

Financial Management Practices of Laundry Shops

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ABSTRACT

This study assessed the financial management practices of laundry shop owners and managers in tuguegarao city, philippines. utilizing a descriptive quantitative research design with total enumeration sampling, data were collected from 90 laundry shop owners/managers through a structured questionnaire. the study examined seven key financial management dimensions: budgeting, record-keeping, controlling, cash management, debt management, risk management, and investment. results revealed that laundry shops generally practice sound financial management, with record-keeping (mean=3.70) and controlling (mean=3.70) being the most consistently practiced areas, followed by budgeting (3.60), risk management (3.60), and cash management (3.50). Significant differences in financial management practices were found based on years of operation, average monthly income, and number of daily operating hours, while no significant differences were observed based on form of business and number of employees.

INTRODUCTION

Small businesses are crucial for economic growth, innovation, and employment (Gherghina et al., 2020). However, they often encounter significant challenges threatening their survival and expansion (Hasyim & Bakri, 2024). These challenges include limited access to financial resources, inadequate financial and managerial skills, and intense competition, especially from larger enterprises. Furthermore, the constantly evolving business environment demands adaptive strategies for businesses to survive in today's competitive market. This needs a renewed focus on effective financial management practices.

Financial management practices encompass the planning, organizing, directing, and controlling activities related to acquiring and utilizing an enterprise's funds (Sukenti, 2023). Effective financial management guides future business growth (Nkwinika & Akinola, 2023) by determining how to increase the market value of products and services. As Eton et al. (2020) suggest, businesses must align their operations with the best financial management practices and train staff in internal control activities to ensure adherence to accounting principles and financial record-keeping. This is because ineffective financial management practices are a major cause of business failures, often leading to funding shortages due to mismanagement, inadequate budget allocation, and high operational costs (Eton et al., 2021). This research explores key financial management practices, including budgeting, record-keeping, controlling, cash management, debt management, risk management, and investment.

Budgeting is a plan of action for a future budget period (Santhosh et al., 2019) and is essential for setting goals and monitoring progress, providing a quantitative plan of action. Record-keeping is the systematic recording of transactions, which allows for assessing an organization's financial position (Balagobei, 2019). These records support effective financial control, controlling expenses, and maximizing profitability (Bchennaty et al., 2024). Moreover, cash management, the daily cash flow administration, is vital for financial health (Ogiriki et al., 2020; Rao et al., 2019). Furthermore, debt management examines how businesses handle loans, which are often used for expansion, investment, and daily operations (Badi & Ishengoma, 2021; Sirait et al., 2024). Risk management quantifies uncertainty and identifies opportunities and hazards (Shedded, 2022). Finally, Firmansyah et al. (2023) define investment as allocating capital to an asset or project with the expectation of future income or appreciation. Regardless of size, sound financial management is essential for enterprise growth, including small businesses like laundry shops.

Many small businesses operate with limited resources and face unique financial challenges (Hasyim & Bakri, 2024; Ferrucci et al., 2020). Competition in the industry is increasing, requiring business owners to adopt strategic financial management practices to sustain profitability and customer loyalty (Aripudin, 2022). However, despite the growing number of laundry businesses in the city, limited studies have explored their financial management practices. Existing research on small and medium enterprises (SMEs) often focuses on retail, food services, or manufacturing, leaving a gap in understanding the specific financial challenges faced by laundry shop owners. Moreover, while broader studies

provide insights into SMEs in general, there is a lack of research focusing specifically on laundry shops, particularly in Tuguegarao City.

By addressing this gap, this study aimed to assess the financial management practices of laundry shops in Tuguegarao City. Understanding how these businesses implement budgeting, record-keeping, cash management, debt handling, and investment strategies will provide valuable insights into their financial health and areas for improvement. Additionally, by examining whether financial management practices vary based on business profile factors such as years of operation, average monthly income, form of business, number of employees, and number of daily operating hours, this study can inform targeted interventions to enhance financial sustainability. In doing so, it will contribute to the broader discourse on SME financial management while offering practical recommendations for improving the financial resilience of laundry businesses in the local context.

