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## Financial management practices of the registered thrift store businesses in Naga City

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### Abstract:

The study examines the financial management practices of registered thrift businesses in Naga City, aiming to enhance their financial performance and long-term success. The study examines a range of factors significantly impacting financial management. It identifies key factors influencing financial management, such as budget and cash flow management, financial controls, and planning, while the research also addresses challenges faced by thrift stores. The findings led to the creation of "THRIFT: A Financial Management Guide for Thrift Store Owners," a comprehensive resource that offers strategies, tools, templates, and practical tips to improve financial management and promote sustainability within these businesses.

### Keywords:

Financial Management Practices, Practical Strategies, Thrift Business, Challenges.

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## INTRODUCTION

Financial management is essential for organizations as it involves strategic planning and control of financial resources to meet goals. Apple Inc. exemplifies strong financial management by effectively utilizing cash flow for investments in research and development, marketing, and acquisitions. The company's financial team also mitigates risks with hedging strategies and manages a diverse investment portfolio, making decisions based on risk, return, and liquidity to align with strategic objectives.

Alibaba, a multinational technology company in Hangzhou, China, prioritizes a robust financial management system to accurately assess its financial position. By analyzing cash flow management, investment portfolio management, and risk management, the company evaluates its financial health and makes informed decisions for future planning.

SM Foundation Inc. is a major player in the Philippines, operating across retail, banking, and property sectors. The foundation emphasizes the importance of accurate financial statements for informed decision-making and accountability. In contrast, thrift stores in the Philippines face a different financial landscape compared to large corporations like SM Foundation Inc.

The term "ukay-ukay" originates from the Filipino word "halukay," meaning to dig or sift through items. It embodies the thrift shopping experience in the Philippines, highlighting the exploration of second-hand stores. The rise in popularity of these stores reflects a growing appreciation for repurposing pre-loved items, aligning with global trends in eco-friendly and socially conscious consumerism.

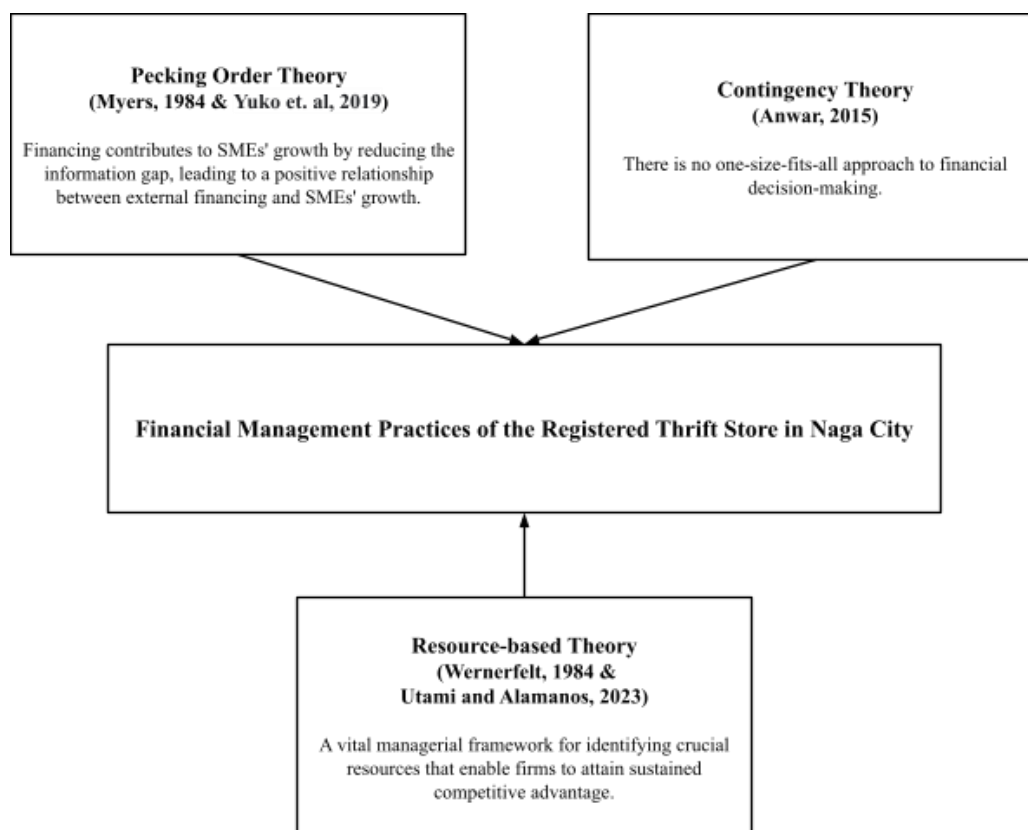
Financial management is vital for thrift store entrepreneurs to ensure long-term sustainability. Key practices include proper bookkeeping, cash flow management, and proactive budgeting to track expenses and make informed decisions. However, some second-hand retailers exhibit unsophisticated strategies and indifference, leading to their perception as informal businesses (Bhairahawa, 2022; Parsons, 2000).

The study on financial management practices of registered thrift businesses in Naga City aimed to benefit various stakeholders, including business owners, the community, customers, and future researchers. It focused on understanding the business behaviors, practices, and challenges of second-hand apparel retailers to develop effective marketing strategies and business models. The goal was to create a practical strategy to help these businesses enhance their financial performance and achieve long-term success.

