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# CORRELATION BETWEEN FINANCIAL DIFFICULTIES AND FINANCING STRATEGIES AMONG MARKET STALLHOLDERS IN BATANGAS CITY

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## ABSTRACT

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### Keywords

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G20, G21.

The aim of this study was to determine the correlation between financial difficulties and financing strategies among market stallholders in Batangas City. Specifically, the study sought to determine the profile of the respondents in terms of age, sex, civil status, highest educational attainment, market section, number of years in operation, average monthly business income and stall location. The researcher also assessed the financial difficulties experienced by market stallholders and the extent of utilization of financing strategies in terms of internal financing and debt financing. Moreover, the researcher also determined the correlation between financial difficulties and financing strategies, the significant difference on the financial difficulties experienced by market stallholders and extent of utilization of financing strategies of the respondents when grouped according to profile variables. The findings of the study revealed that there is a correlation between financial difficulties and internal financing and another correlation between financial difficulties and debt financing utilized by market stallholders. An extension activity was proposed as an output of this study so that market stallholders would understand the different financing strategies banks and other microfinancing institutions are offering.

**Contribution/Originality:** This study contributes to the existing literature on the financial difficulties of market stallholders. The study uses a new estimation methodology as a survey questionnaire in determining the correlation between financial difficulties and financing strategies. This study is one of the very few studies about financing strategies utilized by market stallholders.

## 1. INTRODUCTION

Micro, small and medium enterprises, or MSMEs, are widely recognized as being the major contributors to economic growth, job creation and economic activity in most developed countries. As such, encouraging growth and success of MSMEs is vital to the success of the Philippine economy. Based on 2015 statistical data provided by the Philippine Statistics Authority (PSA), there are 900,914 establishments in the Philippines. Of these, 99.5% (896,839) are micro, small and medium enterprises (MSMEs) and the remaining 0.5% (4,075) are large enterprises.

MSMEs are defined as any business activity/enterprise engaged in industry, agri-business/services whether single proprietorship, cooperative, partnership or corporation whose total assets inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated.

And from that definition, market stallholders fall under the micro entrepreneur's category because of its capitalization. Market stallholders are an integral part of urban economies around the world, offering easy access to a wide range of goods and services in public spaces. They sell everything from fresh vegetables to prepared foods, from building materials to garments and crafts, from consumer electronics to auto repairs to haircuts. It also adds vibrancy to urban life and in many places and it is considered a cornerstone of historical and cultural heritage. For example, market stallholders who sell "kakanin" is an important part of Philippines' cultural heritage. Moreover, market stallholders provide the main source of income for their households, bringing food to their families and paying school fees for their children.

However, market stallholders do experience different financial difficulties. The main reason of financial difficulty faced by small businesses is the access to affordable credit over a reasonable period. Another challenge is that the market stallholders have limited start-up capital or seed money which leads to low earnings. In addition, market stallholders have to face high costs of credit and are usually unable to identify their key competitive strengths to maintain product standards and quality. Because of this, knowledge to finance is a topic of continued interest among researchers in both developing and developed economies.

Despite the fact that these market stallholders have been identified as an integral part of our economy, there are several constraints serving as bottlenecks to them in accessing financing strategies. Market stallholders used different financing strategies such as internal financing, debt financing and equity financing. Mejorada (2009) defined internal financing as funds that comes from within the business such as personal funds, working capital, retained profits, funds from family and friends and selling of assets. Meanwhile, debt financing are funds raised by a company by selling bonds, bills or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise to repay principal or interest. On the other hand, equity financing refers to the sale of an ownership interest to raise funds for business purposes.

With this, the researcher got interested in conducting the study because the researcher wants to know the financing strategies used by market stallholders and how they are utilizing it when they experience financial difficulties. The researcher believes that this study will help market stallholders acquire knowledge and consider the different financing strategies that could unravel their financial difficulties. This study also aims to provide them significant information that will help their business continue and grow.

### *1.1. Statement of the Problem*

The study aims to correlate financial difficulties and financing strategies among market stallholders in Batangas City. Specifically, the study aims to know:

What is the profile of respondents in terms of:

A. Personal

1.1. Age;

1.2. Sex;

1.3. Civil status; and

1.4. Highest educational attainment?

B. Business

1.5. Capitalization;

1.6. Market section;

1.7. Number of years in operation;

1.8. Average monthly business income; and

1.9. Stall location?

2. How do the respondents assess the occurrence of financial difficulties experienced by market stallholders?

3. To what extent do the market stallholders utilize the following financing strategies in terms of:

3.1. internal financing;

3.2. *Debt Financing?*

4. Is there a significant correlation between the financial difficulties and financing strategies?

5. Is there a significant difference on the financial difficulties experienced by market stall holders when grouped according to profile?