LITERATURE REVIEW

Underpinning Theory

This study is anchored on the Contingency Theory, initially developed by Fred Edward Fiedler in the 1960s. This theory is a management theory that suggests there is no one best way to organize or lead an organization. Instead, the optimal course of action is contingent upon internal and external factors (Placido et al., 2024). Similarly, Al-Smadi (2019) supports this by finding that the impact of certain financial management practices on financial performance depends on the organization's size and age.

Laundry Shops

The rapid advancement of technology has significantly impacted modern life, fostering a societal preference for speed and convenience (Hanandini, 2024; Febriandika, 2020). This demand has fueled the growth of service-based businesses, offering intangible yet valuable assistance to communities (Febriandika et al., 2020; Talebi & Bardsiri, 2023). Among these, the laundry service business has emerged as a promising venture. The laundry service business presents an attractive opportunity, particularly given the increasingly busy lifestyles of urban populations, which fuels demand for such services (Msi et al., 2021). This high demand encourages many entrepreneurs to consider entering the laundry business.

Financial Management Practices

Financial management is the practice of controlling a company's revenue to guarantee profitability and legal compliance (Marcelino et al., 2024). It also involves managing the financial affairs of the enterprise, and some practices keep the business on track. Moreover, a company's financial management practices are essential to its development (Ullah et al., 2023; Velykykh, 2021). Financial management practices are essential for every company to manage its funds, make informed decisions, and achieve financial success (Placido et al., 2024; Prado & Domingo, 2024; Fadeikina & Pristavka, 2024).

Budgeting

Budgeting is a crucial tool for planning, managing, and controlling business activities (Tsyfra et al., 2020). It serves as a managerial tool that establishes financial plan allocates resources, and sets performance objectives (Chistol, 2023). This involves forecasting revenues and expenses, enabling effective decision-making, monitoring financial performance, and ensuring alignment with strategic goals for sustainable profitability (Chistol, 2023). Budgeting is also a financial plan outlining projected revenues and expenditures, enabling managers to allocate resources effectively, evaluate past financial performance, and align future resource allocation with organizational goals and objectives (Shawe, 2023).

Record-keeping

Record-keeping is the recording of business transactions in a systematic manner so that the financial position of an organization can be ascertained at any point in time. It has become the foundation on which modern businesses depend. Record-keeping makes it possible for owners and managers of SMEs to ascertain whether or not the firm is making profits (Balagobei, 2019; Bekoe et al., 2018), the interactive role of accounting skills on the connection between record-keeping and business performance (Afang & Francis, 2021), as well as the impact of accounting skills on firms' performance (Kumari et al., 2021; Usama & Yusoff, 2019). The empirical literature on record-keeping practices has focused mainly on the impact of record-keeping on SMEs' survival (Ernest, 2018).

Controlling

Control is a management system aiming to implement an organization's strategies (Bchennaty et al., 2024) and ensure they are met through effective resource allocation and utilization. The financial controller simulates investment possibilities by calculating accurate forecasts. According to Wall (2021), the organization aims to remedy its financial inadequacies and maintain and improve its strengths. Furthermore, monitoring provides businesses with valuable information, enriching decision-making (Dvorsky et al., 2020; Salvioni et al., 2021). Research on enterprise management success determines that appropriate organizational structures, monitoring, and innovativeness are crucial for SME success (Asikhia & Naidoo, 2020; Waziri & Nnko, 2023).

Cash Management

Cash management, the day-to-day administration of cash inflows and outflows, is crucial for a business's financial health (Ogiriki et al., 2020; Rao et al., 2019). The primary goal of cash management is to maintain the lowest possible level of available cash while ensuring the company operates efficiently (Salas-Molina et al., 2023). Thus, effective cash management enables businesses to meet financial obligations, plan future payments, and maintain stability for ongoing operations, expansion, and growth (Limos-Galay et al., 2023; Bashir & Regupathi, 2021; Nasimiyyu, 2024).

Debt Management

Debt management is a crucial aspect of financial management, both at the individual and business levels. According to Aquanno (2022), debt, an obligation that must be repaid in the future, can be a powerful tool for achieving financial goals, such as business expansion or asset purchases. In business, debt is often utilized for expansion, investment, and day-to-day operations (Badi & Ishengoma, 2021; Sirait et al., 2024). Moreover, effective debt management is essential for maintaining financial stability and sustainable growth.