## Research Questions

This study focused on Financial Management Practices of the Registered Thrift businesses within Naga City. By searching out the following objectives:

1. What are the business profiles of registered thrift stores in Naga City, including years of operation, size, number of employees, monthly income, and products to be sold?
2. What are the current financial management practices of the registered thrift stores in Naga City, along with budget management, cash flow management, financial controls, and financial planning?
3. What are the challenges faced by thrift store owners adapting financial management practices?
4. What are the profiles associated that affect financial management practices?
5. What is the relationship between financial management practices and the challenges of thrift store owners in Naga City?
6. What practical strategies for enhancing financial management practices growth measured thrift store businesses?



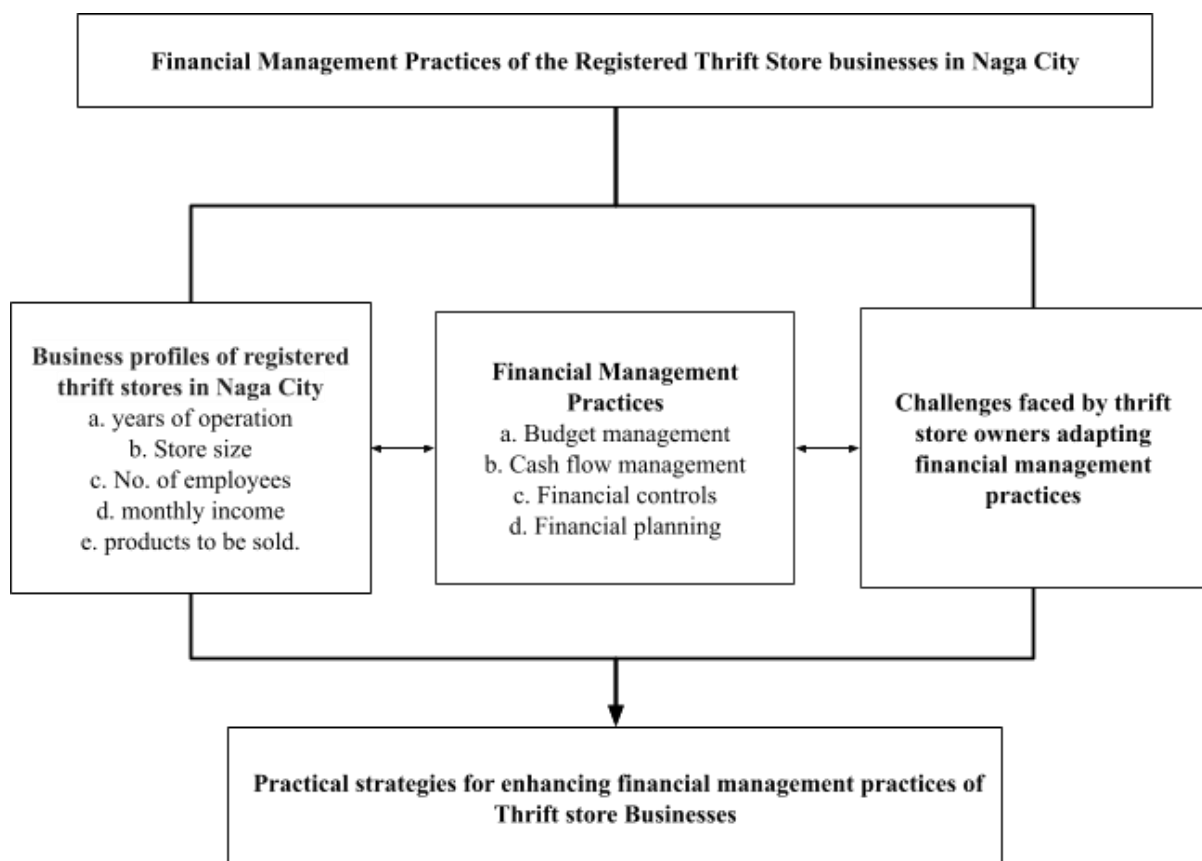
**Figure 1. Theoretical Paradigm**

The framework presented below shows the theories in a structured way that is related to the study and helps support the study. The Pecking Order Theory (POT) by Myers & Majluf (1984) & Yukon, et.al. (2019) suggests that firms prioritize internal financing, followed by debt, and then equity. This theory aligns with the positive relationship between

financing and SME sustainable growth. By prioritizing internal financing and implementing strong financial management practices, SMEs can reduce their reliance on external financing sources, ultimately contributing to their long-term success.

The Contingency Theory by Anwar (2015) presumes that there is no universal optimal approach to financial management, as optimal practices depend on factors like business size, competition, economic climate, and technology. This theory, rooted in organizational environment theories, has significant implications for financial decision-making, particularly in corporate financial planning, and influences organizational structure. It underscores the importance of tailoring financial strategies to specific organizational contexts, rejecting a universal approach.

The resource-based view, introduced by Wernerfelt in 1984 and enhanced by Utami & Alamanos in 2023, is a strategic management theory that emphasizes the importance of a firm's unique resources and capabilities in achieving sustainable competitive advantage. It suggests that firms can gain a competitive edge by leveraging their distinctive resources, such as financial resources, knowledge, and human capital. By effectively managing and deploying these resources, firms can outperform their competitors and achieve superior financial performance.