6. Is there a significant difference on the extent of utilization of financing strategies when grouped according to profile?

7. Based from the findings, what extension activity may be proposed?

## 2. THEORETICAL FRAMEWORK

A theoretical framework guides research by determining what variables to measure and what statistical relationship to look for. The theoretical framework that is presented here under shows the researcher's objective to identify the correlation between financial difficulties and financing strategies among market stallholders in Batangas City.

For the first variable which is financial difficulties, the researcher has identified the different financial difficulties experienced by market stallholders. Then, the respondents assessed the occurrence of these financial difficulties on their business. According to [Naidu \(2012\)](#) MSME's is the main engine behind economic growth. But these MSME's experienced problems regarding the lack of finance to sustain the economic growth of the business. Additionally, [Singh and Wasdani \(2016\)](#) posited that financial challenge has been a concern for all stakeholders including entrepreneurs, financial institutions and government organizations.

Moreover, [Aruna \(2015\)](#) states small businesses often face a variety of problems related to their size. A frequent cause of bankruptcy is undercapitalization. This is often a result of poor planning rather than economic conditions. It is a common rule of thumb that the entrepreneur should have access to a sum of money at least equal to the projected revenue for the first year of business in addition to his anticipated expenses. Hence, the researcher felt that this theory would support her claim.

The second variable for this study is the financing strategies. This study utilized the traditional Pecking Order theory which was first introduced by [Donaldson \(1961\)](#) and popularized by [Myers and Majluf \(1984\)](#). In the traditional pecking order, businesses prefer internal financing when available, and debt is preferred over equity if external financing is required. According to [Estwick \(2013\)](#) the fact that the pecking order theory is based on assumptions of information asymmetry which are high in most, smaller, start-up firms, is a good reason to expect that it should also apply to small businesses, and not just too large companies.

However, although this original Pecking Order theory generally applies to SMEs, it was later found that it did not hold for all firms, especially small high growth firms. This could be attributed to different reasons, including capital market development, a desire to maintain control, and cultural preferences. As a consequence, variations of the traditional pecking order sprouted throughout the years. As a matter of fact, [Paul et al. \(2007\)](#) suggested that the hierarchy of financing sources starts with internal financing, followed by equity financing, then debt financing. Furthermore, [Padachi et al. \(2012\)](#) suggested a constrained pecking order for small businesses where equity financing is not considered as a financing source.

Additionally, [Hussain and Matlay \(2007\)](#) assert that small firms strive for external financial sources only if the internal sources are exhausted. Small firms try to meet their financial needs with a pecking order of personal and retained earnings, debt and issuance of new equity. The pecking order theory can be easily applied in small firms because they borrow based on investment needs rather than the attempt to achieve an optimal capital structure.

The researcher believed that this theory supported this study because it showed the different financing strategies particularly internal, debt and equity financing which were used by businesses to suffice their needs. Also, this theory revealed some of reasons why businesses preferred particular financing strategy over the other.

However, the researcher did not include equity financing because most of them do not have stocks to sell, hence, it is not applicable for market stallholders.

### *2.1. Research Hypotheses*

Ho<sub>1</sub>: There is no correlation between financial difficulties and financing strategies.

Ho<sub>2</sub>: There is no significant difference on the occurrence of financial difficulties experienced by market stallholders when grouped according to profile.

Ho<sub>3</sub>: There is no significant difference on the extent of utilization of financing strategies when grouped according to profile.

## **3. METHODOLOGY**

This study is concerned with the correlation between financial difficulties and financing strategies among market stallholders in Batangas City. To attain such concern, the method used in the study is the descriptive method. According to Calderon (2008) descriptive method also known as statistical research, it describes data and characteristics about the phenomenon or population being studied. This research method is used in frequencies, averages and other statistical calculations. This method is used to gather information in order to test hypothesis or to answer questions concerning the current status of the subject of the study.

### *3.1. Area of the Study*

The area of the study is the Public Market I and II located at Batangas City, Philippines.

### *3.2. Population and Sample Size of the Study*

The total population for the study is 1,259 market stallholders in which 295 respondents were used. In addition, the study utilized Raosoft calculator to determine its sample size.