Risk Management

Risk management is a critical aspect of modern business operations, and a growing body of literature emphasizes its significance (Saranza et al., 2024). Handling risks in business is becoming a primary concern that needs systematic attention in decisive strategies for organizations (Gorzeń-Mitka, 2019). The crisis of financial management around the globe has proven that risk management activity is necessary for organizations that aim to sustain client and shareholder patronage (Alabdullah et al., 2020).

Investment

Investment is the act of allocating capital to an asset or project with the expectation of generating future income or appreciation (Firmansyah et al., 2023). This involves purchasing assets or undertaking projects with the goal of achieving returns greater than the initial investment, acknowledging the inherent relationship between risk and reward: higher potential returns often accompany higher risks (Horiashchenko & Knysh, 2022). Investment can also be described as the placement of funds or valuable assets into an instrument over a specific period, aiming to secure long-term financial stability and achieve financial goals through strategic capital allocation. It is a crucial driver of business development, involving careful planning and decision-making to maximize shareholder wealth and implement effective business strategies.

Research Paradigm

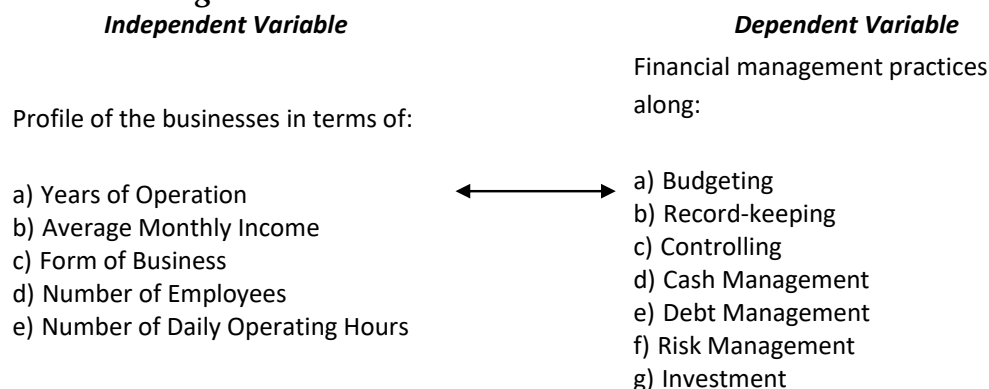


Figure 1. Paradigm of the Study

The figure above shows the research paradigm of the study. It presents the interaction between the independent and dependent variables as well as the sub-variables under investigation. It portrays how the independent variable, which is the profile of the businesses, such as the years of operation, average monthly income, form of business, number of employees, and number of daily operating hours, may affect the dependent variable, which is the financial management practices such as budgeting, record-keeping, controlling, cash management, debt management, risk management, and investment practices of laundry shops in Tuguegarao City.

METHODOLOGY

Research Design

The study utilized a descriptive quantitative research design to identify the financial management practices of laundry shops in Tuguegarao City.

Locale of the Study

This study was conducted in Tuguegarao City, Cagayan.

Respondents of the Study

The respondents of the study were the laundry shop owners/managers in Tuguegarao City. During the data gathering period, there were 90 registered laundry shops in Tuguegarao City, thus, the study utilized total enumeration sampling to cover the entire registered laundry shops representing the complete population.

Data Gathering Instrument

This study utilized a questionnaire consisting of two (2) parts. The first part consisted of the profile of the laundry shops, including the years of operation, average monthly income, form of business, number of employees, and number of daily operating hours. The second part, focusing on financial management practices, was modified, not limited to the related studies from Espiritu & Golosino (2020) on budgeting, record-keeping, controlling, and cash management, Msomi et al. (2024) on debt management, Harju et al. (2024) on risk management, and Hernandez et al. (2021) on investment, to fit the context of the study and to answer its research questions.