**Figure 2. Conceptual Paradigm**

The figure shown above presents the conceptual paradigm of this study entitled "Financial Management Practices of the Registered Thrift Businesses in Naga City". The

study examined how business profiles (years of operation, store size, no. of employees, monthly income, products sold) and financial management practices (budget management, cash flow management, financial controls, and financial planning) influenced the challenges faced by thrift store owners in Naga City. These challenges, in turn, could have affected the overall financial performance of the businesses.

## **METHODS**

### **Research Methods**

The study utilized a descriptive-correlational design to examine the financial management practices of thrift store businesses, focusing on budget management, cash flow management, financial controls, and financial planning. The aim was to understand the current situation and explore relationships between different financial management variables. This approach provided insights into how these practices might contribute to the growth of thrift businesses, offering a comprehensive analysis of the financial management strategies employed by thrift store owners. The qualitative method employed open-ended questions supplemented by interviews while the quantitative method utilized questionnaires through a survey. The correlational research design was employed to identify the profile associated with financial management practices and to examine the relationship between these practices and the challenges faced by thrift store owners in Naga City.

A comprehensive documentary analysis was initially conducted to identify the essential parameters necessary for utilizing the primary research instruments: structured questionnaires and semi-structured interviews. These instruments were administered consecutively to each respondent. The structured questionnaire employed a Likert scale to assess the respondents' opinions on various parameters, including budget management, cash flow management, financial controls, and financial planning. The first section of the questionnaire was designed to gather the business profiles of registered thrift business owners, while the second section focused specifically on the previous financial management parameters. Respondents rated their practices according to the following scale: 5 - Highly practiced, 4 - Slightly practiced, 3 - Moderately practiced, 2 - Slightly not practiced, and 1 - Extremely not practiced. Additionally, semi-structured interviews were conducted to ask follow-up questions aimed at evaluating the contribution of financial management practices to the overall performance of the registered thrift businesses. These interviews also served as a valuable framework for developing a plan.

### **Sampling Procedures**

The Naga City Government reports that there are 253 registered thrift businesses in Naga City. For a research study, the researcher employed purposive convenience sampling to target specific respondents. Purposive sampling involves selecting units based on desired characteristics, while convenience sampling focuses on easily accessible individuals. This non-probability method means that not all members of the population have an equal chance

of being included. By using these targeted sampling techniques, the researcher aimed to effectively profile ideal thrift stores and gain valuable insights into their financial management practices.

## RESULTS AND DISCUSSIONS

### Business profiles of registered thrift stores

**Table 1. Profile**

Profile	Frequency	Percentage	Rank
<b>Business Operation Duration</b>			
Less than 1 year	7	4.52%	5
1-3 years	57	36.77%	1
4-6 years	39	25.16%	2
7-9 years	22	14.19%	4
10 years and above	30	19.35%	3
<b>Total</b>	<b>155</b>	<b>100.00%</b>	
<b>Store Size</b>			
Less than 50 sq. m.	60	38.71%	1
50-100 sq. m.	52	33.55%	2
101-150 sq. m.	33	21.29%	3
151-200 sq. m.	4	2.58%	5
More than 200 sq. m	6	3.87%	4
<b>Total</b>	<b>155</b>	<b>100.00%</b>	
<b>Number of Employees</b>			
1-2	130	83.87%	1
3-4	23	14.84%	2
5-6	2	1.29%	3
<b>Total</b>	<b>155</b>	<b>100.00%</b>	
<b>Monthly Business Income</b>			
Less than P10,950	4	2.58%	5
P10,950-P21,200	16	10.32%	3
P21,200-P43,800	77	49.68%	1
P43,800-P76,700	41	26.45%	2
P76,700-P131,500	13	8.39%	4
P131,500-P219,100	4	2.58%	5
<b>Total</b>	<b>155</b>	<b>100.00%</b>	
<b>Products Sold</b>			
Clothing	60	38.71%	2
Shoes	1	0.65%	3
Mixed Products	93	60.00%	1
Pants	1	0.65%	4
<b>Total</b>	<b>155</b>	<b>100.00%</b>	

The data reveals a clear trend towards smaller, newer, and more efficient thrift store operations. Most businesses 36.77% are in their early stages 1-3 years, prioritizing cost-effectiveness. Small store sizes less than 50 sq m, 38.71% and lean staffing 1-2 employees, 83.87% are prevalent. The majority 49.68% generate moderate monthly income P21,200-P43,800. Mixed products 60% dominate the offerings, suggesting a diverse approach to attract customers.

The high number of businesses in the 1-3 year range reflects the common challenge of early-stage businesses struggling to establish themselves. The majority of these businesses are small-scale operations, occupying less than 50 square meters of retail space and employing only 1-2 staff members. This lean approach minimizes overhead costs and maximizes space efficiency, allowing for targeted customer engagement. In terms of revenue, a significant portion of these businesses generate monthly income between Php 21,200 and Php 43,800. This income is primarily derived from selling a diverse range of products, including mixed items and clothing because they allow them to offer a variety of items at affordable prices, attracting a broader customer base. Leveraging the experience of businesses in the 1-3 year range can help navigate the initial challenges of establishing a thrift store. Moreover, maintaining a lean workforce of 1-2 employees can promote agility and cost-effectiveness.

