

**RELATIONSHIP BETWEEN INVENTORY MANAGEMENT
AND PROFITABILITY OF SELECTED RESTAURANTS
IN TAGAYTAY CITY, CAVITE**

THESIS

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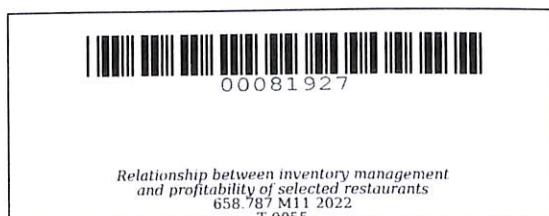
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**RELATIONSHIP BETWEEN INVENTORY MANAGEMENT AND PROFITABILITY
OF SELECTED RESTAURANTS IN TAGAYTAY CITY, CAVITE**

**Undergraduate Thesis
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ABSTRACT

MACALINDONG, RHONA MAE L., MANALILI, PIEL CANELLA U., MANSO, MARK CHAN T. **Relationship Between Inventory Management and Profitability of Selected Restaurants in Tagaytay City, Cavite.** Undergraduate Thesis. Bachelor of Science in Accountancy. Cavite State University, Indang, Cavite. August 2022. Dr. Dolores L. Aguilar, CPA.

Inventory plays a crucial role in every business, as it is the commodity that is being sold; consequently, this could impact the profitability of every organization. For many businesses, inventory management is essential to profitability and sustainability. As a result, management must give it attention and priority.

The study was conducted from September 2021 to June 2022. The study's specific goals were to ascertain the demographic profile of the employees working in the Tagaytay City restaurants, the business profile of the establishments where they are employed, the level of inventory management implementation, the profitability of the company, and the association between inventory management and profitability. The study considered the use of descriptive and correlational research designs. Survey questionnaires and online survey platforms, particularly Google forms for the surveys involving 100 employees of chosen restaurants were used to collect primary data.

It was revealed that most of the participants are men with an age range of 23 to 27 years old. The overall median score for inventory management implementation is 5 which suggests that the essential inventory management procedures were closely followed. The median score of 5 for profitability indicated that restaurants in Tagaytay City were profitable.

The findings of Somer's Delta showed a correlation between restaurant profitability and inventory management. A moderate positive asymmetric association between inventory management and profitability was discovered. The study recommended to constantly assess and monitor the business implementation of

inventory management and use key performance indicators to assess financial performance.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
APPROVAL SHEET	ii
BIOGRAPHICAL DATA.....	iii
ACKNOWLEDGEMENT.....	vi
ABSTRACT.....	x
LIST OF TABLES.....	xiv
LIST OF APPENDICES.....	xvi
INTRODUCTION.....	1
Statement of the Problem.....	4
Objectives of the Study.....	5
Significance of the Study.....	7
Time and Place of the Study.....	7
Scope and Limitations of the Study.....	7
Definition of Terms.....	8
Theoretical Framework of the Study	9
Conceptual Framework of the Study	11
REVIEW OF RELATED LITERATURE.....	12
METHODOLOGY.....	18
Research Design.....	18
Hypotheses.....	18
Sources of Data.....	18
Participants of the Study.....	18
Sampling Technique.....	19
Data Gathered.....	19
Statistical Treatment of Data.....	24

RESULTS AND DISCUSSION.....	26
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	51
Summary.....	51
Conclusions.....	52
Recommendations.....	53
REFERENCES.....	55
APPENDICES.....	61

LIST OF TABLES

Table	Page
1 Parameter to measure the effectiveness of inventory management based on its implementation	21
2 Parameter to measure the frequency of businesses compliance in certain practices that reflects financial profitability	22
3 Reliability measurement through overall cronbach alpha	23
4 Results and interpretations of the reliability test	23
5 Rule of thumb for interpreting the size of a correlation coefficient.....	25
6 Demographic profile of the participants.....	27
7 Business profile of the selected restaurants in Tagaytay City, Cavite.....	29
8 Implementation of inventory management in terms of monitoring of inventory.....	33
9 Implementation of inventory management in terms of quality control.....	35
10 Implementation of inventory management in terms of security of inventory.....	36
11 Implementation of inventory management in terms of accounting of inventory.....	38
12 Implementation of inventory management in terms of development measures.....	39
13 Implementation of inventory management in terms of quantity control.....	41
14 Profitability of selected restaurants in Tagaytay City in terms of settling obligation	42
15 Profitability of selected restaurants in Tagaytay City in terms of development programs	43
16 Profitability of selected restaurants in Tagaytay City in terms of inventory sufficiency.....	45

17	Profitability of selected restaurants in Tagaytay City in terms of customer service.....	46
18	Profitability of selected restaurants in Tagaytay City in terms of targeted goals related to sales.....	47
19	Profitability of selected restaurants in Tagaytay City in terms of cost management	48
20	Relationship between inventory management and profitability of selected restaurants in Tagaytay City, Cavite.....	50

LIST OF APPENDICES

Appendix		Page
1	Letter of Request.....	63
2	Research Instrument.....	65
3	Request for Adviser and Technical Critic.....	73
4	Title Approval Sheet.....	75
5	Proposal Approval Sheet.....	77
6	Request for Proposal Oral Review.....	79
7	Request for Manuscript Oral Review.....	81
8	Routing Slip.....	83
9	Certificate from Statistician.....	85
10	Letters for Validation of Questionnaire.....	87
11	Curriculum Vitae.....	92

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INTRODUCTION

One significant asset of a business is inventory. It serves as the core to make a business continue its operation. These are also the goods and materials used, acquired, produced, or manufactured by a business to be exchanged or sold in any economic measure. A shortage or mismanagement of inventory can be enormously damaging to earning profit and meeting the demand of customers. It plays a vital role in the process of every entity related to generating profit.

Inventory could also be a source of liability due to the high risk of being damaged, stolen, or the possibility of deterioration of perishable goods due to unpredicted changes in demand. According to Jaber (2009), neglecting the management of inventory will result in a huge problem in the long-term profitability of a firm and may fail to survive. Scheduling when to buy, the quantity to purchase or produce, and at what price to pay are some of the issues that need complex decision-making. Thereby, a business investing in its inventory management commonly takes an advantageous position in the industry