RESEARCH RESULT AND DISCUSSION

Table 1. Profile of the Businesses

Profile Variables	Categories	Frequency	Percentage
Years of Operation	Below 1 year	10	11.1
	1 to 3 years	45	50.0
	3 to 5 years	19	21.1
	5 years and above	16	17.8
	Total	90	100
Average Monthly Income	Below 10,000	33	36.7
	10,000 to 19,999	33	36.7

	20,000 to 29,999	12	13.3
	30,000 and up	12	13.3
	Total	90	100
Form of Business	Sole Proprietorship	74	82.2
	Partnership	13	14.4
	Corporation	2	2.2
	Cooperative	1	1.1
	Total	90	100
Number of Employees	1 - 2	70	77.8
	3 - 4	12	13.3
	5 and above	8	8.9
	Total	90	100
Number of Daily Operating Hours	Below 3 hours	0	0.0
	3 - 5 hours	3	3.3
	5 - 7 hours	25	27.8
	8 and above	62	68.9
	Total	90	100

Most laundry shops are relatively young and small-scale. Half have operated for only 1–3 years, suggesting an emerging business trend. Most are sole proprietorships with 1–2 workers, confirming they are microenterprises. The majority operate for 8 hours or more, indicating dedication to serving customers.

Table 2. Financial Management Practices of Laundry Shops along Budgeting

Statements	Mean	Description	Rank
The business has a written plan on how it will spend the available cash or income every month.	3.52	Always	7
The business diligently follows its budget.	3.53	Always	5.5
The business groups its expenses according to assets, liabilities, and equities.	3.53	Always	5.5
The business makes sure that the expenses will not exceed its income.	3.69	Always	1
The business makes sure that there is money left for savings every month.	3.62	Always	3
The business practices setting aside money in case income is less than its expenses for the month.	3.60	Always	4
Every month, the business evaluates its budget vis-a-vis its expenditures.	3.64	Always	2
Overall mean	3.60	Always	

Laundry shops always practice budgeting (overall mean=3.60). Owners regularly evaluate their budget against actual expenditures and ensure money is left for savings. These findings support Santhosh et al. (2019), who stated that budgeting provides a quantitative plan of action, helping businesses set goals and monitor progress. Sukenti (2023) and Nkwinika & Akinola (2023) highlight that effective financial management, especially budgeting, guides future business growth.

However, having a written monthly spending plan is less practiced, suggesting room to improve by formalizing the budgeting process. This is consistent with Barbosa (2021), who points out that small businesses often need tailored financial management strategies.

Table 3. Financial Management Practices of Laundry Shops along Record-keeping

Statements	Mean	Description	Rank
The business keeps all the receipts for its purchases, bill payments, and other expenses.	3.62	Always	6.5
The business records its purchases, bill payments, and cash disbursements.	3.79	Always	2
The business makes sure that its records are accurate.	3.80	Always	1
The business uses its financial records to monitor its financial condition.	3.78	Always	3
The business tracks financial events, such as cash inflow and outflow.	3.69	Always	5
The business maintains a ledger that indicates all its financial transactions.	3.77	Always	4
The business uses a system that is efficient and effective in recording and tracking its activities.	3.62	Always	6.5
Overall mean	3.70	Always	

Laundry shops always practice record-keeping (overall mean=3.70). Owners prioritize accurate record-keeping and utilize financial records to monitor financial condition. As noted by Adeyemi & Akanji (2020), correct financial records form the basis of assessing business performance. This is consistent with Fosu et al. (2020), whose research indicated that SMEs applying uniform bookkeeping routines have better chances of handling finances efficiently.

Weaker areas include system effectiveness and receipt retention, indicating room for improvement through training, digital uptake, and process standardization.

Table 4. Financial Management Practices of Laundry Shops along Controlling

Statements	Mean	Description	Rank
The business balances its cash on hand with the recorded expenses.	3.77	Always	1
The business ensures that expenses align with its budget.	3.74	Always	2
The business keeps track of its finances by monitoring its expenses/spending from time to time.	3.73	Always	3
The business postpones its purchases/spending if its expenses exceed its income.	3.38	Often	7
The business makes sure that its needs are covered by its available funds.	3.64	Always	6
The business does a careful analysis before deciding to purchase.	3.66	Always	5
The business always monitors its inflow and outflow of cash and other income.	3.68	Always	4
Overall mean	3.70	Always	

Laundry shops always practice controlling (overall mean=3.70). Owners prioritize balancing cash on hand with recorded expenses and ensure expenses align with budgets. These findings reflect Bchennaty et al. (2024), who stated that control systems are important for implementing organizational strategies through proper resource management. Monitoring provides valuable information to support better decision-making (Dvorsky et al., 2020; Salvioni et al., 2021).