### *3.3. Research Instrument*

The researcher utilized a self-constructed questionnaire using the five-point Likert Scale format of always, often, seldom and never for financial difficulties and great extent, moderate extent, least extent and no extent for financing strategies.

## **4. DATA PRESENTATION AND ANALYSIS**

The data gathered in this study were presented in simple table frequency. Pearson r, independent t-test and one-way analysis of variance were used to test the hypotheses.

### *4.1. Personal Profile of the Respondents*

The personal profile of the market stallholders considered in this study are age, sex, civil status and highest educational attainment.

#### *4.1.1. Age*

In terms of age as shown in Table 1, 36 to 55 years old got the highest frequency of 210 or 71.2 percent of the total responses. This was followed by 18 to 35 years old with 65 or 22.0 percent of total responses. Lastly, 56 years old and above got the lowest distribution of 20 or 6.80 percent of total responses.

**Table-1.** Distribution of Respondents in terms of Age.

Age	Frequency	Percentage
18-35	65	22.0
36-55	210	71.2
56 and above	20	6.8
<b>Total</b>	<b>295</b>	<b>100</b>

This manifested that most market stallholders were dominated by the age of 36 to 55. According to Erikson (1965) "Theory of Psychosocial Development", at this age, respondents have stable mindset to raise their family and support their children at the same time. Hence, they are trying to maintain the stability and growth of their business in order for them to support their family financially. Moreover, they are on the stage of fulfilling their dreams so they are eager to make their business grow.

#### 4.1.2. Sex

Table 2 below shows that there are 199 female respondents which correspond to 67.5 percent of the total number of responses. On the other hand, male respondents have a total of 96 which is equivalent to 32.5 percent.

**Table-2.** Distribution of Respondents in Terms of Sex.

Sex	Frequency	Percentage
Male	96	32.5
Female	199	67.5
<b>Total</b>	<b>295</b>	<b>100</b>

Based on the result, it turned out that female have a bigger number of population than male. It can be implied that female have longer patience and more approachable than male. As a market stallholder, you have to deal with many kinds of people that usually test your patience. Usually, female stallholders have enough tolerance to deal with persistent and annoying customers. They are good in communication rather than male because male is usually a one-word person.

According to Angulo (2017) in her study regarding entrepreneurial culture of Malvar, Batangas that women entrepreneurs who are successful do not give up when faced with obstacles and do whatever it takes to make it their dreams happen.

#### 4.1.3. Civil Status

Table 3 shows that married market stallholders have the highest frequency of 242 that is equivalent to 82.0 percent. It was followed by the single market stallholders who have a frequency of 33 that is equivalent to 11.2 percent. Next is widowed/widower market stallholders who have a frequency of 14 which is 4.7 percent of the total percentage. Lastly, separated market stallholders got the lowest frequency of 6 or 2 percent.

**Table-3.** Distribution of Respondents in Terms of Civil Status.

Civil Status	Frequency	Percentage
Single	33	11.2
Married	242	82.0
Separated	6	2.0
Widower	14	4.7
<b>Total</b>	<b>295</b>	<b>100</b>

As seen from the result, majority of the market stallholders were married. The researcher observed that married market stallholders are very careful when it comes to managing the business because they do want to earn profit. That is why they are vigilant when it comes to handling the business since they need to earn for the sake of

their family. Moreover, married market stallholders are not afraid of their obligations with regard to borrowing or acquiring loans because they have a partner who will help them deal with it.

According to Mahoney (2010) maintenance of the family unit and the rearing of children have been major responsibilities of married women. Additionally, married women are income earners and food provider. That is the reason why married women will always find ways on how to earn money. Moreover, unemployment of the husband whether caused by illness, economic fluctuation, or labor disputes is a threat to family economic security. Just as he hypothesizes that there is an inverse relationship between labor force participation of married women and family income, so expect a greater likelihood of employment associated with unemployment of the husband.

4.1.4. Highest Educational Attainment

Table 4 shows that high school graduates have the highest frequency of 223 with a percentage of 75.6. It was followed by vocational with frequency of 48 and a percentage of 16.3. College graduates is next with a frequency of 12 equivalent to 4.1 percent. Next are the elementary graduates who got a frequency of 11 which is equivalent to 3.7 percent. The lowest frequency goes to others with 1 equivalent to 0.3 percent.

