.28 | | | | |
| | Ages 40- 64 | 4.26 | | | | |
| | Above 65 years old | 4.4 | | | | |

Table 9 exemplifies Cash Management, Payable Management, and Inventory Management with F-value of 3.03, 5.00, and 4.87, respectively, all had p-values below 0.05, the chosen level of significance, thus this rejects the null hypothesis. The assessment of the respondents on the effectiveness of various aspects of in managing their working capital differ significantly. A bakeshop owner with lack of experience in cash flow management as a new entrepreneur can put him at a disadvantage. According to Vilner (2018), there are a few monetary difficulties, for example, absence of individual capital, less systems administration contacts, unfortunate record of loan repayment and dreading obligation that young entrepreneurs have to contend with which do not affect older businessmen as frequently. Adhikari et al. (2021) discovered older managers exhibit a greater inclination to allocate more resources towards working capital, demonstrate a longer time period to convert inventories into cash, and tend to settle their obligations to suppliers at an earlier stage compared to younger managers. The data presented substantiates the existence of a positive relationship between the age of executives and their tendency towards risk aversion.

**Table 10.** Significant difference on working capital management practices according to sex

| Aspects | Sex | Mean | T-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | Male | 4.28 | 0.21 | 0.84 | Accept $H_0$ | Not Significant |
| | Female | 4.26 | | | | |
| Receivable Management | Male | 3.91 | -2.03 | 0.04 | Reject $H_0$ | Significant |
| | Female | 4.14 | | | | |
| Payable Management | Male | 4.11 | 0.44 | 0.66 | Accept $H_0$ | Not Significant |
| | Female | 4.08 | | | | |
| Inventory Management | Male | 4.22 | 0.18 | 0.85 | Accept $H_0$ | Not Significant |
| | Female | 4.2 | | | | |

As seen in Table 10, Cash Management (t-value =0.21), Payable Management (t-value=0.44), and Inventory Management (t-value=0.180), received a p-value above the chosen level of significance. This accepts the null hypothesis. Receivable Management (t-value =-2.03), in contrast, received p-value of 0.04, below 0.05. Respondent perceptions differ significantly when categorized by sex, so this rejects the null hypothesis. More male bakeshop owners did not offer credit to their customers during the interview because it is risky to rely on the word of the customers to pay them. This is supported by a research report conducted by Scotiabank (2020) on gender differences in finance knowledge and confidence among owners of small businesses in Canada, more female small business owners were found to be 95% to collect receivables in a timely manner that can reduce the need for debt financing higher than males who were found to be 93%. Men are also spending more time in the production area as they perceive themselves as naturally drawn to physical work where they carry sacks of baking ingredients and mix and knead bread dough by hand than in selling area where they deal with customers to collect receivables.

**Table 11.** Significant difference on working capital management practices according to highest educational attainment

| Aspects | Highest Educational Attainment | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | High School | 4.08 | 3.24 | 0.02 | Reject $H_0$ | Significant |
| | College Degree | 4.33 | | | | |
| | Vocational | 4.44 | | | | |
| | Post Graduate | 3.73 | | | | |
| Receivable Management | High School | 3.84 | 1.75 | 0.16 | Accept $H_0$ | Not Significant |
| | College Degree | 4.06 | | | | |
| | Vocational | 4.07 | | | | |
| | Post Graduate | 3.39 | | | | |
| Payable Management | High School | 3.96 | 2.38 | 0.07 | Accept $H_0$ | Not Significant |
| | College Degree | 4.15 | | | | |
| | Vocational | 4.21 | | | | |
| | Post Graduate | 3.6 | | | | |
| Inventory Management | High School | 4.08 | 2.22 | 0.09 | Accept $H_0$ | Not Significant |
| | College Degree | 4.27 | | | | |
| | Vocational | 4.29 | | | | |
| | Post Graduate | 3.47 | | | | |

Table 11 displays Receivable Management (F-value=1.75), Payable Management (F-value=2.38), and Inventory Management (F-value=2.220) which obtained a p-value above the chosen level of significance which accepts the null hypothesis. This means that the respondents' assessments of the aspects of working capital management do not differ significantly when grouped by the highest educational attainment.

In terms of highest educational attainment, the respondents' assessment of working capital management differs significantly. Cash Management (F-value=3.24,p-value=0.02) which rejected the null hypothesis. According to some bakeshop owners during interview who attained post graduate have full-time work and are more engaged in other activities. As a result, they have less time for cash management in their business. Running a side business while being employed can also be challenging. Multiple tasks must be juggled while dealing with competing and conflicting commitments (Terry, 2016).

