



Accounting knowledge, practices, and financial performance of sari-sari stores: A descriptive-correlational study

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ABSTRACT

This study was conducted to determine the effect of accounting knowledge, practices, and controls on the financial performance of sari-sari stores in Laoag City, Ilocos Norte, Philippines. Using a descriptive-correlational research design, data were gathered from 319 sari-sari store owners through a structured survey questionnaire and analyzed using statistical tools such as the weighted mean, t-test, ANOVA, Spearman's rho, and Pearson's r.

Findings revealed that sari-sari store owners in Laoag City are mostly middle-aged, married women with relatively high educational attainment, with nearly half holding college degrees. Most stores operate with low initial capital, show growth in current capitalization, and generate modest monthly sales. The extent of accounting knowledge among sari-sari store owners was rated high, while the extent of accounting practice application was rated moderate to high, indicating that most owners understand accounting concepts but vary in the consistency of their application. The degree of seriousness of the operational problems was found to be moderate. The overall financial performance was assessed as moderate. Results further showed that educational attainment and capitalization levels significantly influence financial performance. Likewise, both the extent of accounting knowledge and the extent of application of accounting practices were found to have significant positive relationships with sales, return on assets, and cash flows. Meanwhile, operational problems exhibited a partial but significant relationship with financial performance, with external problems having stronger effects than internal ones.

The study concluded that adequate accounting knowledge and consistent application of accounting practices and controls contribute to enhanced financial performance of sari-sari stores, particularly in profitability, asset management, and liquidity. It is recommended that store owners adopt systematic recordkeeping, utilize digital accounting tools, and participate in financial literacy training to improve decision-making and business sustainability. Government agencies such as DTI, DOST, and LGUs are encouraged to provide capacity-building programs, microfinancing support, and technical assistance to help microentrepreneurs sustain growth. Future research may replicate the study in other areas or include additional variables such as marketing strategies, technological adoption, and customer relationship management to further explore the determinants of financial performance among sari-sari stores in the Philippines.

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Introduction

Sari-sari stores are widespread in the Philippines and serve as a vital part of local communities (Lu, 2024). These stores are typically family-run businesses located in neighborhoods and sell products in small, affordable quantities, locally known

astangi (Montero, 2024). Due to their accessibility and affordability, sari-sari stores contribute significantly to the economy by providing livelihood opportunities and sustaining economic activity at the community level (Gono-An & Gempes, 2020). This economic contribution is evident, as sari-sari stores collectively recorded sales of over 8 billion pesos in 2023, underscoring their continued relevance (Monzon, 2023).

Accounting is a fundamental aspect of business activity, as it significantly influences a business's success or failure. Roslan et al. (2018) asserted that accounting knowledge is essential for businesses of all sizes to plan and manage financial resources effectively. However, the same study also noted that a substantial number of small businesses perceive accounting as a complex and technically demanding process. Consistent with this finding, Samson et al. (2020) reported that a high proportion of sari-sari stores ceased operations within 6 to 8 months due to owners' limited accounting knowledge. As a result, this constraint contributes to increased business failure rates and restricts the economic potential of sari-sari stores within their communities.

While existing literature has extensively examined the effects of accounting on the financial performance of large enterprises and micro, small, and medium-sized enterprises (MSMEs), research focusing specifically on sari-sari stores remains limited. In particular, few studies have analyzed how accounting knowledge, controls, and practices affect the financial performance of sari-sari stores, especially those operating in regional settings such as Laoag City. This limitation in the literature highlights the need for further empirical investigation in this context.

In light of this research gap, the researchers were motivated to conduct the present study to bridge the gap between theoretical concepts and practical application. Moreover, one of the researchers owns a sari-sari store, which provides firsthand insight into the operational realities of such businesses. Overall, these considerations position the study as both academically relevant and professionally significant for the researchers as they prepare for their future careers.

Literature review

Sari-Sari Stores

Sari-sari stores contribute substantially to the Philippine economy by providing household goods, generating local employment, and serving as accessible livelihood options in both urban and rural areas. As the cornerstone of Filipino retail in underserved communities, these stores have continuously adapted to meet both economic and cultural demands. In most cases, store owners begin operations with limited capital, often sourced from personal savings or loans, and operate independently. Despite constrained financial resources, owners manage daily operations through self-employment, informal credit arrangements, and basic accounting methods. Collectively, these characteristics highlight both the economic potential and sustainability challenges faced by small retail enterprises in the country.

