

Working Capital Management of Ornamental Plant Industry

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Abstract – Business sustainability covers both profitability, survival, and resiliency. Their goals, more than profitability, is to be in going concern principle which entails seeing operation amidst downturns. Planning intensively on adaptation to changes in the market and environment creates financial and operational sustainability. Well-managed working capital will result in better financial handling, boost income and foster good chance survivability. The main aim of the study is to determine the profile of the respondents in terms of form of ownership, years of business operation, initial capital, and source of capital; determine the Working Capital Management of the Ornamental Plant Industry in Padre Garcia, Batangas in terms of: cash management, inventory management and payable management; determine the significant difference in responses in the Working Capital Management of Plant Industry when grouped according to profile variables; and to propose plan of action to improve working capital management. Descriptive method was used. The participants of the study constitute 79 out of 95 ornamental plant nursery owners of Bukal SEA-K Garden Association. The researchers used an adapted questionnaire from the study titled “Working Capital Management of SMEs in Lipa City” conducted by Alcantara, et al. (2017). The results were tabulated, presented, analysed and interpreted. The study showed that the majority of the plant business owners are sole proprietors who operated their business for 5 years and below, an initial capital of P 5,000 and below, and personal investment as their source of capital, that the plant business owners generally performed cash and payable management rarely but performed inventory management often, and that sole proprietors significantly differ in their practice of payable management. Different strategies were proposed to improve working capital management of the ornamental plant industry

Keywords – Cash Management, Inventory Management, Payable management

INTRODUCTION

Business sustainability covers both profitability, survival, and resiliency. Their goals more than profitability, is to be in going concern principle which entails seeing operation amidst downturns. Planning intensively on adaptation to changes in the market and environment creates financial and operational sustainability. Well managed working capital will result in better financial handling, boost income and foster good chance survivability. Working capital optimization will serve as the booster for business most especially in times of crisis. Economic conditions reshape the structure in decision making. Improper handling of money will cause a business to collapse. Hawley [1] stated that a working capital is used to monitor the daily operations of a business and be able to

cover any unexpected costs. One of the recent downsides of every economy around the globe is the hit of pandemic. With that, some of the businesses were forced to shut down while others were forced to lay off their employees because of lesser cash inflows for their businesses. According to the International Labor Organization [2], more than 85% reported that the pandemic has a high and medium financial impact on their operation. On the other hand, as per the poll created by the Department of Trade and Industry in the Philippines [3], 26% of businesses have been shut down due to the pandemic. This only showed that only a few survive during financial stress [4]. However, regardless of the adverse effect of the pandemic in some businesses, it became a great opportunity for others to start and other existing 2 businesses boomed. Included

in these businesses that grew and succeeded this pandemic is the plant industry. Before, this was not given enough focus due to the day-to-day busy schedule of the people. Today, because of the pandemic, planting became a hobby for some individuals as it could relieve stress for them [5]. Online selling of plants became prevalent. The orders for the plant supplier increased. In fact, due to the high demands of plants in the Philippines, some of the entrepreneurs increased the number of their employees from four to twelve [6]. Despite the aforementioned positive remarks, undoubtedly, small businesses like the ornamental plant industry are prone to certain risks, which include but are not limited to natural calamities such as storms, insects/pests, drought and increasing expenses. Without a doubt, there is much to be considered when planning to enter the ornamental plant industry and one of the fundamental factors is working capital management. Even with those challenges, the well-capitalized ones were able to survive and in fact had an increase in sales due to the consumers who repurchased their products as a replacement for their decayed plants. As a result, in order to maintain the business operations across multiple short sales cycles, the solution is to have sufficient working capital [7]. Furthermore, since most of the ornamental plant nurseries are small businesses, they are more prone to the problems with regards to the implementation of working capital management. The researchers will be able to have a real picture of how working capital works in businesses like the 3 ornamental plant industry and how it can help the business boost income towards the longevity of business operations. As future professionals, since studies about other industries such as merchandising are usual, having a different perspective of how working capital works in plant industries will enable them to differentiate the different approach of managing working capital per industry that a business cannot operate without an outflow of cash.

OBJECTIVES OF THE STUDY

This study aimed to determine the working capital management of the plant industry in Padre Garcia, Batangas. Specifically, it sought to determine the profile of the respondents in terms of form of ownership, years of business operation, initial capital, and source of capital; to determine the working capital management of the plant industry in Padre Garcia, Batangas in terms of: cash management, inventory management and payable management; and to determine the significant difference in responses in the working capital management of plant

industry when grouped according to profile variables; and to propose a plan of action to improve working capital management.