**Table 12.** Significant difference on working capital management practices according to number of related trainings

| Aspects | Number of Related Trainings | Mean | F-value | P-value | Decision | Interpretation |
|---|---|---|---|---|---|---|
| Cash Management | 0 | 4.19 | 1.37 | 0.25 | Accept $H_0$ | Not Significant |
| | 1 – 2 | 4.31 | | | | |
| | 3 – 4 | 4.52 | | | | |
| | 5 and above | 4.1 | | | | |
| Receivable Management | 0 | 3.88 | 1.63 | 0.19 | Accept $H_0$ | Not Significant |
| | 1 – 2 | 4.06 | | | | |
| | 3 – 4 | 4.2 | | | | |
| | 5 and above | 4.5 | | | | |
| Payable Management | 0 | 3.99 | 2.89** | 0.04 | Reject $H_0$ | Significant |
| | 1 – 2 | 4.14 | | | | |
| | 3 – 4 | 4.45 | | | | |
| | 5 and above | 4.1 | | | | |
| Inventory Management | 0 | 4.08 | 3.29** | 0.02 | Reject $H_0$ | Significant |
| | 1 – 2 | 4.25 | | | | |
| | 3 – 4 | 4.6 | | | | |
| | 5 and above | 4.9 | | | | |

As seen in Table 12, Cash Management (F-value=1.37) which obtained a p-value of 0.25, and Receivable Management (F-value=1.63) which obtained p-value of 0.19 which accepted the null hypothesis.

On the contrary, when the respondents assessed the effectiveness of various aspects in managing working capital, they differ significantly in Payable Management (F-value=2.89) obtained p-value of 0.04, while Inventory Management (F-value=3.29) obtained p-value of 0.02 that are below the chosen level of significance. Thus, this rejected the null hypothesis. The researcher made an observation among bakeshop owners with no training and seminars attended in baking that some do not have appropriate way in managing inventory record. They only use paper to record the entire inventory. Moreover, the researcher also identified that some of them just use assuming numbers to make order from the supplier, prefer to buy on cash basis, and do not record their payables. As a result, there are delays in making payments to suppliers and an inaccurate representation of their debts, as they are incorrectly recorded in a different time period (Rico, 2014). These situations can be perceived that some bakeshops may lack in managing inventory and payables that lack of training and seminar. The demand for business training accelerates business growth. Furthermore, businesses owned by people who have received training perform significantly better than those who have not received any type of business training (Kessy & Temu, 2010).

## CONCLUSION

This study assessed the effectiveness of working capital management for cash, receivables, payables, and inventories at bakeshops located in Pasig City and Marikina City. Overall, the findings demonstrate that bakeshop operators effectively manage their working capital, indicating their ability to sustain daily operations. All of the findings show how important effective management of working capital is to maintaining liquidity, controlling cost, and guaranteeing company continuity in bakeshops. Variations in effectiveness across selected firm and individual profiles suggest that differences in managerial capacity, number of employees, availability of funds, and training influence how working capital components are managed in practice.

From a practical perspective, the findings highlight how crucial it is for bakeshops to improve their basic financial controls. Monitoring and decision-making can be enhanced by cash management improvements, such as the separation of personal and business finances and the systematic documentation of transactions. Encouraging advance payments for large orders and negotiating flexible but advantageous terms of payment with suppliers can help enhance cash flow in terms of receivables and payables management. Particularly for companies that deal with seasonal demand, more efficient inventory planning through demand forecasting and sales trend research can further cut waste and inefficiencies. The study also suggests that working capital effectiveness is significantly influenced by financial and human resources. Cash, receivable, and payable management practices can be strengthened by investing in business and finance training. Financial management skills may be further improved by taking part in government-funded training programs and professional support services, such as accounting assistance, especially for owners with numerous responsibilities. The study also emphasizes how crucial institutional assistance is. Local government units can use these findings to create a program which aims at improving small businesses. Offering easily available and free training on working capital and cash flow management, establishing connections with financial institutions, encouraging digital financial tools, and incorporating financial literacy courses into already-existing livelihood and entrepreneurship programs.

This study also contributes empirical data to the limited body of literature on working capital management practices in Philippine small retail food enterprises. Future studies may build on these findings by conducting additional research on bakeshop working capital management practices, including how they affect profitability, growth, or survival, as well as by employing qualitative methods to capture changes in financial practices over time.

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