Table-4. Distribution of Respondents in Terms of Highest Educational Attainment.

Highest Educational Attainment	Frequency	Percentage
Elementary graduate	11	3.7
High School graduate	223	75.6
Vocational	48	16.3
College Graduate	12	4.1
Others	1	0.3
<b>Total</b>	<b>295</b>	<b>100</b>

The result implies that majority of the respondents are high school graduates. This suggests that most of the respondents are unskilled and non-degree holders. During the researcher’s interview, they stressed that they do not have the means to go to higher education because of lack of money. Hence, it is difficult for them to have a decent job. However, even though they lack in higher education, they have the means to survive in this competitive world and put up a small business. The respondents also told the researcher that their business started with a low capital and as the years passed by it became successful. They exerted all their effort, hard work and determination to achieve their dreams.

According to Alfie (2014) poverty and lack of useful employment in the rural areas and the smaller towns drive large number of high school graduates to the cities for work and their employment. These high school graduates usually own low skills and lack in the level of education required for better paid jobs in the formal sectors. And those who do not have economic powers and those who were left-out add on to the statistics of unemployment. Hence, in order for these individuals to survive in the competitive world, they sort working in the informal sector of the society. And one of the means of livelihood is market vending, as it requires minor financial input and the skills involved are low.

4.2. Business Profile of the Respondents

The study determined the business profile of market stallholders in terms of market section, number of years in operation, average monthly business income, and stall location.

4.2.1. Market Section

Table 5 shows that more than half of the respondents are in the dry section with a frequency of 194 and percentage of 65.8. Meanwhile, wet section has a frequency of 101 and percentage of 34.2. The result revealed that most of the market stallholders are selling in the dry section part of the market. This dry section is associated with

selling dry goods. Meanwhile, wet section pertains to the selling of goods that are associated with water. Fish, meat, fruits and vegetables are example of wet goods. This means that most market stallholders prefer to sell dry goods since it is more convenient for them.

**Table-5.** Distribution of Market Stalls in terms of Market Section.

Market Section	Frequency	Percentage
Dry	194	65.8
Wet	101	34.2
<b>Total</b>	<b>295</b>	<b>100</b>

According to Georgiou (2016) the business that will rule the business world belong to those selling dry goods such as grocery store, bakery, specialized services to style men's hair versus women's hair but with modern twists like changing technologies. As mentioned above, these businesses were included in dry section of the market.

#### 4.2.2. Number of Years in Operation

Table 6 shows that 6 – 10 years have the highest frequency with 147 or 49.8 percent. Market stallholders who operate within 1 to 5 years have the second number of respondents with 111 respondents or 37.6 percent. Followed by 11 to 15 years with 24 respondents or 8.1 percent. The lowest frequency came from 16 and above which have 13 respondents only or 4.4 percent.

**Table-6.** Distribution of Market Stalls in terms of Number of Years in Operation.

Number of Years in Operation	Frequency	Percentage
1-5	111	37.6
6-10	147	49.8
11-15	24	8.1
16 and above	13	4.4
<b>Total</b>	<b>295</b>	<b>100</b>

The researcher observed that majority of the respondents are in business for 6 – 10 years. This can be an implication that majority of the market stallholders have stable business. It also shows that even if a tight competition exists, they are able to continue, maybe because of the way they manage their business or how they manage their finances. Furthermore, the researcher believed that the longer they operate the more knowledge they acquire which they can use to secure the survival of their businesses.

According to Potts (2017) entrepreneurs of small businesses 5 years and up implement measurable financial strategies that contributes to the profitability and success of the business.

#### 4.2.3. Average Monthly Income

Table 7 shows that P10,001-P20,000 have the most number of frequency with 121 or 41 percent of the total. It was followed by P10,000 and below with 118 or 40.0 percent. Next is the P20,001-P30,000 with the frequency of 46 or 15.6 percent. Lastly, P30,00 and above have the lowest frequency of 10 or 3.4 percent of the total respondents.

The result shows that majority of the market stallholders earn P10,001-P20,000 monthly. This is a good amount considering that they have a wide competition in the market. However, this can also be an implication that they will have financial difficulties such as difficulty in meeting their obligations. Even though they are earning, there are still so many things that they need to pay. Things such as inventories, taxes and even their personal interests take part in their income. Since there is possibility of meeting such financial difficulties, market stallholders tend to use some financing strategies such as debt financing which involves borrowing of money and internal financing which involves the additional capital from the owner's personal savings.