MATERIALS AND METHODS

Research Design

This study utilized a descriptive method of research in order to gather and determine the necessary data and information in assessing the working capital management of the Ornamental Plant Industry in Bukal, Padre Garcia, Batangas. As per Siedlecki [8], descriptive research describes and does not manipulate the variables of a study. It is designed to gather data by means of identifying the problem and describing the population, phenomenon and its characteristics. It plays a vital role in providing a better understanding of what a research topic is all about. The research also employed the quantitative method, which was defined by the SIS International Research as a research method that uses computational, and statistical tools to analyze the data and derive results in order to quantify the problem of this paper.

Participants of the Study

The participants of the study were 79 out of 95 registered plant nursery 19 owners from the latest and official list of the Bukal - Garden SEA-K Association, the association responsible for plant nursery owners within the area of Bukal, Padre Garcia, Batangas.

Instruments

In order to obtain data, the proponents adapted and modified the questionnaire from the study of Alcantara, et.al [9] on the Working Capital Management of SMEs in Lipa City. The questionnaire is divided into two parts: the first part covers the basic information of the plant industry and the second part determines the working capital management of the plant industry relative to the three components, namely: cash, inventory and payable management. The options to be used are (4) Always, (3) Often, (2) Rarely, (1) Never. The respondents were requested to check the space provided in each portion.

Procedures

The researchers came up with this study by considering the situation of the growing industry in Bukal, Padre, Garcia, Batangas. The researchers decided to study further on the different components and application of working capital management in the

plant industry in relation to how it affects the operation of 20 their business. With that, the researchers first sought the approval of this proposal from the school, Lyceum of the Philippines University - Batangas to pursue their study through the guidance of their research adviser. Upon getting the approval, the researchers collected information from various sources such as books, articles, and the internet to develop the research. After obtaining information needed in the research, the researchers then went to Bukal, Padre Garcia, Batangas to obtain the list of the people involved in the business of planting. The approval of the questionnaire then followed. After the approval, the researchers personally went and distributed the questionnaires at the respondent's convenient time. The researchers oriented the respondents about the study before giving them the questionnaires and waited for them to finish and guide them as they answered the questionnaires.

Data Analysis

All the data gathered were tallied, encoded, and interpreted using descriptive and inferential statistics. Statistical tools which include frequency distribution for identifying the profile of the respondents, weighted mean for interpretation, and analysis of variance (ANOVA) to determine if there is a significant difference in the evaluation of respondents when grouped according to the profile of the variables. The data are also treated with SPSS with Alpha level of 0.05 to further analyze the results.

Ethical Considerations

There were different ethical issues in conducting this study and the 21 researchers have considered them. For participation and confidentiality of the respondents who have interacted and participated in the study, the researchers ensured that the respondents are well-informed of the objectives and purpose of the study. They were provided an informed consent form which testifies that they voluntarily accepted to be part of the research and may withdraw to the said study any time for any reason. It also ensured that their identities will not be exposed to different groups or associations not related to the study. The answers they have provided were treated with respect and were kept with utmost confidentiality and that the results were presented for academic purposes only.

RESULTS AND DISCUSSION

The contents of the journal are peer-reviewed and archival. The international journal publishes scholarly articles of archival value as well as tutorial expositions and critical reviews of classical subjects and topics of current interest. Authors should consider that the technical papers submitted for publication must advance the state of knowledge and must cite relevant prior work. The length of a submitted paper should be commensurate with the importance, or appropriate to the complexity, of the work. For example, an obvious extension of previously published work might not be appropriate for publication or might be adequately treated in just a few pages. Authors must convince both peer reviewers and the editors of the scientific and technical merit of a paper; the standards of proof are higher when extraordinary or unexpected results are reported.

Because replication is required for scientific progress, papers submitted for publication must provide sufficient information to allow readers to perform similar experiments or calculations and use the reported results. Although not everything need be disclosed, a paper must contain new, useable, and fully described information.