According to Villanueva (2025), 50 percent of sari-sari store owners operate their businesses independently, while only 12 percent employ two to three workers. This finding suggests that sari-sari stores primarily support self-employment, with limited contribution to broader employment generation. Nevertheless, their widespread presence in low-income communities emphasizes their economic importance as both income sources and convenient suppliers of daily necessities.

Moreover, Samson et al. (2020) revealed that many entrepreneurs establish sari-sari stores with minimal capital, typically obtained from personal savings or bank loans. This low barrier to entry makes sari-sari store ownership an accessible business opportunity for many Filipinos, particularly those in rural areas seeking either supplemental income or a primary livelihood.

However, limited capital also necessitates reliance on external financial support to sustain operations. In support of this, Aghan's (2025) study on sari-sari stores in Benguet found that acquiring loans, primarily for inventory replenishment, is a common practice among store owners. This observation demonstrates the critical role of credit in maintaining daily operations when internal resources are insufficient.

Closely linked to capital and inventory management is how store owners manage their finances. According to Alusen and

Javier (2018), most sari-sari store owners rely on manual accounting systems, while some do not employ any formal system

at all. This pattern reflects gaps in financial literacy and limited access to accounting technology among micro-entrepreneurs. Without structured record-keeping, these businesses face greater difficulty in monitoring income, controlling expenses, and sustaining long-term operations.

Accounting knowledge

The American Institute of Certified Public Accountants (AICPA) defines accounting as “the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions, and events which are, in part at least, of financial character and interpreting the results thereof.” This definition emphasizes accounting’s role as a system that generates quantitative financial information essential for sound economic decision-making. Houston (2023) further asserted that accounting-generated financial statements enable decision-makers to evaluate profitability, identify inefficiencies, and formulate informed strategic decisions.

Accounting concepts and principles, which guide the consistent recording and communication of financial information, are fundamental to the development of accounting knowledge. According to Millan (2018), these principles—such as the separate entity concept, historical cost principle, going concern assumption, and prudence—promote consistency and reliability in financial reporting. By applying these concepts, managers and business owners are better able to interpret financial data and make informed economic decisions. However, Ibarra and Velasco (2015) found that while MSMEs generally understand several basic accounting principles, more complex concepts remain challenging, indicating the need for a stronger theoretical foundation.

In addition to accounting concepts and principles, understanding the qualitative characteristics of financial statements further enhances accounting knowledge. These characteristics include relevance, faithful representation, comparability, and integrity of accounting records. Fasina and Adedokun (2021) found that perceived financial reporting quality is strongly influenced by relevance, reliability, and comparability. Their findings highlighted the importance of emphasizing these characteristics to ensure the accuracy, credibility, and usefulness of financial information.

Accounting knowledge also encompasses accounting controls that help ensure the accuracy of financial records, prevent fraud, and promote efficient financial management. Although it is not possible to completely eliminate fraud risks and accounting errors, small businesses may implement internal financial controls to reduce the occurrence of skimming, asset misappropriation, payroll theft, and related fraudulent activities (Lingor, 2024).

Accounting controls employed by MSMEs may be classified into documentation and record-keeping, physical controls, and procedural controls. Documentation and record-keeping involve preparing financial statements, tracking assets and liabilities, and recording daily expenses, all of which support financial planning and tax compliance. Physical controls include practices such as depositing cash intact at the end of the day and maintaining bank accounts to reduce the risk of theft or misuse. Procedural controls involve employing accountants, implementing budgeting practices, and ensuring timely payment of obligations. Collectively, these controls demonstrate how accounting knowledge strengthens financial discipline, safeguards assets, and supports long-term viability (Ibarra & Velasco, 2015).

Numerous studies emphasized the role of accounting competence in improving business effectiveness. Ibarra and Velasco (2015) found that MSMEs in Metro Manila and Quezon City possess a solid understanding of basic accounting concepts; however, their accounting practices often lack standardization and technological integration. Moreover, while residual theory remains poorly understood, MSMEs rank historical cost, understandability, timeliness, consistency, and completeness as their strongest areas.