According to the research of [Gutierrez et al. \(2014\)](#) on the level of utilization of funds sourced from informal money lenders among selected vendors in Batangas City, there are times that market stallholders cannot avoid borrowing funds. It also doesn't mean that if you have stable business you will not be experiencing financial difficulties.

**Table-7.** Distribution of Respondents in terms of Average Monthly Income.

Average Monthly Income	Frequency	Percentage
P10,000 and below	118	40.0
P10,001-20,000	121	41.0
P20,001-30,000	46	15.6
P30,001 and above	10	3.4
<b>Total</b>	<b>295</b>	<b>100</b>

#### 4.2.4. Stall Location

**Table 8** shows that majority of the respondents are located in Public Market 2 with a frequency of 158 or 53.6 percent. Those stalls located in Public Market 1 have a frequency of 137 or 46.4 percent. It is known that Public Market 1, also known as Lumang Palengke, is situated at the heart of the city. It is a common ground where people easily interact, alive with social and economic activity.

**Table-8.** Distribution of Market Stalls in terms of Location.

Stall Location	Frequency	Percentage
Public Market 1	137	46.4
Public Market 2	158	53.6
<b>Total</b>	<b>295</b>	<b>100</b>

According to [Fox et al. \(2007\)](#) location is a mantra for retail success. Store location is a retailer's most costly and long-term marketing mix decision. Unlike a bad pricing or promotional decision, a poor store location adversely affects the business.

#### 4.3. Financial Difficulties Experienced by Market Stallholders

Most businesses face some financial difficulties every day. Many eager micro entrepreneurs start a business with limited capital, assuming they will earn big. However, it is rare that small business turns profit overnight. Having enough cash to cover the expenses is critical for the success of any business. Micro entrepreneurs often find it difficult to access the working capital they need to cover day-to-day operations. With so much responsibility resting on the owner's shoulders and so many issues to deal with on a daily basis, they will start securing loans and lines of credit provided by banks, financing institutions and informal lenders.

Based on the result of **Table 9**, the composite mean is 3.01 with a verbal interpretation of To a Moderate Extent. This shows that market stallholders often experience the financing difficulties presented in the table. This is no surprise because surveys have shown that the lack of available financing from financial institutions is one of the biggest problems facing small businesses today. This analysis found support from [Gumel \(2017\)](#) which pointed out that financing a small business has become one of the main challenges that negate small business success in Nigeria. The capital to invest is critical to the growth small businesses' sustenance and survival. In addition, [Gbandi and Amissah \(2014\)](#) found out that the failure of small businesses to access long-term financing is the main source of failure of small businesses in Nigeria. Similarly, [Dlabay and Burrow \(2008\)](#) stated that there is no guarantee that growth will assure the success of a business. Large businesses run into financial difficulties that may lead to bankruptcy. Even the large businesses encounter financial difficulties how much more are those small businesses with lower income.



**Table-9.** Financial Difficulties Experienced by Market Stallholders.

Financial Difficulties	Weighted mean	Verbal Interpretation
1.Incurred losses due to the lack of business skills and education.	3.20	Moderate extent
2. Shortage of money for the purchase of products to be sold.	3.04	Moderate extent
3. Lack of access to credit institutions.	3.06	Moderate extent
4. Insufficient storage facilities.	2.75	Moderate extent
5. Banks are ready to lend money but market stallholders cannot meet their requirements.	2.87	Moderate extent
6. Unforeseen expenses.	3.21	Moderate extent
7. Limited capital.	3.08	Moderate extent
8. Expenses incurred is higher than the profit.	2.93	Moderate extent
9. Unpaid debts of the customers.	3.01	Moderate extent
10. Poor financial management of the business.	2.81	Moderate extent
11. Low profit.	3.12	Moderate extent
<b>Composite Mean</b>	<b>3.01</b>	<b>Moderate extent</b>

#### 4.4. Extent of Utilization of Financing Strategies among Market Stallholders

Often the hardest part of starting and operating a business is raising the money for its continuous growth. The business owner might have a great and clear idea of how to turn it into successful business. However, if sufficient capital cannot be raised, it is unlikely that the business will get off the ground. Businesses need money to operate. It is always a desirable situation for any small business that the company revenue will be enough to sustain the organization, but that is always not the case. The proactive small business owner is constantly searching out sources of finance to fund new projects and ongoing operations. In this regard, the study assessed the extent of utilization of financing strategies among market stallholders with regards to internal financing and debt financing.