Table 1
Percentage Distribution of the Business Profile

| Forms of Ownership | Frequency | Percentage (%) |
|------------------------------------|-----------|----------------|
| Sole Proprietorship | 74 | 93.70 |
| Partnership | 5 | 6.30 |
| Years of business operation | | |
| 5 years and below | 58 | 73.40 |
| 6-10 years | 17 | 21.50 |
| 11-15 years | 2 | 2.50 |
| 21 years and above | 2 | 2.50 |
| Initial Capital | | |
| P5,000 and below | 30 | 38.00 |
| P5,000 - P 15,000 | 13 | 16.50 |
| P15,000 - P 30,000 | 9 | 11.40 |
| P30,000 - P 50,000 | 9 | 11.40 |
| P50,000 above | 18 | 22.80 |
| Sources of Capital | | |
| Personal Investment | 62 | 78.50 |
| Business Loans | 17 | 21.50 |

Table 1 depicts the distribution of the business profile. For the forms of ownership, sole proprietorship prevails, having 93.70 percent. Plant business owners usually started their business out of their interest in planting. With that, the owners prefer to build their own business, which enables them to manage and decide on their own.

The requirement for a small business to operate is usually less hassle and have low costs considering that most of the plant businesses are family-owned.

Robinson [10] indicated that sole proprietorship has several advantages for small businesses. First, the simplicity of the organization of business when the owners decided to start operations. There are only a few paper works required including licenses for it to be legal and the capital requirement is lesser. Second, the control of the management solely depends on the owner itself especially in all aspects involved in the business. Lastly, for tax purposes, sole proprietorship is taxed in accordance with the personal income of the owner which has lower tax rates.

On the other hand, only few choose partnership with 6.30 percent. A small number of plant business owners are into partnership since it will require the business to be divided to partners, specifically in profits and authority in managing the business considering that it is still a starting small business industry. In addition, most of the plant businesses are family-owned, which may cause conflicts between the partners who are related to each other. In connection with this, Ward [11] claimed that almost 70 percent of business partnerships fail (data from London) due to the differences in values and commitment of partners toward their business. Most of the partnership business were built among families and friends and the separability between business and 23 personal relationship sometimes overlaps. It results in a lack of success, especially if the business is slowing down its operation.

In terms of the years of business operations, operating for five years and below dominates with 73.40 percent. A lot of plant business owners are new to plant selling because they just turned their hobbies of planting to selling and some of them considered it when the pandemic happened. It was stated by Villanueva [12] and Medenilla [13] that the pandemic has brought the plant businesses an opportunity to operate. The sudden increase in the demand of plants resulted in a greater number of people who have just started operating a plant business.

On the other hand, those operating from 11-15 years and above together with 21 years and above have a few numbers equivalent to 2.50 percent. Only a few have stayed in operating a plant business for a longer time because plant selling is exposed to a greater risk and a lot of factors are needed to be considered in the long run for it to survive. Plant businesses encounter several challenges which will test the owner's ability to overcome it. Some of the challenges were climate change, pests and diseases, and the preference of buyers

who always look for cheaper prices despite its quality, especially now that plant-selling has become money-oriented [14].

In terms of the initial capital, P5,000 and below shows the highest percentage of 38 percent. Plant business owners mostly invested money that is enough to cover the costs of starting their business since it is still considered as a growing business industry. One thing that owners must keep in mind in funding 24 a business was mentioned by Caramela [15], wherein an owner must start small and should analyze first the potential of the business including the costs needed before investing a large amount too quickly. One must have an open mind and be realistic rather than being blind optimistic to be prepared for circumstances that may arise.

On the other hand, only a few choose to have an initial capital of P15,000 - P30,000 and P30,000 - P50,000 with 11.40 percent. Plant business owners considered the financial risk in investing a larger amount of money because plant businesses are vulnerable to natural disasters risks, which may greatly affect the business financially. It was indicated by Bonner [16] that business owners must identify first the potential risks of their business to be able to minimize it since it will have a great impact to business owners specifically in attaining its financial and operational goals. It could result in business losses if not prevented by the owner.

In terms of the sources of capital, having a personal investment dominates with 78.50 percent. Plant business owners choose to provide their own capital since the owners are capable of it and they also have the control over their investment. In relation to this, Robinson [9] stated that the resources of a small business owner are equivalent only to those available from the owner itself. With that, owners usually decide to fund their business through their savings to eliminate additional costs. The purchases and on-going expenses of the business must come from the owner's equity.