Similarly, Hani et al. (2024) reported that accounting knowledge supports financial management, investment decisions, and strategic planning, thereby positively influencing the success of MSMEs. In contrast, Roslan et al. (2018) documented low accounting literacy among small business owners in Merlimau, Melaka, while Samson et al. (2020) found that limited accounting knowledge among sari-sari store owners contributes to unsustainable business practices. Additionally, Saif and Noor Adila (2023) and Nsoke et al. (2021) demonstrated that accounting education enhances entrepreneurs’ financial

Accounting practices involve systematically recording and analyzing business transactions. For sari-sari store owners, these practices are essential for managing expenses, tracking cash flow, and ensuring profitability. Accounting concepts and principles form the foundation for recording, summarizing, and interpreting financial transactions. For microenterprises, applying principles such as accrual recognition, matching, consistency, prudence, and the separate-entity concept is crucial to producing accurate and useful financial information.

Philippine studies have highlighted the operational benefits of applying these principles. Alusen and Javier (2018) found that although many sari-sari store owners are familiar with basic accounting concepts, they struggle to consistently apply them, making it difficult to evaluate profitability and overall performance. Similarly, Ibarra and Velasco (2015) observed that MSMEs commonly use cash-basis accounting, estimate bad debts, and apply straight-line depreciation. Even without full compliance with Philippine Financial Reporting Standards, applying fundamental principles improves financial monitoring and decision-making. Tamis et al. (2024) further argued that microenterprises that practice budgeting, bookkeeping, and inventory valuation operate more efficiently and respond more effectively to market demands.

Likewise, the application of qualitative characteristics, such as relevance, faithful representation, understandability, comparability, and timeliness, enhances the usefulness of financial information. Placido et al. (2024) found that MSMEs in Northern Philippines that prioritize relevance and reliability through regular record updates demonstrate improved financial analysis, planning, and creditworthiness. Burgos et al. (2022) further noted that timely, comparable financial statements strengthen internal controls and support daily operational decisions.

International studies support these findings. Suwandi (2023) and Zotorvie (2017) reported that businesses adhering to qualitative accounting principles achieve higher profitability, improved inventory control, and greater access to financing.

Moreover, the literature emphasizes the importance of accounting controls. Borrromeo et al. (2024) observed that microenterprises relying on manual record-keeping often experience incomplete documentation and weak monitoring. Negou (2018) noted that systematic documentation of cash, sales, and purchases strengthens managerial oversight. Lutwidge (2025) likewise highlighted bookkeeping challenges faced by small businesses due to limited resources, reinforcing the need for stricter control over financial transactions.

Pajo (2025) found that integrating Software as a Service (SaaS) and Artificial Intelligence (AI) helps sari-sari stores manage inventory and customer relations. However, persistent challenges in physical security and infrastructure highlight the need for solutions tailored to microenterprise contexts.

Further Philippine evidence confirms the operational benefits of accounting controls. Alusen and Javier (2018) reported that consistent documentation enables sari-sari store owners to identify trends and minimize losses, while Burgos et al. (2022) found that SMEs using structured accounting systems exhibit stronger cash-flow management. International studies similarly indicate that firms applying internal controls experience greater stability and efficiency (Suwandi, 2023; Tamis et al., 2024).

Ibarra and Velasco (2015) further noted that while MSMEs employ diverse accounting methods, this variation often hinders reporting consistency. Additionally, reliance on manual systems limits efficiency and accuracy, highlighting the need for greater technological integration. The study also revealed regional differences, with MSMEs in Metro Manila exhibiting more advanced practices than those in Quezon Province. This finding suggests that the operational context of sari-sari stores in Laoag City may influence their accounting practices.

Problems encountered in operations

Sari-sari store owners face various challenges, some internal and others external. Understanding these issues provides insight into the sustainability and profitability of micro-retail businesses in the Philippines.

Internal problems originate within the business and are generally within the owner's control. One major concern is financial management. Anoo et al. (2019) found that MSME owners in Danao City record cash flows only intermittently, while others fail to record transactions altogether.

Closely related is the mixing of personal and business finances. Caragan et al. (2020) found that sari-sari store owners frequently consume store products for personal use, reducing business income and delaying capital recovery. The U.S. Small Business Administration (2020) similarly emphasized that failure to separate personal and business expenses undermines accurate financial tracking and long-term sustainability.

Inventory management also presents a significant internal challenge. Oyetade et al. (2024) reported that poor demand forecasting and manual inventory systems lead to overstocking and expired goods, resulting in financial losses.