##### 4.4.1. Internal Financing

Internal financing is getting necessary things done using what you have right now or taking advantage of the resources available in the business. It is like cash drawn from a company's operating budget or capital income to fund a project or expansion and maybe the simplest form of financing strategy. Moreover, this allows the company to make decisions quickly while avoiding the wait for financing approval and avoiding the cost of paying interests or dividends.

**Table-10.** Extent of Utilization of Internal Financing by Market Stallholders.

Internal Financing	Weighted mean	Verbal Interpretation
1. Reinvests profits.	2.87	Moderate Extent
2. Sells surplus inventories.	2.99	Moderate Extent
3. Sells idle fixed assets.	2.74	Moderate Extent
4. Accelerates collection of trade receivables.	3.08	Moderate Extent
5. Delays payment of trade payables.	3.02	Moderate Extent
6. Utilizes government grants and subsidies.	3.07	Moderate Extent
<b>Composite Mean</b>	<b>2.96</b>	<b>Moderate Extent</b>

Table 10 has a composite mean of 2.96 which reveals that internal financing is being utilized by market stallholders to a moderate extent. This is of no surprise because as Katz and Green (2014) pointed out, internal financing is common among small business start-ups either because external equity capital is not available for most small business start-ups; banks basically do not loan to start-up businesses; owners often do not want to share ownership; owners usually want to be their own bosses; or because owners typically do not want to be responsible to others for losses of the business. Through the use of internal financing, business owners have the advantage of planning more carefully and make more judicious decisions.

The table shows that the market stallholders accelerate the collection of their receivable to a moderate extent which shows the highest weighted mean of 3.08. This shows that the market stallholders view chasing credit customers as an ideal way of releasing funds for reinvestment in the business. Hisrich *et al.* (2013) noted that collecting bills more quickly is indeed a method of generating funds internally and advised key account holders not to be irritated by implementation of this practice, as certain customers have established payment practices. Collection procedures include but are not limited to collection processes such as sending a letter of demand, follow up calls, collection agency, and legal action (Moyer *et al.*, 2009).

#### 4.4.2. Debt Financing

The most common source of capital for established ongoing small business is debt financing. This is the case for several reasons, including the simple fact that small businesses do not have easy access to new equity. Table 11 presents the extent financing strategies are utilized in terms of debt financing.

Based on the result, the composite mean of 2.91 expresses that market stallholders has moderate extent of utilization of debt financing strategy. This is an indication that majority of market stallholders are trying to avoid debt financing or borrowing of money as much as possible. The researcher believed that majority of the market stallholders are afraid to rely on debt financing or borrowing but every time they have financial difficulties, they resort in borrowing money to support their business operations and their everyday life. This is supported by Hussain et.al as cited by Obuya (2016) which states that debt financing aimed at improving business earnings, first to recover its cost, then benefit the proprietors and retain surplus. It is also utilized by both startups and existing enterprises to get out of tough economic conditions. In addition, Cuñat and Emilia (2012) asserted that debt financing may be necessary when MSME's face cash inflows problems that hampers the growth of the business.

**Table-11.** Extent of Utilization of Debt Financing by Market Stallholders.

Debt Financing	Weighted mean	Verbal Interpretation
1.Utilizes trade credit.	2.94	Moderate Extent
2. Lends from loan sharks.	2.99	Moderate Extent
3. Loans from another owner.	2.96	Moderate Extent
4. Loans from family members and friends.	3.09	Moderate Extent
5. Avail loans from a commercial bank.	2.93	Moderate Extent
6. Avail loans from a non-bank financial institution.	2.91	Moderate Extent
7. Lends from government agencies that grants loan.	2.93	Moderate Extent
8. Loans from other businesses.	2.85	Moderate Extent
9.Consider loans from employees that are not owners.	2.72	Moderate Extent
10. Consider loans from other persons not associated with its management.	2.73	Moderate Extent
11.Borrows money from friends in exchange of valuable items as collateral.	2.98	Moderate Extent
<b>Composite Mean</b>	<b>2.91</b>	<b>Moderate Extent</b>

#### 4.5. Correlation between Financial difficulties and Financing Strategies

Table 12 presents the correlation between financial difficulties encountered by market stallholders and financing strategies used by the respondents. Looking on the p-values, both internal financing and debt financing strategies have p-values of 0.000 which is less than the 5 percent level of significance. With this, the null hypotheses were rejected. This connotes that there is correlation between financial difficulties and internal financing and another correlation between financial difficulties and debt financing utilized by market stallholders. Specifically, the computed r-value of internal financing of .397 signifies that there is positive relationship between financial difficulties and internal financing encountered by market stallholders. This may be implied that as they encountered

financial difficulties, the more they utilized the internal financing. It is similar to the findings of Dugguh (2013) which stated that small businesses in Nigeria are faced with numerous challenges that resulted to their failure. Small businesses must develop strategies that will mitigate challenges and sustain operations.