On the other hand, only a few choose to have a business loan with 21.50 25 percent. Most of the small businesses are having a hard time securing a loan from banks. With that, Wood [17] claimed that banks are hesitant to provide loans for small business owners specifically those sole proprietors because liabilities will all be carried by the single owner which may impose a greater risk for banks. Personal loans can still be availed, but the level of protection is not the same to other large businesses when circumstances arise.

Table 2
Assessment of Working Capital Management in terms of Cash Management

| | Weighted Mean | Verbal Interpretation | Rank |
|--|---------------|-----------------------|------|
| 1. Cash funds and receipts are deposited to the business bank account immediately | | | |
| Before the end of banking hours | 1.24 | Never | 5 |
| A day's collection deposited the following day | 1.32 | Never | 4 |
| 2. Prepare cash budget of planned cash receipts, cash payment and cash balance | | | |
| For six months | 2.32 | Rarely | 1 |
| Annually | 2.30 | Rarely | 2 |
| 3. Reporting current cash position, forecasted shortages and surpluses properly based on accounting standards. | 1.85 | Rarely | 3 |
| Composite Mean | 1.81 | Rarely | |

Legend: 3.50 – 4.00 = Always; 2.50 – 3.49 = Often; 1.50 – 2.49 = Rarely; 1.00 – 1.49 = Never

Table 2 presents the assessment of working capital management in terms of cash management. The composite mean of 1.81 indicates that the business rarely performs cash management. From this, it can be said that some ornamental plant businesses are unfamiliar with cash management practices because their knowledge about it needs improvement and they do not have enough time in doing this. In relation to this, a study conducted by Wadesango [18], almost 72 percent of small businesses do not perform cash management because they do not have enough knowledge about the implementation of cash management practices. Also, it is because of their unawareness on how cash management can help their business to keep growing and have financial stability for future purposes. In addition, 37 percent of their study says that preparing a cash budget needs a lot of time, which is why small businesses are reluctant in doing it.

Among the items cited, they rarely prepare a cash budget of planned cash receipts, cash payment and cash balance for six months and annually. These are based on the mean values of 2.32 and 2.30, respectively. The said circumstances may indicate that they have poor cash flow due to poor financial planning and the small amount of income they generated was expensed right away for their daily needs. From this, Wadesango [18], asserted that having a good cash flow will make the business liquid and be able to prepare for different kinds of expenses. Having a good cash flow will help the business to have cash budgets. When a small business experiences difficulty in financial planning due to various reasons (expenses used for daily needs, and others), most likely they will also struggle in managing the outflows of their cash and will end up rarely preparing cash budgets.

On the other hand, reporting current cash position, forecasted shortages and surpluses properly based on accounting standards also rarely happens with 1.85 mean. This occurrence may entail that they are rarely doing financial reports because they think that small businesses like them are not as complex as big businesses to follow accounting standards. With this, Ali [19] stated that even small businesses need financial reports as it is a great help to financial forecasts. Without it, the company will not be able to know the amount of cash they still have or whether they are in shortage or in surplus. In other words, through this data, it helps the company to predict the next thing that will happen in the future in terms of financial.

However, they never do cash funds and receipts are deposited to the business bank account immediately before the end of banking hours and a day's collection deposited the following day with a mean value of 1.24 and 1.32, respectively. From the said circumstances, it appears that they did not allocate some cash for their savings because they are having difficulty with the income stream as ornamental plant selling has tight competitions thus, they have no stable day to day income generation for a business.

Toughnickel [20] mentioned that competition during economic downturns affects businesses, especially those who are the small ones. The idea here is that, since bigger businesses have more resources, they will tend to sell lower prices which pushes the small businesses to lower their prices as well. This results in small businesses having low or unstable income. On the other hand, Pieterse [21] emphasized that income affects daily saving behavior. The income has a direct effect on the way they save money; when the income increases the savings also increases or there would be a frequent

saving. When the income is less than expected where it only fits to meet the needs, the saving behavior affects and will tend not to deposit money in a bank.