External problems arise outside the business and are largely beyond the owner's control. One major issue is customer credit behavior. Miller and Wongsaroj (2017) explained that delayed payments disrupt cash flow, making it difficult for store owners to replenish inventory.

Market competition further intensifies these challenges. Siddique (2020) noted that price sensitivity affects customer loyalty, thereby intensifying competition. Kotler and Armstrong (2018) recommended strategic pricing to attract customers in saturated markets.

Additionally, store location significantly affects business performance, as each location presents varying opportunities and risks (Lumbwe et al., 2018). Inflation also poses a serious external challenge. The International Labour Organization (2022) reported that inflation increases supply costs, forcing price adjustments that may reduce consumer demand and profitability.

Financial performance

Financial performance is determined by the interaction between revenue generation and cost management across procurement, sales, and finance. Effective financial management is essential for sustainable profitability, particularly for MSMEs operating with limited resources. Mahmudova and Kovács (2018) emphasized that monitoring indicators such as sales growth, profitability, and liquidity is critical for evaluating efficiency and resource allocation.

Sales growth is a key driver of financial performance. Deligero and Ballados (2025) found that erratic sales patterns lead to unstable profitability and cash flow. Accordingly, effective working capital management ensures timely inventory purchases and order fulfillment.

Profitability reflects the efficiency with which sales are converted into net income. Mendoza (2015) observed that many Philippines MSMEs experience low profitability despite strong sales activity. Maulana and Rinaldi (2024) similarly found that asset turnover and profitability significantly influence MSME growth. These findings highlight the importance of ratios such as Return on Assets (ROA) and Return on Equity (ROE) in evaluating financial performance (Panigrahi & Vacchani, 2021).

Cash-flow management is particularly critical for MSMEs. Nasimiyu (2024) found that effective cash-flow management improves financial performance, while Hidayat et al. (2024) demonstrated that sound cash and credit policies enhance liquidity and profitability. Supramono et al. (2024) further emphasized that disciplined cash management supports resilience and recovery following economic shocks.

Ultimately, a balanced financial performance strategy enables MSMEs to grow sales without compromising liquidity, enhance profitability through cost control, and maintain disciplined cash-flow management to ensure business continuity.