Small stores, with their limited employees, space, and product offerings, aim to operate efficiently while providing high value (Ancheta, 2024). The dominance of mixed products demands that they meet consumer tastes and needs (Eco et al., 2024). Many of these businesses earn between Php 21,200 and Php 43,800 monthly, reflecting their ability to thrive in a competitive economy. This aligns with findings from Handriana & Ningsih (2020) and Sinulingga & Sihotang (2021), which emphasize the importance of creativity, flexibility, and market-oriented strategies to adapt to consumer changes. Thus, adaptable and creative marketing strategies are crucial (Nugraha et al., 2021). Thrift stores, by leveraging consumer awareness of the environment, could enhance their appeal.

## **Financial Management Practices of the Registered Thrift Stores**

This part discusses the financial management practices of the Registered Thrift Stores in Naga City, including budget management, cash flow management, financial controls, and financial planning.

### **Budget Management**

*Table 2.1 Practices of the registered thrift stores in budget management*

Parameters	Mean	Rank	Interpretation
Creating a Comprehensive Budget	4.60	1	VHP
Monitoring budget performance monthly	4.53	3	VHP
Evaluating spending patterns	4.14	4	HP

Forecasting the expenses and revenue in day-to-day operations	4.54	2	VHP
Revising budget based on performance	3.70	5	HP
<b>Overall Mean</b>	<b>4.30</b>		<b>HP</b>

*Note:* 4.50-5.00 - Very Highly practiced (VHP); 3.50-4.49 - Highly practiced (HP); 2.50-3.49 - Moderately practiced (MP); 1.50-2.49 - Slightly practiced (SP); 1.00-1.49 - Not practiced (NP)

The study found that thrift stores are highly proficient in budgeting practices. "Creating a Comprehensive Budget" ranked highest, indicating a strong emphasis on financial planning with a mean score of 4.60. While "Revising Budget based on Performance" ranked lowest, it still falls within the "Highly Practiced" category with a mean score of 3.70.

Registered thrift stores in Naga City prioritize financial planning and management. They excel at creating detailed budgets and closely monitoring their performance. While less emphasis is placed on frequent budget revisions, this reflects the practical constraints of small businesses. By focusing on essential budgeting practices and maintaining a simple, effective system, these stores optimize their resource allocation and ensure long-term sustainability.

The findings highlighted the significance of continuous budget monitoring, as noted by Dzingirai & Ndava (2022), who warned that a lack of structured cash budgets can hinder financial planning and resource allocation. Thrift stores in Naga City prioritized basic budget planning over frequent revisions, allowing effective resource allocation but potentially limiting adaptability to unexpected market changes. Gagliardi (2023), Fiorini (2024), and Bewickie (2023) emphasized the need for annual or bi-annual budget revisions for sustainability. Financial planning, essential for growth per Jhajharia (2024), and effective cash flow management, highlighted by Mohsin (2024), are crucial for fund availability, while Vecchio (2024) stressed the importance of internal controls in mitigating financial risks and enhancing overall financial management.

### Cash Flow Management

**Table 2.2 Practices of the registered thrift stores in cash flow management**

Parameters	Mean	Rank	Interpretation
Maintaining adequate cash reserves	4.40	3	HP
Monitoring and forecasting cash inflows and outflows	4.61	1	VHP
Monitoring cash balance weekly	4.43	2	HP
Ensuring sufficient funds available for future obligations	4.30	4	HP
Applying for a loan to meet the business needs	2.65	5	MP
<b>Overall Mean</b>	<b>4.08</b>		<b>HP</b>

*Note:* 4.50-5.00 - Very Highly practiced (VHP); 3.50-4.49 - Highly practiced (HP); 2.50-3.49 - Moderately practiced (MP); 1.50-2.49 - Slightly practiced (SP); 1.00-1.49 - Not practiced (NP)



Table 2.2 reveals that monitoring and forecasting cash inflows and outflows is the most highly practiced activity, ranking first with a mean score of 4.61. While applying for loans is the least practiced, with a mean score of 2.65, the overall mean score of 4.08 indicates a high level of cash flow management proficiency among these businesses.

Registered thrift store owners are skilled at managing their finances, tracking daily income and expenses to understand their business's financial health. However, they are hesitant to apply for loans due to concerns about high-interest rates, lack of understanding of loan terms, and potential financial burdens. While caution is important, it may limit growth opportunities and ability to handle challenges. A better understanding of financial instruments and risk management could help them make informed decisions about financing options.

These findings align with ThriftCart's article (2024), which emphasizes the importance of understanding cash flows in thrift stores, including adapting to challenges and identifying investment opportunities. Effective cash flow management is crucial for long-term business success, as noted by Lyon (2024), Ahmed (2024), and Mohsin (2024), and includes inventory management. Ruparelia (2023) highlights that cash flow management involves analysis, forecasting, and optimization, with a cash flow statement being a key tool. Implementing cash flow management helps thrift businesses maintain accurate records and mitigate potential risks.