Table 3
Assessment of Working Capital Management in terms of Inventory Management

| | Weighted Mean | Verbal Interpretation | Rank |
|--|---------------|-----------------------|------|
| 1. The physical inventory is done. | 3.38 | Often | 4 |
| 2. The manager/owner checks the inventory details and quantities on purchase transactions. | 3.54 | Always | 2 |
| 3. The manager/owner carefully safeguard the plants against theft, spoilage, etc. | 3.58 | Always | 1 |
| 4. Receiving, issuing, accounting and storing responsibilities of inventory are properly segregated. | 3.25 | Often | 5 |
| 5. Significant overages and shortages inventories are carefully segregated. | 3.47 | Often | 3 |
| Composite Mean | 3.45 | Often | |

Legend: 3.50 – 4.00 = Always; 2.50 – 3.49 = Often; 1.50 – 2.49 = Rarely; 1.00 – 1.49 = Never

Table 3 presents the assessment of working capital management in terms of inventory management. The composite mean of 3.45 indicates that the business often performed inventory management. It shows that the business has proper control and monitoring practices to manage their working capital efficiently by quickly adjusting the production level depending on the season, which changes dramatically with the customers' demand to ensure sufficient supply and avoid oversupply. This was supported by Priniotakis [22] who stated that Inventory Management has the potential to significantly impact business success as it concerns the monitoring of inventory levels to establish sufficient restocking to

match the customer's demands. Overstocking decreases working capital and influences the company's liquidity. However, having too little inventory leads to stockouts and lost sales, resulting in lower profits.

Among the items cited, the manager/owner carefully safeguarding the plants against theft, spoilage, etc. got the highest mean of 3.58 verbally interpreted as Always. Safekeeping of each plant before it goes out to market is one of the priorities of each nursery owner to minimize losses. Also, it is a manifestation that the nursery sells quality plants that are well maintained. This was validated by Akintoye, Layade, Aina, Adebayo, Shokalu, Olatunji & Okoyo, [23] who indicated that although the ornamental plant business was deemed profitable, the industry still faces constraints such as the existence of plant diseases and pests, theft, and insufficient demand particularly when it is dry season that greatly affects their income.

It was followed by the manager/owner checking the inventory details and quantities on purchase transactions with a mean of 4.53 that is interpreted as always. Double checking is an action taken that can identify what is lacking right away. As the ornamental plant owners purchase mother plants from their suppliers, they see to it that what is being delivered to them comes with the correct number and variety so conflicts will be avoided given that their inventory is manual, which is prone to inconsistencies. It was validated by Jenkins [24] who stated that to run a successful business, accurate inventory management is essential. Inventory tracking on a regular basis can aid in the prevention of stock mistakes and other issues, which could increase the business' productivity as it saves the time spent in addressing such issues. Additionally, it can immediately notice sales patterns and return damaged items which will provide greater insights and better negotiations with the supplier.

Lastly, they often perform the proper segregation of receiving, issuing, accounting, and storing responsibilities of inventory with the lowest mean of 3.25.

To avoid the mix-up of inventory, upon purchase, the plants undergo appropriate segregation before storing. It ensures that all plants on hand accurately reflect their records to quickly identify if they still have enough inventory to fulfill customers' purchases. It is in connection to Lisa's [25] statement that purchases, reorders, shipping, warehousing, storage and receiving are all needed for effective inventory control for it enables businesses to make the most profit as they synchronize the available amount of their inventory on hand with their sales and purchases. These processes help

in ensuring that there is an adequate supply of inventory in order to meet the customers demand to provide financial flexibility in the business.

Table 4
Assessment of Working Capital Management in terms of Payable Management

| | Weighted Mean | Verbal Interpretation | Rank |
|---|---------------|-----------------------|------|
| 1. Payment terms and availability of volume discounts on the items are updated regularly. | 2.38 | Rarely | 4 |
| 2. Payments of invoices are done on maturity date. | 2.48 | Rarely | 3 |
| 3. All payments are properly track payable to the specific person or company issuing the invoices. | 2.76 | Often | 1 |
| 4. The management selects a method of payment (i.e., check, credit card) that minimizes bank charges. | 2.61 | Often | 2 |
| 5. Company is longing for credit periods regarding purchases, etc. | 2.19 | Rarely | 5 |
| | 2.48 | Rarely | |

Legend: 3.50 – 4.00 = Always; 2.50 – 3.49 = Often; 1.50 – 2.49 = Rarely; 1.00 – 1.49 = Never

Table 4 presents data for the assessment of working capital management in terms of accounts payable with a composite mean of 2.48, which indicates that the plant owners rarely prepare its payable management. This might be the result because plant owners are not familiar with managing its payable that is why they are just immediately paying what they owe to the suppliers.