Conceptual framework

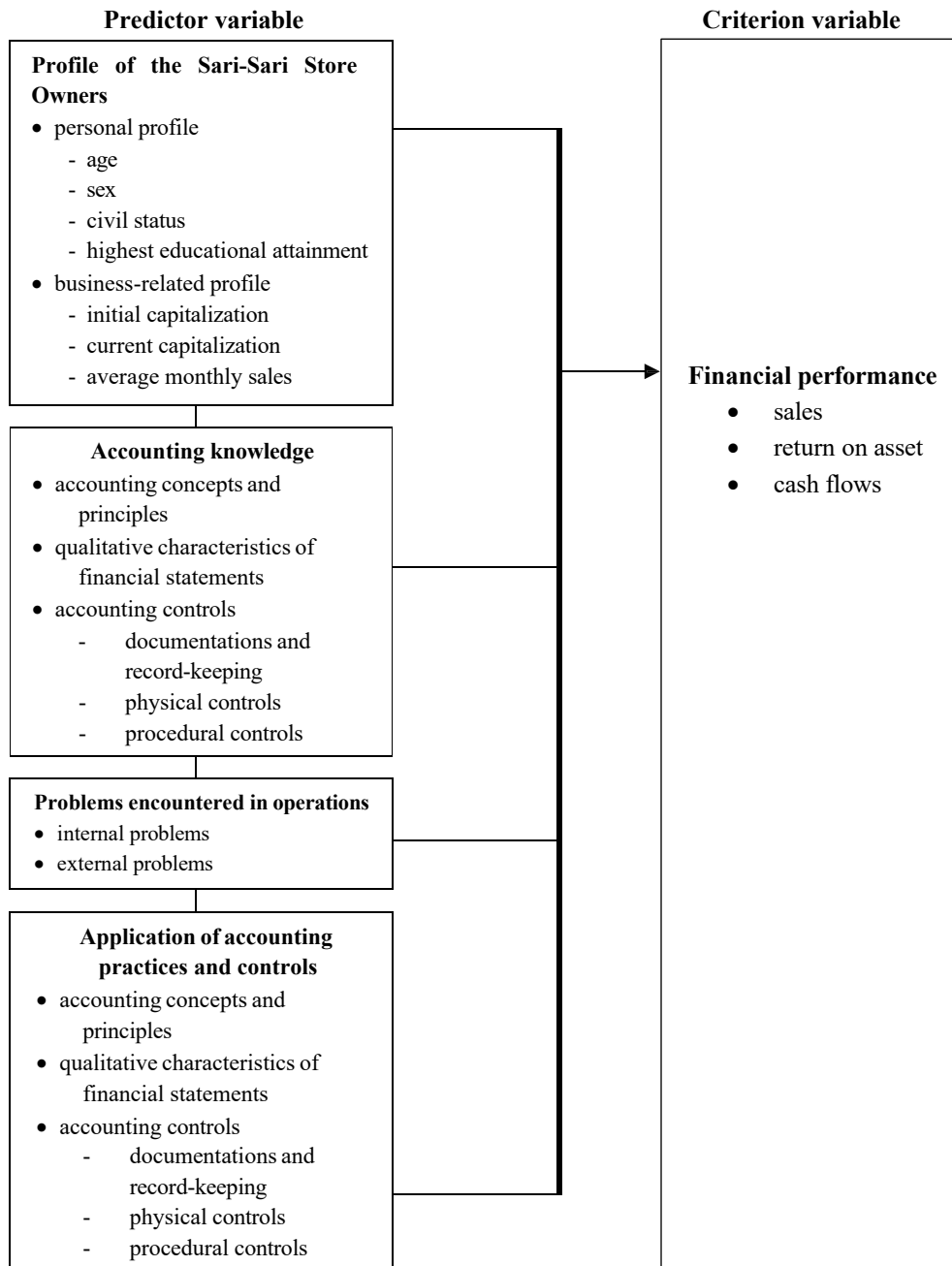


Figure 1. Research paradigm

Source: Ibarra and Velasco (2015); Custodio (2017); Gabay et al. (2023); Ang (2022).

Figure 1 illustrates the study's conceptual framework. This study adopted a predictor–criterion variable model. The predictor variables include the profiles of sari-sari store owners, accounting knowledge, application of accounting practices, and problems encountered in operations. Meanwhile, the criterion variable represents the financial performance of the sari-sari stores. Furthermore, it depicts the relationship between the profile of sari-sari owners, the extent of accounting knowledge and the application of accounting practices, the seriousness of problems encountered, and the financial performance of the sari-sari stores.

Statement of the problem

This study investigated the effect of profile, accounting knowledge, practices, and controls on the financial performance of sari-sari stores in Laoag City, Ilocos Norte.

Specifically, it sought answers to the following questions:

1. What is the profile of the sari-sari store owners in terms of:
 - 1.1 Personal profile; and
 - 1.1.1. age;
 - 1.1.2. sex;
 - 1.1.3. civil status; and
 - 1.1.4. Highest educational attainment?
 - 1.2 Business-related profile
 - 1.2.1 initial capitalization;
 - 1.2.2 current capitalization; and
 - 1.2.3 Average monthly sales?
2. What is the extent of accounting knowledge of sari-sari store owners in terms of:
 - 2.1 accounting concepts and principles;
 - 2.2 qualitative characteristics of financial statements; and
 - 2.3 Accounting Controls:
 - 2.3.1 documentations and record-keeping;
 - 2.3.2 physical controls; and
 - 2.3.3 procedural controls?
3. What is the extent of accounting practices and controls of sari-sari store owners in terms of:
 - 3.1 accounting concepts and principles;
 - 3.2 qualitative characteristics of financial statements; and
 - 3.3 accounting controls; and
 - 3.3.1 documentations and record-keeping;
 - 3.3.2 physical controls; and
 - 3.3.3 procedural controls?
4. What is the degree of seriousness of the problems encountered in operations by sari- sari store owners in terms of:
 - 4.1 internal problems; and
 - 4.2 external problems?
5. What is the level of financial performance of sari-sari stores in terms of:
 - 5.1 sales;
 - 5.2 return on assets; and
 - 5.3 cash flows?
6. Is there a significant relationship between the profile of the sari-sari stores and their financial performance?
7. Is there a significant relationship between the extent of the accounting knowledge of sari-sari store owners and their

8. Is there a significant relationship between the extent of the application of accounting practices and the financial performance of the sari-sari stores?
9. Is there a significant relationship between the problems encountered in operations and the financial performance of sari-sari stores?