Table 5. Financial Management Practices of Laundry Shops along Cash Management

Statements	Mean	Description	Rank
The business prefers holding cash to depositing its money in the bank.	3.29	Often	3
The business keeps emergency cash (e.g., petty cash).	3.56	Always	2
The business allots cash to pay bills and other expected expenses.	3.78	Always	1
The business allots cash to take advantage of opportunities like a super sale in the mall, special offers, and the likes for its business.	3.26	Often	4
Overall mean	3.50	Always	

Laundry shops always practice cash management (overall mean=3.50). Owners prioritize allocating cash to settle bills and keep emergency funds. This supports Limos-Galay et al. (2023) and Bashir & Regupathi (2021) that effective cash management enables businesses to meet financial obligations. However, many owners prefer keeping cash at the shop rather than depositing in banks, reflecting common challenges such as lack of proper business bank accounts (Wadesango et al., 2019).

Table 6. Financial Management Practices of Laundry Shops along Debt Management

Statements	Mean	Description	Rank
The business carefully evaluates the necessity of taking on debt before borrowing.	3.27	Often	1
The business ensures that loan payments are made on time to avoid penalties.	3.25	Often	2
The business considers interest rates and repayment terms before acquiring loans.	3.22	Often	3
The business prioritizes repaying high-interest debts first.	2.92	Often	6
The business only borrows within its capacity to repay.	3.15	Often	4
The business regularly reviews and reassesses its debt management strategies.	3.07	Often	5
Overall mean	3.10	Often	

Laundry shops often practice debt management (overall mean=3.10). Their most frequent practice is carefully evaluating the necessity of taking on debt before borrowing. According to Aquanno (2022), debt can be a powerful financial tool when used properly. The cautious approach to borrowing shows basic understanding of financial responsibility. Rosid (2024) emphasized that

proper debt management helps businesses maintain liquidity and continue operations without disruption.

Table 7. Financial Management Practices of Laundry Shops along Risk Management

Statements	Mean	Description	Rank
The business identifies potential risks (e.g., financial, operational, market-related)	3.62	Always	3.5
The business regularly reviews and updates its risk management strategies.	3.62	Always	3.5
The business maintains a contingency fund to address unexpected financial issues.	3.56	Always	6
The business continuously monitors economic trends and adjusts operations accordingly.	3.64	Always	1
The business assesses and minimizes credit risks when dealing with clients.	3.63	Always	2
The business regularly trains employees on risk management strategies.	3.57	Always	5
Overall mean	3.60	Always	

Laundry shops always practice risk management (overall mean=3.60). The most frequently observed practice is continuously monitoring economic trends and adjusting operations. According to Saranza et al. (2024), risk management is essential in safeguarding business stability. Gorzen-Mitka (2019) stated that risk has become a central concern in business decisions. Maintaining contingency funds and training employees show that risk management includes preparation and capacity building.

Table 8. Financial Management Practices of Laundry Shops along Investment

Statements	Mean	Description	Rank
The business communicates with a financial advisor or broker before making a business investment.	3.09	Often	5
The business reviews the investment projects after a certain period.	3.21	Often	4
The business reinvests profits strategically to enhance long-term growth.	3.32	Often	3
The business considers market trends and economic conditions before investing.	3.37	Often	2
The business develops a long-term investment plan aligned with its financial goals.	3.38	Often	1
Overall mean	3.37	Often	
Overall Financial Management Practices	3.50	Always	

Laundry shops often practice sound financial management in investment (overall mean=3.37). Owners most frequently develop long-term investment plans aligned with financial goals. Firmansyah et al. (2023) define investment as allocation of capital with expectation of future income. However, less frequent use of professional advice suggests a gap in accessing expert knowledge (Barbosa, 2021).