CPA Practice Advisor [26] stated that more than 61 percent of small businesses report that they face cash flow problems on a regular basis, and nearly a third (32%) of them have been unable to pay vendors, loans, workers, or even themselves at some point. However, it was also stated that a small business must have a good monitoring and payment system for accounts payable that offers a clear view of expenses and revenue, allowing them to make smarter business decisions.

All payments are often properly tracked payable to the specific person or company issuing the invoices for it has the highest weighted mean score of 2.76 verbally interpreted as Often. Responsible tracking of accounts payable can help all the plant owners avoid late payments or service charges that might result in a positive credit score. Hayes [27] said that maintaining accurate records is critical to a company's success. It will help the business to be more organized and efficient as a result of tracking the payments, at the same time the owner itself will also be able to determine the financial health of the company and any adjustments that need to be made in order to be more successful.

It was followed by the management selecting a method of payment (i.e., check, credit card) that minimizes bank charges with a weighted mean score of 2.61, which is also rated Often. This tells that most of the plant owners are sorting out different modes of payment for them to be more inclined to pay quickly and earlier. Aside from this, it will serve as a commitment in making things easier for them.

The same findings were obtained by Newman [28], in the conduct of his study, which claimed that in terms of having different modes of payment, it provides ease in transaction, leading to faster payments among customers and businesses. In addition to these, Bhasin [29] indicated that there are different modes of payment that a business can use in exchange of their goods and services and this includes payment using cash. This is the most common mode of payment that everyone is practicing. It is when the customer pays the vendor the agreed-upon sum in cash notes or coins in exchange for the seller's products and services, and the seller acknowledges the payment with a legal bill receipt. This kind of payment is often used in everyday transactions. Next is payment using a check. Because one does not have to carry a significant amount of money, the check is regarded as one of the safest modes of payment. And lastly, using the digital mode of payment. Because of the advancement of technology and the widespread use of the internet in all fields, this method of payment has grown in popularity. Payments using banking cards such as a debit card and credit card, Internet banking, mobile banking, online payment utilizing applications like PayPal, and so on are all examples of digital modes of payment. Having all these modes of payment will help the business because offering a variety of payment alternatives to customers makes good business sense since it reduces wait times, eliminates inconvenience for customers, and makes your organization look more appealing to them. Customers who do not have a variety

of payment alternatives may experience lower sales and the business' image may suffer as a result. The organization will look redundant, stiff, and reluctant to satisfy consumer demands.

Among all the criteria mentioned, the company is rarely longing for credit periods regarding purchases, etc. which was ranked last with a weighted mean of 2.19 and is said to be rare. Having this result could mean that the plant owners want to pay the suppliers on time they bought the plants because according to them having a debt will only cause headache. The idea is significant because it reflects how good they are in running their business.

Kagan [30] stated that consumer credit is a type of personal debt used to buy goods and services. One type of consumer credit is a credit card. And the term "credit period" refers to the amount of time that the seller gives the client to pay for the product that he or she has acquired from the vendor [31]. Customers who are given credit are more likely to speed up or increase their expenditure. Credit is offered by certain firms to achieve a competitive advantage in their industry. Managing risk in your organization requires balancing the possibility for greater sales with the danger of lower cash flow. Woodruff [32] said that every company operates in a competitive climate. Although it would be ideal to do all transactions with cash, this is not always practicable. If the business' rivals provide credit terms to their consumers, the business owner itself will need to do the same to win their business. Customers that are given credit demonstrate that the business owners appreciate and trust them to pay their payments on time. Thus, the customers will continue to buy in your business as a result of these trusting acts. Customers will experience a sense of loyalty, and they prefer doing business with somebody they can trust.

Table 5 presents the summary of the assessment of working capital management with a mean of 2.58 and is verbally interpreted as rarely. This could mean that the ornamental plant businesses have poor controls in relation to its payment with suppliers, receivables from customers, lack cash management awareness and poor day to day handling of business operations. This could mean that the ornamental plant businesses have poor controls in relation to its payment with suppliers, receivables from customers, lack cash management awareness and poor day to day handling of business operations. This was supported by the study of British Business Bank [33] stating that working capital management issues have a variety of reasons. This includes the lack of effective cash management, poor controls when it comes to payments and debts, and lack of sales and planning in the business.