Hypothesis

- H_{a1}. There is a significant relationship between the profile of the sari-sari stores and their financial performance.
- H_{a2}. There is a significant relationship between the extent of the accounting knowledge of sari-sari store owners and their financial performance.
- H_{a3}. There is a significant relationship between the extent of the application of accounting practices and the financial performance of the sari-sari stores.
- H_{a4}. There is a significant relationship between operational problems and the financial performance of sari-sari stores.

Scope and delimitation of the study

This study aimed to determine the effect of profile, accounting knowledge, practices, and controls on the financial performance of sari-sari stores in Laoag City, Ilocos Norte. Specifically, the research focused on DTI-registered sari-sari stores that have been in operation for at least two years.

Moreover, the study examined the relationship between the profile of sari-sari owners, the extent of accounting knowledge and the application of accounting practices, the seriousness of problems encountered, and the financial performance of the sari-sari stores.

Data collection was limited to structured questionnaires administered to the selected respondents. Furthermore, the study was conducted from the last week of August to September 2025.

Research methodology

Research design

This study employed a quantitative research method and utilized a descriptive-correlational research design. Descriptive research was used to present respondents' profiles, frequency distributions, and variable characteristics, thereby providing an accurate account of the existing conditions or "what is" reflected in the data (Creswell & Creswell, 2018). Additionally, correlational research was used to assess the strength and direction of associations between variables without manipulation or control, making it appropriate for identifying significant relationships in real-world settings (Gravetter & Forzano, 2018). Using both descriptive and correlational methods, the study examined the extent of accounting knowledge among sari-sari store owners, the extent of application of accounting practices, the seriousness of problems encountered, and their effects on the financial performance of sari-sari stores.

Locale of the study

This study was conducted in Laoag City, the capital of Ilocos Norte in the northern Philippines. Commonly referred to as the "Sunshine City," Laoag serves as the province's primary commercial center, characterized by active local trade supported by a steady flow of tourism. Its diverse economic environment, which hosts numerous sari-sari stores across 80 barangays, makes it an appropriate setting for examining how accounting knowledge, practices, and controls influence the financial performance of these stores.

The study population consisted of 1,566 registered sari-sari stores in Laoag City, Ilocos Norte, all of which had been operating for at least 2 years. Slovin's formula was employed to determine an appropriate sample size of 319 respondents. This sampling technique was selected to minimize sampling bias, facilitate efficient data collection, and ensure that all respondents met the necessary operational criteria, thereby enhancing the reliability and accuracy of the findings.

Data gathering instruments

Data were collected using a structured, four-part survey questionnaire. Part I captured the personal and business-related profiles of the sari-sari store owners. Part II assessed their accounting knowledge and practices, primarily adapted from Ibarra and Velasco (2015). Part III identified the problems encountered by sari-sari store owners, categorized them into internal problems, following Gabay et al. (2023), and external problems, following Custodio (2017). Part IV measured the financial performance of the sari-sari stores, adapted from Ang (2022).

Data gathering procedure

The data collection process commenced upon securing formal approval from the Dean, as requested by the researchers. In addition, a separate letter was addressed to the Department of Trade and Industry (DTI) to obtain an official list of registered sari-sari stores, which served as part of the study's target population. After obtaining the necessary authorizations, the researchers personally administered the questionnaires to the identified respondents. The completed instruments were then collected, organized, and prepared for tabulation and subsequent analysis.

Ethical considerations

The study adhered to the highest ethical standards in research. A formal request for approval was submitted to the Dean, and a separate letter was sent to the Department of Trade and Industry (DTI) to obtain the official list of registered sari-sari stores in Laoag City. Participation in the study was entirely voluntary, and informed consent was obtained from all respondents prior to data collection. Respondents were assured of the confidentiality and anonymity of their responses. Furthermore, all data gathered were utilized exclusively for academic and research purposes.

Tools for data analysis

Given the study's descriptive and correlational research design, both descriptive and inferential statistics were used. Frequency and percentage were used to analyze the profile of respondents and the level of financial performance, measured by sales. The weighted mean was used to analyze the extent of accounting knowledge among sari-sari store owners, the extent of application of accounting practices, the severity of problems encountered, and the financial performance of sari-sari stores.

The following were used to analyze the mean ratings.