Table 9. Test of Significant Difference in the Financial Management Practices of Laundry Shops in Tuguegarao City when grouped according to the Years of Operation

Profile Variables	Categories	f-value	p-value	Decision
Years of Operation	Budgeting	0.474	0.701	Accept Ho
	Record-keeping	0.709	0.549	Accept Ho
	Controlling	1.051	0.374	Accept Ho
	Cash Management	1.355	0.262	Accept Ho
	Debt Management	5.601	0.002	Reject Ho
	Risk Management	1.328	0.271	Accept Ho
	Investment	9.123	<0.001	Reject Ho

No significant difference was found in budgeting, record-keeping, controlling, cash management, and risk management. However, significant differences were noted in debt management ($p=0.002$) and investment ($p<0.001$). This supports Manyanga et al. (2023) and Hastuti et al. (2019), showing that debt management and investment practices evolve as businesses gain experience.

Significant difference in debt management practices lies between laundry shops operating for below 1 year and those operating for 1 to 3 years, with a p-value equal to 0.028; 3 to 5 years, with a p-value equal to 0.006; and 5 years and above, with a p-value equal to 0.001. Other groupings, such as 1 to 3 years and 3 to 5 years ($p = 0.636$), 1 to 3 years and 5 years and above ($p = 0.221$), and 3 to 5 years and 5 years and above ($p = 0.905$), show no significant difference. This indicates that newer businesses manage debt differently than those with more years of operation, while older businesses display similar debt management practices.

This is supported by Farida (2022), who highlights that a company's age reflects its experience and ability to compete and capitalize on opportunities. Longer-established businesses gain valuable experience, enabling them to develop and refine effective debt management strategies, including proper budgeting, timely repayments, controlled borrowing, and accurate financial records crucial for stability (Lestari & Silvy, 2022).

In addition, significant difference in investment practices lies among laundry shops operating for below 1 year and those operating for 1 to 3 years, with a p-value equal to 0.006; 3 to 5 years, with a p-value less than 0.001; and 5 years and above, also with a p-value less than 0.001. Meanwhile, there is no significant difference between other groupings, such as 1 to 3 years and 3 to 5 years, with a p-value equal to 0.154, and 3 to 5 years and 5 years and above, with a p-value equal to 0.966. These findings suggest that newly established businesses differ in investment approaches compared to older ones, while more mature businesses tend to share similar investment practices.

To support this, according to Kanishchenko (2020), companies' success depends not only on financial support but also on quality marketing research, information resources, and material and manpower resources. However, research indicates notable differences between new and older businesses. Newly established businesses tend to invest aggressively in innovation, market penetration, and scalable technologies to establish their presence and compete effectively (Minz, 2024).

Table 10. Test of Significant Difference in the Financial Management Practices of Laundry Shops in Tuguegarao City when grouped according to the Average Monthly Income

Profile Variables	Categories	f-value	p-value	Decision
Average Monthly Income	Budgeting	0.487	0.694	Accept Ho
	Record-keeping	0.649	0.589	Accept Ho
	Controlling	1.423	0.253	Accept Ho
	Cash Management	0.182	0.908	Accept Ho
	Debt Management	4.299	0.011	Reject Ho
	Risk Management	1.132	0.35	Accept Ho
	Investment	6.501	0.001	Reject Ho

No significant difference was found in most practices, but significant differences were noted in debt management ($p=0.011$) and investment ($p=0.001$). Badi and Ishengoma (2021) emphasize that access to debt finance and proper debt management are crucial for SME performance. Firmansyah et al. (2023) emphasized that investment decisions are influenced by financial capacity.

Significant difference in debt management practices lies between laundry shops earning below ₱10,000 and those earning ₱30,000 and up ($p = 0.011$). This indicates that laundry shops with higher average monthly income are more likely to manage their debts differently, possibly with better repayment plans or financial strategies, than lower-income shops.