## Financial Controls

*Table 2.3 Practices of the registered thrift stores in financial controls*

Parameters	Mean	Rank	Interpretation
Conducting regular inventory checks	4.40	1	HP
Implementing internal control procedures	3.74	4	HP
Maintaining a spreadsheet of monthly income and expenses.	4.10	2	HP
Conducting surprise cash counts	4.01	3	HP
Identifying accountability to avoid fraud or error.	3.32	5	MP
<b>Overall Mean</b>	<b>3.91</b>		<b>HP</b>

*Note:* 4.50-5.00 - Very Highly practiced (VHP); 3.50-4.49 - Highly practiced (HP); 2.50-3.49 - Moderately practiced (MP); 1.50-2.49 - Slightly practiced (SP); 1.00-1.49 - Not practiced (NP)

Table 2.3 shows the findings on financial controls practiced by thrift store businesses. Conducting regular inventory checks is the most frequently practiced control with a mean score of 4.40, while identifying accountability to avoid fraud or error is the least practiced one with a mean score of 3.32. The overall mean score of 3.91 suggests that thrift store businesses generally demonstrate a high level of financial control practices.

Thrift stores prioritize inventory checks due to their business model of handling large quantities of second-hand products. Accurate inventory levels optimize sales and pricing strategies. However, they often neglect identifying accountability to avoid fraud or error. This oversight, stemming from limited resources and focus on daily operations, can lead to

potential financial losses and damage the store's integrity.

The results align with studies on financial management in small businesses. Handriana & Ningsih (2020) note that thrift stores face challenges in adopting efficient financial controls due to unique business models and limited resources, often prioritizing customer attraction over internal management. This is compounded by a competitive environment and unstable market conditions. Beaver (2022) and Vecchio (2024) highlight the need for strong internal controls to prevent fraud and ensure accuracy, yet thrift store owners may not fully implement these systems, as also noted by Dzingirai & Ndava (2022), who found that small businesses frequently lack formal internal controls.

## Financial Planning

*Table 2.4 Practices of the registered thrift stores in financial planning*

Parameters	Mean	Rank	Interpretation
Setting short and long-term financial goals.	4.41	1	HP
Considering investment opportunities.	4.03	3	HP
Using financial ratios to assess performance.	2.93	4	MP
Monitoring economic trends	4.37	2	HP
Seeking financial advice from professionals.	2.38	5	SP
Overall Mean	3.62		HP

*Note:* 4.50-5.00 - Very Highly practiced (VHP); 3.50-4.49 - Highly practiced (HP); 2.50-3.49 - Moderately practiced (MP); 1.50-2.49 - Slightly practiced (SP); 1.00-1.49 - Not practiced (NP)

Table 1.4 presents the practice levels of various financial planning parameters among thrift businesses in Naga City. Setting short and long-term financial goals ranks first with a mean score of 4.41, categorized as “Highly Practiced.” In contrast, seeking financial advice from professionals ranks fifth with a mean score of 2.38, categorized as “Slightly Practiced.” The overall mean score for all parameters is 3.62, placing it in the “Highly Practiced” category.

Thrift store businesses establish clear short and long-term financial goals, which helps them assess their financial health and set broader objectives. However, their lack of seeking professional financial advice suggests they view their operations as simple and manageable, potentially due to budget constraints and the time-consuming nature of running a thrift store. This reliance on self-management may increase their vulnerability to financial risks.

Thrift store businesses often set goals without proper financial planning or professional advice, which can hinder their success. Voigt (2024) suggests that developing a financial plan or consulting a financial planner is crucial. While thrift stores can be profitable, they face irregular income from donations and sales. Essential financial planning includes budgeting, forecasting, and investment strategies, as outlined by Geier (2024). This can be done independently or with help from a certified financial planner (Manning, 2024).

## Challenges Faced in Adapting Financial Management Practices

This section presents the challenges faced by the registered thrift business owners in adapting to the financial management practices.

### Challenges

*Table 3. Challenges faced by thrift store owners adapting financial management practices*

Parameters	Mean	Rank	Interpretation
Formulating pricing strategies	2.01	9.5	SC
Maintaining the right inventory levels	2.30	6	SC
Maintaining skilled personnel in terms financial management practices	2.56	4	FC
Generating higher income	3.49	1	FC
Managing operational cost	2.32	5	SC
Adequate record-keeping and financial planning	2.27	7	SC
Meeting financial obligations.	2.01	9.5	SC
Accessing to financial resources and credit	2.61	3	FC
Attracting and retaining customer	2.04	8	SC

Parameters	Mean	Rank	Interpretation
Formulating pricing strategies	2.01	9.5	SC
Maintaining the right inventory levels	2.30	6	SC
Maintaining skilled personnel in terms financial management practices	2.56	4	FC
Expansion of the business	3.17	2	FC
<b>Overall Mean</b>	<b>2.48</b>		<b>FC</b>

Note: 4.50-5.00 - Absolutely Challenging (AC); 3.50-4.49- Very Challenging (VC); 2.50-3.49 - Fairly Challenging (FC); 1.50-2.49 - Somewhat Challenging (SC); 1.00-1.49 - Not Challenging (NC)

The data identified ten recurring challenges faced by thrift stores, ranked by difficulty. "Generating higher income" was the most challenging, with a mean score of 3.49, followed by "Expansion of the business" at 3.17, and "Accessing financial resources and credit" at 2.61, all categorized as "Fairly Challenging." Conversely, "Formulating pricing strategies" and "Meeting financial obligations" had a mean score of 2.01, classified as "Somewhat Challenging." This suggests that effective practices may exist to alleviate these difficulties.