Among the three categories, Inventory Management got the highest weighted mean of 3.45, which is verbally interpreted as Often. It is to ensure that their stocks are not inadequate or excessive to keep the business' inventory at its optimal level. Also, it prevents the tie-up of funds, resulting in the reduction of profit for excessive inventory is prone to spoilage, damage, and additional costs. On the other hand, payable management got a mean of 2.48, which indicates that the plant owners rarely prepare its payable management. This might be the result because plant owners are not familiar with managing its payable that is why they are just immediately paying what they owe to the suppliers. Lastly, in contrast to inventory management, cash management got the lowest mean of 1.81 and was marked as Rarely. It can be depicted that in terms of cash management the ornamental plant sellers need to improve their knowledge about its practices on how to properly do it and put enough time into doing this matter as it will also help their business to grow prosperously.

Table 5
Summary Table on the Assessment of Working Capital Management

| | Weighted Mean | Verbal Interpretation | Rank |
|-------------------------|---------------|-----------------------|------|
| 1. Cash Management | 1.81 | Rarely | 3 |
| 2. Inventory Management | 3.45 | Often | 1 |
| 3. Payable Management | 2.48 | Rarely | 2 |
| | 2.58 | Rarely | |

Legend: 3.50 – 4.00 = Always; 2.50 – 3.49 = Often; 1.50 – 2.49 = Rarely; 1.00 – 1.49 = Never

Table 6
Difference in Responses on the Assessment of Working Capital Management when Grouped according to Profile

| Type of ownership | U / χ^2_c | p-value | Interpretation |
|-----------------------------|----------------|---------|-----------------|
| Cash Management | 122 | 0.215 | Not Significant |
| Inventory Management | 172.5 | 0.807 | Not Significant |
| Payable Management | 77.5 | 0.027 | Significant |
| Years of business operation | | | |
| Cash Management | 6.052 | 0.109 | Not Significant |

| | | | |
|---------------------------|-------|-------|-----------------|
| Inventory Management | 2.955 | 0.399 | Not Significant |
| Payable Management | 2.122 | 0.547 | Not Significant |
| Initial Capital | | | |
| Cash Management | 0.857 | 0.931 | Not Significant |
| Inventory Management | 3.153 | 0.533 | Not Significant |
| Payable Management | 5.945 | 0.203 | Not Significant |
| Sources of Capital | | | |
| Cash Management | 512 | 0.856 | Not Significant |
| Inventory Management | 430 | 0.241 | Not Significant |
| Payable Management | 440.5 | 0.299 | Not Significant |

Legend: Significant at p -value < 0.05

Table 6 displays the comparison on the assessment of working capital management when grouped according to profile. It was observed that there was a significant difference in payable management when grouped according to type of ownership since the obtained p -value of 0.027 was less than 0.05 alpha level. This means that there was a significant difference found and from the test conducted, it was found out that businesses which are categorized as sole proprietorship have greater assessment on payable management.

Each type of ownership in a business differs in dealing with their obligations that are needed to be satisfied. Plant businesses are mostly formed as sole proprietorship which means that the owner itself is responsible for the obligations of their business. It is essential for the owners to track what is due and record payments to suppliers to ensure that their payables are managed well. Mishandling of their payables may result in business losses and the owner's personal asset will be at risk.

One of the challenges of having a sole proprietorship business is the liability risk that it carries to the owner given that it has no separate legal entity. Any default in payments will make the owner sacrifice its personal assets to satisfy any business obligations [34] [35]. Ashika [36] indicates that an account payable is one of the crucial processes in a business because it has a significant effect on their cash flow. It must be given enough attention to make sure that everything is under control and no errors or delays will happen. The common problem that a business encounters is the mismanagement of the processes involved in their

accounts payable. With that, Mutai and Kimani [37] stated that it is important to have an effective strategy to assure that the level of credit is maintained and the accounts payable are properly supervised. Aside from preventing the business owners from the risk that it carries, it will also help in maintaining a good relationship among its suppliers.

The table also presents that any form of business ownership does not show significance on how the cash, receivable, and inventory are managed. Based on the results, the computed p values for the following were greater than 0.5 alpha level, which indicates that the researchers failed to reject the null hypothesis. It means that each type of ownership has common practices when it comes to managing their working capital management aside from the payable management being significant to it.