To support this, Badi and Ishengoma (2021) emphasize that access to debt finance and proper debt management are crucial for the performance of small and medium enterprises, enabling businesses with higher income to better plan repayments and avoid financial distress. Similarly, Rosid (2024) stresses that effective debt management strategies such as timely loan repayments, regular review of debt terms, and prioritizing high-interest debts minimize financial risks and enhance financial stability, particularly for businesses with more ample resources.

Significant differences in investment practices lies between the below ₱10,000 group and ₱30,000 and up ($p = 0.009$), and between ₱10,000 to ₱19,999 and ₱30,000 and up ($p = 0.017$). This suggests that higher-earning laundry shops are more likely to engage in or prioritize investment activities than their lower-earning counterparts.

To support this, Aquanno (2022) explains that investment decisions are closely linked to a business's financial capacity and risk tolerance, both of which differ across income brackets. Businesses with higher average monthly income have more resources to invest in long-term growth projects, such as acquiring new equipment or expanding their services, making their investment practices more dynamic and strategic. Firmansyah et al. (2023) emphasize that increased income allows businesses to take greater investment risks, which can result in higher profitability and sustainability. Investment behaviors adapt based on a company's financial standing, with higher-income enterprises showing more advanced investment planning aligned with their financial goals (Ashuralievna, 2024; Abdilakimov, 2023). Overall, this supports the idea that investment behavior dynamically adjusts as business income increases, contributing to growth and sustainability.

Table 11. Test of Significant Difference in the Financial Management Practices of Laundry Shops in Tuguegarao City when grouped according to the Form of Business

Profile Variables	Categories	f-value	p-value	Decision
Form of Business	Budgeting	0.9909	0.401	Accept Ho
	Record-keeping	0.0404	0.989	Accept Ho
	Controlling	1.0171	0.389	Accept Ho
	Cash Management	0.9424	0.424	Accept Ho
	Debt Management	0.4034	0.751	Accept Ho
	Risk Management	0.3836	0.765	Accept Ho
	Investment	0.4891	0.691	Accept Ho

No significant difference was found in financial management practices when grouped according to form of business. Alcantara (2024) explains that financial management is a primary part of management, and fundamental practices often remain consistent regardless of business form.

Table 12. Test of Significant Difference in the Financial Management Practices of Laundry Shops in Tuguegarao City when grouped according to the Number of Employees

Profile Variables	Categories	f-value	p-value	Decision
Number of Employees	Budgeting	0.487	0.616	Accept Ho
	Record-keeping	0.478	0.622	Accept Ho
	Controlling	0.264	0.768	Accept Ho
	Cash Management	1.562	0.216	Accept Ho
	Debt Management	0.319	0.728	Accept Ho
	Risk Management	0.995	0.374	Accept Ho
	Investment	0.188	0.829	Accept Ho

No significant difference was found when grouped according to number of employees. Mang'ana (2023) indicates that business size does not necessarily determine financial management practice.

Table 13. Test of Significant Difference in the Financial Management Practices of Laundry Shops in Tuguegarao City when grouped according to the Number of Operating Hours

Profile Variables	Categories	f-value	p-value	Decision
Number of Operating Hours	Budgeting	4.949	0.009	Reject Ho
	Record-keeping	1.604	0.207	Accept Ho
	Controlling	4.113	0.02	Reject Ho
	Cash Management	0.366	0.694	Accept Ho
	Debt Management	3.89	0.024	Reject Ho
	Risk Management	2.172	0.12	Accept Ho
	Investment	4.458	0.14	Accept Ho

Significant differences were found in budgeting ($p=0.009$), controlling ($p=0.02$), and debt management ($p=0.024$). Sukenti (2023) emphasizes that improved budgeting practices in shops operating 8 hours or more align with research on the importance of robust financial management.

The findings support the literature stating that budgeting is vital for efficient resource allocation (Chistol, 2023), controlling stimulates performance by calculating accurate forecasts (Wall, 2021), and debt management ensures financial liquidity (Rosid, 2024). On the other hand, practices such as record-keeping, cash management, risk management, and investment showed no significant differences, implying these are consistently practiced regardless of operation hours. As laundry shops cater to the growing demand for convenience in urban life (Msi et al., 2021), the ability to manage finances effectively becomes essential for sustainability and growth.