The analysis indicates that projects are focusing on key challenges, with "Generating Higher Income" ranked as the most pressing issue. This suggests that growth has faced distress and declining returns, vital for long-term business success. The relatively low difficulty perceived in areas like "Formulating Pricing Strategies" and "Meeting Financial Obligations" indicates improved efficiency in those aspects. While thrift shop owners face

significant challenges in increasing income, they experience average difficulties in maintaining skilled personnel for financial management. This points to constraints like credit issues and inadequate staffing that hinder revenue growth. Conversely, "Managing Operational Costs" and "Maintaining Inventory Levels" are deemed important but not critical challenges.

Generating income is the biggest challenge for small businesses like thrift shops, which struggle with cash flow due to inconsistent stock and slow-moving products, as noted by ThriftCart (2024). Dzingirai & Ndava (2022) found that many lack financial skills and formal budgets, while Akinola & Nkwinika (2023) highlighted the absence of finance experts and structured budget systems. Higher operational costs hinder profitability, and Fraxion (2023) emphasized the need to control these expenses, particularly in an inflationary environment, to sustain profitability despite management challenges.

### The profile associated with that affects financial management practices

**Table 4. Significant Relationship Between the Profile of Thrift Stores and their financial management practices**

BUSINESS PROFILE	FINANCIAL MANAGEMENT PRACTICES			
	Budget Management	Cash Flow Management	Financial Controls	Financial Planning
Business Duration	0.02057*	0.1169	0.009174*	0.006778*
Store Size	0.0086097*	0.002198*	0.1073	0.002568*
Number of Employees	0.05995	0.02656*	0.9018	0.8577
Monthly Business Income	0.187	0.9224	0.7208	0.3021
Products Sold	0.9579	0.9683	0.2773	0.4698

Note: \* - significant

Interpretation Guide: p-value  $\geq 0.05$  p-value  $< 0.05$

Table 1.5 shows the results of a statistical analysis on the relationship between business factors and financial management practices. In Budget Management, Store Size has the strongest significant relationship with a P-value of 0.008609, while Products Sold has a weak correlation (P-value of 0.9579). In Cash Flow Management, Store Size again shows high significance (P-value of 0.002198), and Products Sold remains insignificant (P-value of 0.9224). In Financial Controls, the strongest link is with Business Operation Duration (P-value of 0.009174). Lastly, in financial planning, Store Size again exhibits a significant relationship (P-value of 0.002568).

The analysis identified key connections between business factors and financial aspects. Store size significantly impacts budgeting and cash flow management, likely due to increased resources required for larger stores. In contrast, the number of products sold has minimal influence on budgeting, indicating that fixed costs may play a larger role. Businesses with longer operational durations develop better financial controls to manage risks and enhance stability. Additionally, a strong relationship between financial planning and store size suggests that larger stores need more strategic financial planning for effective operations and growth. Overall, larger stores require robust budgeting processes, while the number of products sold appears less significant in the budgeting process.

The analysis of thrift stores aligns with Handriana & Ningsih (2020), Fenitra et al. (2021), and Nugraha et al. (2021) regarding sustainability, competition, and consumer behavior in financial management. These authors highlight the challenge posed by changing consumer attitudes for financial management concepts in thrift stores. The relationship between Store Size and Cash Flow is evident, as larger stores incur higher operating expenses, necessitating better planning. Additionally, the correlation between Business Operation Duration and Financial Planning supports Fenitra et al.'s view that older businesses are better prepared for market changes.

**Table 5. Relationship between Financial Management Practices and the Challenges of Thrift Store Owners**

CHALLENGES	FINANCIAL MANAGEMENT PRACTICES			
	Budget Management	Cash Flow Management	Financial Controls	Financial Planning
Formulating pricing strategies	0.149	0.0951	0.266	0.442
Maintaining the right inventory levels	0.118	-0.0143	0.103	0.348
Maintaining skilled personnel in terms financial management practices	0.103	-0.498	0.135	0.342
Generating higher income	0.25	0.0774	0.0961	0.117
Managing operational cost	0.0853	0.079	0.142	0.394
Adequate record-keeping and financial planning	0.105	0.125	0.189	0.417
Meeting financial obligations	0.144	0.0251	0.23	0.417
Accessing to financial resources and credit	0.131	0.0196	0.639	0.242
Attracting and retaining customers	0.116	0.0634	0.227	0.367
Expansion of the business	0.193	0.306	0.282	0.16

Note: + 1 R-Value  
- 1 R-Value

**Table 1.5** presents Pearson's correlation between financial management practices and challenges faced by thrift store owners in Naga City. The **R-value** of 0.442 indicates a positive correlation between financial planning and pricing strategies. In contrast, the **R-value** of -0.0143 shows no significant relationship between cash flow management and inventory levels.

The data indicates a positive correlation between financial planning and pricing strategies for thrift store owners in Naga City. Financial planning helps understand a business's financial position, while pricing strategy is vital for achieving financial goals. However, correlation does not imply causation, as other factors could influence both areas. Conversely, cash flow management and inventory levels showed a negative correlation, suggesting they are not linked; inventory ties up cash until sold. Maintaining a balance between sufficient inventory and cash flow is essential. Overall, financial planning can enhance pricing strategies, while cash flow and inventory management represent different financial dynamics.

A study by Prosperena (2023) found that financial management practices, including financial planning and pricing strategies, are interconnected in a Ukay-Ukay business. Financial planning is essential for determining capital for inventory, securing locations, and developing effective pricing and marketing strategies. A solid pricing strategy aids in revenue forecasting and helps businesses set realistic goals (Ravichandran, 2024). It takes into account costs, perceived value, market research, and competitive analysis (Arsenault, 2023), ensuring that pricing strategies effectively generate revenue and income.

