

**CAPITAL STRUCTURE AND PROFITABILITY OF SELECTED  
SERVICE-ORIENTED BUSINESSES IN INDANG, CAVITE**

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**RESSALYN ABOYME  
PRECIOUS JOY B. PORLARES**  
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## ABSTRACT

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The study was conducted from January to May 2018 in Indang, Cavite, to identify the capital structure and profitability of selected service-oriented businesses in Indang, Cavite. Specifically, the study aimed to: (1) determine the business profile of selected service-oriented businesses in terms of years of operation and type of ownership; (2) determine the profitability of selected service-oriented businesses; (3) define the capital structure of selected service-oriented businesses; (4) identify the significant relationship of years of operation and profitability of selected service-oriented businesses; and (5) identify the significant relationship of capital structure and profitability of selected service-oriented businesses in Indang, Cavite.

The researchers used descriptive and correlation as research designs. Primary data were gathered through the aid of survey questionnaire and personal interview with the participants. Profitability ratios such as gross profit margin, net profit margin, operating profit margin, and Pearson r correlation were used to examine the hypothesis.

This study covered selected service-oriented businesses in Indang, Cavite. On the average, the businesses had been operating for five years. Ninety eight percent of the participants were sole proprietors, and majority or 238 of them used their personal money as starting capital.



The profitability of service-oriented businesses in Indang, Cavite for gross profit margin was 77.35% for 2014, 75.87% for 2015, and 75.75% for 2016. The operating profit margin was 67.06% for 2014, 64.31% for 2015, and 61.65% for 2016. Net profit margin was 50.60% for 2014, 55.00% for 2015, and 54.97% for 2016.

The years of operation and profitability of the selected service-oriented businesses had no significant association. Only operating profit margin was found to have significant relationship to capital structure while the data on gross profit margin and net profit margin showed that they have no significant relationship to capital structure.



## TABLE OF CONTENTS

	Page
<b>BIOGRAPHICAL DATA.....</b>	iii
<b>ACKNOWLEDGEMENT.....</b>	v
<b>ABSTRACT.....</b>	ix
<b>LIST OF TABLES.....</b>	xiii
<b>LIST OF APPENDICES.....</b>	xiv
<b>INTRODUCTION.....</b>	1
Statement of the Problem.....	3
Objectives of the Study.....	3
Hypothesis.....	4
Significance of the Study.....	4
Time and Place of the Study.....	4
Scope and Limitation of the Study.....	5
Definition of Terms.....	6
Conceptual Framework of the Study.....	7
<b>REVIEW OF RELATED LITERATURE.....</b>	8
<b>METHODOLOGY.....</b>	17
Research Design.....	17
Sources of Data.....	18
Participants of the Study.....	18
Sampling Technique.....	19
Data Gathered.....	19
Statistical Treatment of Data.....	22
<b>RESULTS AND DISCUSSION.....</b>	24
Business Profile of Selected Service-Oriented Businesses in Indang, Cavite.....	24



Profitability of Selected Service-Oriented Businesses in Indang, Cavite.....	25
Starting Capital of Selected Service-Oriented Businesses in Indang, Cavite.....	29
Capital Structure of Selected Service-Oriented Businesses in Indang, Cavite.....	30
Relationship Between Years of Operation and Profitability of Selected Service-Oriented Businesses in Indang, Cavite.....	32
Relationship Between Capital Structure and Profitability of Selected Service-Oriented Businesses in Indang, Cavite.....	33
<b>SUMMARY, CONCLUSIONS, AND RECOMMENDATION.....</b>	<b>35</b>
Summary.....	35
Conclusions.....	37
Recommendation.....	38
<b>REFERENCES.....</b>	<b>40</b>
<b>APPENDICES.....</b>	<b>45</b>