**Table-12.** Correlation between Financial Difficulties and Financing Strategies.

Financing Strategies	p-values	Computed r-Values	Decision on Ho	Verbal Interpretation
Internal Financing	<.001	0.397	Reject	Significant
Debt Financing	<.001	0.567	Reject	Significant

Furthermore, the computed r-value of debt financing equal to .567 indicates that there is moderate positive relationship between financial difficulties and utilization of debt financing strategies. This implied that as the market stallholders encountered financial difficulties the more they utilize debt financing strategies in moderate basis.

This observation was supported by the study of Gorodnichenko and Schnitzer (2013) which states that whenever small businesses meet financial constraints related to financial difficulties, most businesses would resort to external finance to finance their investments. This means that there is a positive correlation between financial difficulties and financing strategies among small businesses.

*4.6. Significant Difference on Financial Difficulties Experienced by Market Stallholders in Terms of Profile*

Table 13 shows that the financial difficulties with p-values of .01 for sex, .000 for educational attainment, .008 for years in operation, and <.001 for stall location were lower than .05 level of significance, then the computed values of -2.486, 5.65, 4.011, and 4.04 revealed that there is significant difference on the assessment of market stallholders on financial difficulties when grouped according to sex, educational attainment, years in operation and stall location. Thus, the null hypothesis was rejected. This reflects that the assessment of male and female, those degree holders and not, new and established stalls, and whether located in new and old market differ on financial difficulties. This could mean that in operating a business, sex and education is important. Moreover, the experience of market stallholders in managing their business also signifies vitality to the business. Meanwhile, location proved to be the mantra of success in business. The researcher also interviewed the market stallholders and they revealed that education and business experience do matter and if you have determined to reach your goal then you will succeed. According to Ademola and Michael (2012) education and professional qualification, skills and experience of owners and managers contribute to the success of Nigerian small businesses.

**Table-13.** Difference in the Financial Difficulties experienced by the Market Stallholders in Terms of Profile.

Variables	p-values	Computed f-Values	Decision on Ho	Verbal Interpretation
Age	.78	.25	Failed to Reject	Not Significant
Sex	.01	-2.486	Reject	Significant
Civil status	.60	.62	Failed to Reject	Not Significant
Highest Educational attainment	<.001	5.65	Reject	Significant
Market Section	.37	-0.894	Failed to Reject	Not Significant
Numbers of Years in operation	.008	4.011	Reject	Significant
Income	.34	1.14	Failed to Reject	Not Significant
Stall location	<.001	4.04	Reject	Significant

\*t-values.

*4.7. Difference in the Extent of Utilization of Financing Strategies*

Table 14 shows that the extent of utilization of financing strategies with p-values of .039 for sex, <.001 for civil status, <.001 for educational attainment, .004 for years in operation, .004 for income, and <.001 for stall location

were lower than .05 level of significance, then the computed values of -2.076, 8.18, 5.43, 4.51, 4.58, and 6.166 revealed that there is significant difference on the assessment of market stallholders on the extent of internal financing strategies when grouped according to sex, civil status, educational attainment, years in operation, income, and stall location. Thus, the null hypothesis was rejected. This reflects that the assessment of male and female, single and married, degree holders and not, new and established stalls, low and high monthly income, and whether in old or new market differ with regards to internal financing. This could mean that when it comes to the utilization of internal financing, sex, civil status, educational attainment, number of years in operation, average monthly business income and stall location is important. In terms of sex, Udofot and John (2017) stated that women have innovativeness, perseverance, problem-solving ability and the ability of empathy with their customers than men owners and managers in Nigeria. Further, they found out that women are aware of ethical issues in small business management and always act to minimize ethical problems.