### **Practical Strategies for Enhancing Financial Management Practices Growth Measured Thrift Store Businesses**

This section introduced "**THRIFT: A Financial Management Guide for Thrift Store Owners**," aimed at thrift store owners in Naga City. It offers effective financial management strategies tailored to the thrift retail industry's unique challenges, featuring research-based insights and practical tools for budgeting, cash flow, and strategic planning to promote sustainable growth and long-term viability.

#### **Inputs**

1. **Primary Resources** - This document outlines the sources used in the development of a practical strategy. The primary data was collected through a survey questionnaire administered to one hundred fifty-five respondents and owners of the registered thrift stores. The questionnaire was divided into four sections: business profile, financial management practices, challenges, and supplementary questions.
2. **Secondary Sources** - To develop the survey questions, researchers used data from related literature found on credible websites and articles like ResearchGate, Google Scholar, and ThriftCart website.

#### **Process**

- **Step 1:** Conducted a literature review to identify existing research on financial management practices in thrift stores that focus on challenges, best practices, and strategies for improvement.
- **Step 2:** Developed a structured survey questionnaire to collect data from thrift store owners in Naga City. The survey consists of business characteristics, financial management practices, challenges faced, and perceived effectiveness of current practices.
- **Step 3:** Analyzed the quantitative data collected through the survey using statistical methods to identify the most and least financial management practices, correlations, and significant differences between variables.
- **Step 4:** Identified the primary challenges faced by thrift stores in implementing effective financial management practices based on the data analysis.

- **Step 5: "THRIFT: A Financial Management Guide for Thrift Store Owners"** was developed based on data and findings from a survey and correlation.

## **Output**

This section outlined the practical guide developed by the researchers based on the results of the study conducted on the financial management practices of registered thrift stores in Naga City. The guide focused on strategies that will enable thrift store owners in Naga City to enhance their financial management practices and improve their overall business performance.

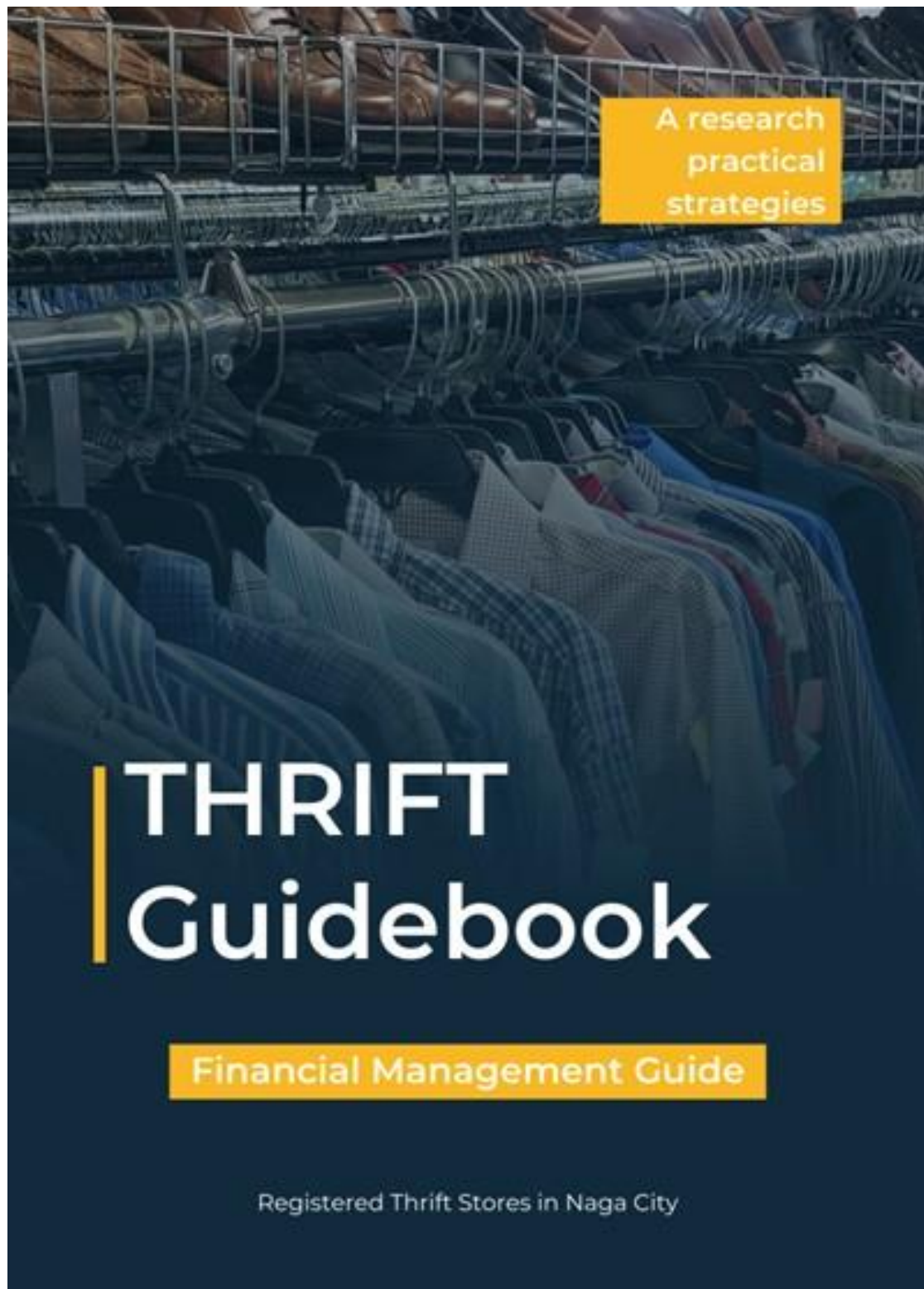
### **THRIFT: A Financial Management Guide for Thrift Store Owners**