With regard to Initial Capital, the findings of the study revealed that Cash Management, Inventory Management and Payable Management demonstrates no significant difference. This is supported by the computed U -values of 0.857, 3.153 and 5.945 with p -values of 0.931, 0.533 and 0.203, correspondingly, which are all greater than the significance level of 0.05. Given that the initial investment covers all of the costs associated with opening and operating a business, anybody may begin their plant nursery business venture regardless of the amount invested. This was supported by Contributor C [38] who stated that funds for any costs paid prior to launching a company are included in start-up capital. After the firm is launched, capital is needed to keep it running until it achieves positive cash flow, which occurs when sales exceed costs. Estimating the cash needed to start a business accurately is crucial since a lack of funding might lead the company to fail in its early stages. Hence, detailed projections based on reasonable assumptions will likely decrease a financial shortage.

As to source of capital, the results of the study showed that cash, inventory and payable management showed no significant difference. This is confirmed by the computed U -values of 512, 430 and 440.5 with p – values of 0.856, 0.241 and 0.299, respectively, which are all greater than 0.05 level of significance. It appears that regardless where the business capital was generated, the business is ought to do cash, inventory and payable management because borrowed capital is only a part of expenses and there are more expenses needed to be considered in allocating the money inflows in the business

Beaver [39] stated that business has different kinds of expenses such as expenses incurred in the operational

cycle. With that, the income must be allocated well so that the company can keep an eye whether the business is profiting or losing. In addition, Strutner [40] affirmed that a company is not doing financial management strategies (cash, account receivables, inventory and payable management) to settle only the debt they incurred or to easily get the money they invested in sourcing a fund, but it is a key aspect to balance the business cycle. In this way the cash will be managed well; tracking the expected receivables, setting all the payables and knowing the inventories issues whether there is a shortage, surplus, missing items, etc. By doing these, there would be an assurance that enough cash will be generated in a business, be flexible in any circumstances and be able to support the business indefinitely.

| Key Result Area | STRATEGIES | PERSONS INVOLVED |
|--|---|-----------------------|
| Proper Allocation of Cash for Savings and Expenses (Daily) | <ul style="list-style-type: none"> Know the expenses to be paid and rank it according to their needs. Afterwards, they can put some percentages on it so that all the expenses may have their own proper allocation. | Business Owner |
| Continuous improvement of inventory control | <ul style="list-style-type: none"> Pay attention to the proper placement and arrangement of stocks categorically to avoid the mismanagement of inventory and to speed up the fulfillment of orders. Avoid the integration of standardized policy when it comes to keeping the supply because each variety of plant comes with different | Business Owner |

| | | |
|--|---|--|
| | levels of demands depending on the season and trend | |
| Regular Update and Tracking on the Terms and Periods of Payables | <ul style="list-style-type: none"> Tracking of payment terms and period of payables should be updated regularly to avoid future payments such as default and penalties. To make this possible the owner should have a list of their suppliers and a list of terms and periods agreed. For updates, they should have supplier's recent contact. | Business Owner |
| Collaboration with other organizations of same or different nature for additional business insight | <ul style="list-style-type: none"> The BUKAL SEA-K plant owner's association may opt to organize different collaborations with other organizations for them to learn other ways of running a business effectively | BUKAL SEA-K PLANT OWNER'S ASSOCIATION |

CONCLUSION AND RECOMMENDATION

From the literature review and the survey conducted, it appears that the majority of the respondents were sole proprietors who operated their business for five years and below, with an initial capital of P 5,000 and below, and personal investment as their source of capital. The plant business owners rarely performed cash and payable management but often performed inventory management. On the other hand, sole proprietors significantly differ in their practice of payable management. The proposed plan of action was prepared to improve the working capital management of the plant businesses.

Upon concluding the following instances, the researchers came up with different recommendations that will help the ornamental plant businesses to boost income, achieve business longevity and become resilient enough against unforeseen events. From this, business owners and managers may consider attending different webinars or training to gain more information in improving the working capital management of the business. Also, the Ornamental Plant owners may decide on giving emphasis on their payable management by managing the timing and flow of their purchases and by tracking their payment periods. The Bukal SEA-K Plant Owners Association may opt to create and provide guidelines for its members (plant business owners) in properly tracking and recording the working capital of the ornamental plant businesses. It might include proper cash allocation with specified percentage of the amount and the list of payables the business is indebted to. In line with this, the proposed plan of actions that was tabled for discussion and implementation may be considered by the management. Lastly, future researchers may conduct a similar study, or they may consider a different business nature that performs working capital management in their business operations.

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