

**CAPITAL FINANCING AND PROFITABILITY OF SMALL-SCALE
GROCERY STORES IN SELECTED MUNICIPALITIES OF CAVITE**

THESIS

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STORES IN SELECTED MUNICIPALITIES OF CAVITE**

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*Capital financing and profitability of
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ABSTRACT

MASICAP, MYZEL MAE M. and MASICAP, PAULYN G. Capital Financing and Profitability of Small-scale Grocery Stores in Selected Municipalities of Cavite. Undergraduate Thesis. Bachelor of Science in Business Management. Cavite State University. April 2015. Adviser: Prof. Cecilia T. Cayao.

The study was conducted from November to December 2014 to determine the capital financing and profitability of small-scale grocery stores in selected municipalities of Cavite. Specifically, the study aimed to: identify the business profile of the different grocery stores in Cavite; identify the factors considered by the participants in financing their capital; determine the different sources of capital available for grocery stores; determine the profitability of small-scale grocery stores; find out the relationship between business profile and capital financing of small-scale grocery stores; know the relationship between business profile and profitability of grocery stores; and determine the relationship between capital financing and profitability for grocery stores. Descriptive and correlational designs were used as research design and simple random technique was used as sampling technique in the study. A total of 105 participants were interviewed using an interview guide composed of four parts, namely: business profile; capital financing; financial information; and factors affecting capital financing. Mean, frequency, range, percentage, and financial ratios were used to analyze the data. Pearson correlation coefficient and Spearman rank correlation coefficient were used as statistical treatment in the study.

Based on the results, small-scale grocery stores were solely owned by an individual; 47 percent of grocery stores had been in operation for less than five years; 48 percent of small-scale grocery stores had no workers; 70 percent of the participants had

declared that their capital financing was solely from personal savings. Results also showed that the overall mean rating of all the four factors indicate a very little influence on the financing decisions of the small-scale grocery store owners. The small-scale grocery stores in selected municipalities of Cavite had a net profit margin, operating profit margin, and gross profit margin of 13%, 14%, and 20%, respectively.

Both the initial capital and number of workers had a significant association with the capital financing of small-scale grocery stores. Years of operation had a significant relationship with the level of net profit margin while initial capital had a significant relationship with the operating profit margin of small-scale grocery stores. There was also a significant relationship between capital financing and profitability of grocery stores.

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INTRODUCTION

Engaging in business is a great help to finance and manage the needs of people. People build their own business for one thing—it is what we called profit, wherein, profit is the gain of the business less the expenses. For beginner entrepreneurs, the best possible way of engaging is to enter business through small-scale enterprises. Starting a large business may seem overwhelming, but a small-scale business can provide a suitable income and allows you to be your own boss. This type of business requires only a few number of employees to operate and the cost for starting-up is low.

According to the National Statistics Office, there are 743,250 small-scale businesses in the Philippines and 362,159 are engaged in the wholesale and retail industry. In CALABARZON, a total of 114,293 are engaged in small-scale business and 25 percent of it or 28,074 small businesses are from Cavite. This means that many Filipinos are engaging into small-scale enterprises for it can support their primary needs