The "**THRIFT: A Financial Management Guide for Thrift Store Owners**" is designed to provide thrift store owners in Naga City with comprehensive strategies in financial management. This guidebook offers a variety of tools and templates that serve to enhance financial practices and the efficiency of actual financial transactions.

It offers **Help** by guiding users through the complexities of financial management, ensuring they can navigate common challenges with confidence. Also available within the guide are valuable **Recommendations** for budgeting, cash flow management, and strategic planning.

Additionally, the guide presents special **Insights** based on the research findings that can help the owners make informed decisions. It establishes a structured **Format** for implementing best practices in financial management that would allow thrift store owners to maintain sustainability and growth. It offers practical **Tips** and strategies to achieve improved financial performance. This guidebook forms a holistic package designed to help thrift store owners foster long-term sustainability within their enterprises.









To access the full details of this output: <https://heyzine.com/flip-book/ac1aff7049.html>

**Figure 3. Thrift Guidebook**

## CONCLUSION AND RECOMMENDATION

This section summarizes the research findings and conclusions for enhancing the financial management practices of Thrift Stores in Naga City.

### **Business profiles of registered thrift stores in Naga City, including years of operation, size, number of employees, monthly income, and products to be sold**

The analysis reveals that a significant portion of thrift stores in Naga City are relatively new, suggesting the challenges faced by startups in the initial years. Smaller store sizes and lean staffing with 1-2 employees likely reflect strategies to minimize costs and maximize efficiency, while the focus on moderate income levels indicates a balance between generating revenue and managing expenses. The diverse product offerings, including mixed products, cater to a wider customer base, contributing to the overall success of these businesses.

### **Financial management practices of the registered thrift stores in Naga City, along with budget management, cash flow management, financial controls, and financial planning**

1. Budget Management. Thrift stores in Naga City demonstrate a strong commitment to budgeting, prioritizing detailed planning, monitoring, and forecasting. Limited staff and resources may hinder their ability to effectively

revise budgets in response to changing circumstances. Implementing a system for periodic budget reviews, incorporating key performance indicators and making necessary adjustments, is crucial for maintaining operational efficiency and adapting to market fluctuations.

2. **Cash Flow Management.** Thrift store owners in Naga City recognize the critical importance of cash flow management for business success. By diligently monitoring income, sales, and expenses, they can effectively track and forecast cash inflows and outflows, enabling informed decision-making and ensuring long-term financial stability. On the other hand, a reluctance to apply for loans, potentially due to concerns about high interest rates, may limit access to necessary capital for business expansion and growth. Utilizing accounting software can significantly enhance cash flow management by facilitating efficient tracking, monitoring, and forecasting of cash flows, ultimately improving financial performance and mitigating the risk of cash shortages.
3. **Financial Controls.** Thrift stores in Naga City prioritize regular inventory checks, recognizing their crucial role in optimizing financial activities such as sales and pricing. A significant gap exists in the implementation of accountability measures to prevent fraud or error. This neglect, likely attributed to limited resources and a focus on daily operations, can lead to financial losses and damage the thrift store's integrity. To address this, thrift stores should implement specific policies and procedures, including clear checklists of tasks and performance evaluation systems, to enhance employee accountability and strengthen overall financial control.
4. **Financial Planning.** Thrift stores in Naga City demonstrate a proactive approach to financial planning by setting short- and long-term financial goals. Their reliance on internal management and limited use of professional financial advice may hinder their ability to optimize financial performance. To address this, thrift stores are encouraged to seek professional financial advice to enhance their ability to achieve financial goals. Networking within the industry can help connect owners with professional financial advisors who can provide valuable insights and support, ultimately contributing to the long-term sustainability of their businesses.

### **Challenges faced by thrift store owners adapting financial management practices**

Thrift stores face significant challenges in generating higher income, including difficulties in financing and retaining qualified staff. These constraints can hinder their ability to grow and operate efficiently in the long term. While cost control and inventory management are crucial aspects of any business, they are not perceived as critical areas

of concern by these thrift stores.

### **The profile associated that affects financial management practices**

The results show a strong correlation between store size and budget management, indicating larger stores need more robust budgeting processes. The number of products sold does not significantly influence budgeting, while longer-operating businesses tend to develop more comprehensive financial controls. Larger stores require more strategic financial planning to support their complex operations and growth initiatives efficiently.

### **Relationship between financial management practices and the challenges of thrift store owners in Naga City**

The data indicates a positive correlation between financial planning and pricing strategies for registered thrift businesses in Naga City. Accurate revenue forecasting is crucial for setting realistic financial goals and developing effective strategies to achieve them. Managing cash flow and maintaining the right level of inventory have a very weak correlation because they represent different financial positions.

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