Significant difference in the budgeting practices of laundry shops based on their number of operating hours. The significant difference was found between businesses operating for 5 – 7 hours and those operating 8 hours and above, with a p-value of 0.007 and a mean difference of -0.364. This suggests that shops operating 8 hours and above tend to practice budgeting more consistently. No significant differences were observed between the other group comparisons. This implies that extended operating hours may correlate with stronger budgeting systems.

Supporting this, Sukenti (2023) emphasizes that the improved budgeting practices in shops operating 8 hours or more align with research on the importance of robust financial management for small businesses. Similarly, Nkwinika & Akinola (2023) highlight the need for improved control to manage increased operational costs at higher operating hours. Also, Barbosa (2021) emphasizes the importance of effective debt management strategies for SMEs, which is reflected in the significant difference observed in debt management practices based on operating hours.

In addition, significant difference in controlling practices lies between laundry shops operating for 5 – 7 hours and those operating for 8 hours and above, with a p-value of 0.037. This indicates that the length of daily operations influences how laundry shops implement control measures, with longer-operating businesses likely adopting more structured monitoring practices. The rest of the group comparisons do not show significant differences, suggesting that improvements in controlling practices become more evident only when operating hours are substantially extended.

The findings support the literature stating the importance of control systems for efficient resource allocation and the achievement of organizational strategies (Bchennaty et al., 2024). The longer operating hours are associated with more structured monitoring practices, suggesting that as businesses extend their daily operations, the need for formalized control mechanisms becomes increasingly apparent. This is consistent with the observation by Wall (2021) that successful organizations actively work to address financial weaknesses and strengthen their core competencies, which often involves implementing rigorous control systems.

Lastly, significant difference in debt management practices between businesses operating 3 – 5 hours and those operating 8 hours and above ($p = 0.042$, mean difference = -1.556). This mean difference indicates that shops with longer daily operations are more actively engaged in debt handling strategies, possibly because they are more likely to borrow capital to sustain operations. No significant differences were noted in other comparisons, suggesting that operating hours have a more prominent effect only when comparing short and long hours of operation.

To support this, Rosid (2024) emphasizes that effective debt management is essential for maintaining liquidity and sustaining daily operations, especially for businesses with extended activity. Laundry shops operating for longer hours often encounter higher financial demands such as prolonged use of equipment, higher maintenance expenses, and the need to manage more frequent service transactions which may prompt them to rely more on borrowed funds to sustain operations. Sirait et al. (2024) explain that as business operations expand in duration, financial obligations grow, often prompting the need for credit or financing.

CONCLUSIONS AND RECOMMENDATIONS

This study assessed the financial management practices of laundry shop owners/managers in Tuguegarao City. The study concludes that laundry shops in Tuguegarao City generally practice sound financial management. Financial management practices in the areas of record-keeping, controlling, budgeting, risk management, and cash management are highly practiced by businesses. However, among the financial management components, investment and debt management were practiced less frequently compared to other practices. Moreover, the findings also revealed no significant difference in financial management practices of laundry shops when grouped according to form of business and number of employees. However, significant differences were observed when grouped according to years of operation, average monthly income, and number of daily operating hours.

The overall pattern of findings suggests that laundry shop owners in Tuguegarao City have developed sound financial management practices in areas that are essential for day-to-day operations (record-keeping, controlling, budgeting) but face challenges in areas that require more strategic financial thinking (debt management, investment). This pattern is consistent with the profile of these businesses: they are relatively young, small-scale operations where owners are primarily focused on survival and daily operations rather than strategic growth.

The significant differences based on business maturity, income, and operating hours all point to the same underlying dynamic: businesses that have survived and grown have developed more sophisticated financial management practices. This suggests that financial management practices are learned through experience and that the learning curve is steepest in the first year of operation. It also suggests that there is a virtuous cycle where sound financial management enables business growth, and business growth provides the resources needed for sound financial management.

ADVANCED RESEARCH

Future researchers may also consider investigating the financial management practices of other emerging business sectors such as water refilling stations, samgyeopsal restaurants, printing shops, and other growing micro, small and medium enterprises to determine whether similar financial patterns, challenges, or areas for improvement exist across different sectors.

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