**Table-14.** Difference in the Extent of Utilization of Internal Financing in terms of Profile.

Variables	p-values	Computed f-Values	Decision on Ho	Verbal Interpretation
Age	.066	2.75	Failed to Reject	Not Significant
Sex	.039	-2.076	Reject	Significant
Civil status	<.001	8.18	Reject	Significant
Educational attainment	<.001	5.43	Reject	Significant
Market Section	.12	-1.57	Failed to Reject	Not Significant
Number of Years in operation	.004	4.51	Reject	Significant
Income	.004	4.58	Reject	Significant
Stall location	<.001	6.166	Reject	Significant

On the other hand, the table presents that the extent of utilization of internal financing strategies with p-values of .066 for age and .12 for section were both higher than .05 level of significance, then the computed values of 2.75 and -1.57 revealed that there were no significant differences on the assessment of the market stallholders on the utilization of financing strategies when grouped according to age and section. Thus, the study failed to reject the null hypothesis. This implies that the assessment of young and old owners and wet or dry section on internal financing do not differ. This could be because whether the market stallholders are young or old, they could still be successful in business. According to Lee *et al.* (2016) age is one of the contributing factors that influence the success of the business in Seoul, Korea.

Meanwhile, as shown on Table 15, extent of utilization of debt financing strategies with p-values of .002 for sex, .004 for civil status, .044 for educational attainment, .02 for market section, .000 for years in operation, and .000 for stall location were all lower than .05 level of significance, then the computed values of -3.177, 4.58, 2.48, 2.34, 7.42, and 6.77 revealed that there is significant difference on the assessment of the market stallholders on the utilization of debt financing when grouped according to sex, civil status, educational attainment, market section, number of years in operation and stall location. Thus, the null hypothesis was rejected. This reflects that the assessment of male and female, single and married, degree holders or not, wet and dry section, new and established stalls, and old or new market differ with regards to utilization of debt financing. This could mean that sex, civil status, educational attainment, market section, number of years in operation and stall location are factors to consider utilizing debt financing during financial struggles. According to Gumel (2017) educational qualification of owners and managers play a role in the success of small business, but their experience is more important in determining the success of operations.

Table-15. Difference in the Extent of Utilization of Debt Financing in terms of Profile.

Variables	p-values	Computed f-Values	Decision on Ho	Verbal Interpretation
Age	.06	2.85	Failed to Reject	Not Significant
Sex	.002	-3.177	Reject	Significant
Civil status	.004	4.58	Reject	Significant
Highest Educational attainment	.044	2.48	Reject	Significant
Market Section	.02	2.34	Reject	Significant
Number of Years in operation	<.001	7.42	Reject	Significant
Average Monthly Business Income	.34	1.14	Failed to Reject	Not Significant
Stall location	<.001	6.77	Reject	Significant

\*t-values

Meanwhile, the table presents that the extent of utilization of debt financing with p-values of .06 for age and .34 for monthly income were both higher than .05 level of significance, then the computed values of 2.85 and 1.14 revealed that there were no significant differences on the assessment of the market stallholders on the utilization of debt financing when grouped according to age and monthly income. Thus, the study failed to reject the null hypothesis. This implies that the assessment of young and old and low or high income on debt financing do not differ. According to Gumel (2017) the age of owners and managers who recorded success are above twenty years. He also revealed that age has no significant relationship with the success of the business.

Moreover, Davydov *et al.* (2014) states that debt financing is a key element in a firm's choice of its capital structure. By generating revenues that would not have been reached without additional funding, external financing in a form of debt or equity capital allows firms to increase firm value, which is traditionally considered an ultimate goal of every business.

#### 4.8. Proposed Extension Activity to Market Stallholders

While micro business may not generate as much money as large corporation, they are a critical component and major contributor to the strength of local economies. Micro business present new employment opportunities and serve as building blocks of the largest corporations in the country. Market stallholders being categorized micro entrepreneurs have been of big help to the economy of the Philippines. It is therefore important to analyze and give emphasis to their weaknesses as shown in this study.

After reviewing the information gathered from the study, the researcher proposed an extension program that will augment the market stallholder's weaknesses and improve their knowledge on how to handle their business as shown in Table 14. The researcher believes that an extension program will enlighten them and enhance their knowledge on how to handle their finances effectively.

This extension program will cover the tackled issues of the study as well as weaknesses discovered by the researcher. The objective of this extension program is to educate these market stallholders about financial management and the advantages of borrowing additional funds to banks and other financing institutions. Moreover, the topics on the areas of financial management, SWOT analysis and banking and financial institutions will serve as their guide in choosing the right financing strategy when they experience financial difficulties.

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