Extents of accounting knowledge and the application of accounting practices

<i>Scale</i>	<i>Range of Mean Values</i>	<i>Descriptor</i>	<i>Descriptive Interpretation</i>
5	4.51 - 5.00	Always	Very High Extent (VHE)
4	3.51 - 4.50	Often	High Extent (HE)
3	2.51 - 3.50	Sometimes	Moderate Extent (ME)
2	1.51 - 2.50	Rarely	Low Extent (LE)
1	1.00 - 1.50	Never	Very Low Extent (VLE)

Degree of seriousness of problems encountered in the operations of sari-sari stores

<i>Scale</i>	<i>Range of Mean Values</i>	<i>Descriptor</i>	<i>Descriptive Interpretation</i>
5	4.51 - 5.00	Strongly Agree	Very Serious (VS)
4	3.51 - 4.50	Agree	Serious (S)
3	2.51 - 3.50	Somewhat Agree	Moderately Serious (MS)

2	1.51 - 2.50	Disagree	Slightly Serious (SS)
1	1.00 - 1.50	Strongly Disagree	Not a Problem (NAP)

Return on assets and cash flows

<i>Scale</i>	<i>Range of Mean Values</i>	<i>Descriptor</i>	<i>Descriptive Interpretation</i>
5	4.51 - 5.00	Strongly Agree	Very high (VH)
4	3.51 - 4.50	Agree	High (H)

3	2.51 - 3.50	Somewhat Agree	Moderate (M)
2	1.51 - 2.50	Disagree	Low (L)
1	1.00 - 1.50	Strongly Disagree	Very Low (VL)

Furthermore, One-way ANOVA, t-test, Spearman rho, and Pearson r were utilized to determine the relationships among the study variables.

The Statistical Packages for Social Sciences (SPSS) version 20 was used to analyze and interpret data. Interpretation level will be set to level 0.05.

Data presentation and analysis

The data are presented according to the statement of the problem. The study answered the following questions:

1. What is the profile of the sari-sari store owners in terms of:

1.1 Personal profile; and

1.1.1 age;

1.1.2 sex;

1.1.3 civil status; and

1.1.4 Highest educational attainment?

1.2 Business-related profile

1.2.1 initial capitalization;

1.2.2 current capitalization; and

1.2.3 Average monthly sales?

Table 1.1. Personal profile of the sari-sari store owners in Laoag City, Ilocos Norte (n=319)

	Frequency (f)	Percentage (%)
Age		
18-28 years old	9	2.82
29-39 years old	94	29.47
40-50 years old	112	35.11
51 years old and above	104	32.60
Total	319	100.00
Sex		
Male	85	26.65
Female	234	73.35
Total	319	100.00
Civil Status		
Single	52	16.30
Married	242	75.86
Widowed	21	6.58
Separated	4	1.25
Total	319	100.00
Highest educational attainment		
Elementary level	0	0.00
Elementary graduate	8	2.51
High school level	12	3.76
High school graduate	48	15.05

College level	92	28.84
College graduate	157	49.22
Post graduate	2	0.62
Total	319	100.00

Source: Authors' own table (2025)

Table 1.1 shows the demographic characteristics of sari-sari store owners in Laoag City, Ilocos Norte. Most store owners are in the 40–50 age group (35.11%), while only a small number (2.82%) are between 18–28 years old. This suggests that sari-sari store ownership is more common among middle-aged and older individuals, often serving as a practical source of income for those with family responsibilities.

Women make up the majority of store owners (73.35%), highlighting the important role of women in managing small, home-based businesses within Filipino households. In terms of civil status, most respondents are married (75.86%), reinforcing the idea that sari-sari stores often operate as family-supported enterprises that help sustain daily household needs.

Educational attainment among respondents is relatively high, with nearly half (49.22%) being college graduates, while only a few (0.62%) have postgraduate education. This reflects a growing level of literacy and business capability among sari-sari store owners, which may enable them to manage finances more effectively and adapt to modern practices such as digital payments or online selling.

Overall, the findings indicate that sari-sari stores in Laoag City are largely run by educated, married, middle-aged women. These insights are useful for shaping business support programs and local economic initiatives that are better aligned with the realities of micro-entrepreneurs in the community.

Table 1.2. Business-related profile of the sari-sari store owners in Laoag City, Ilocos Norte (n=319)

	Frequency (f)	Percentage (%)
Initial capitalization		
₱10,000 and below	152	47.65
₱10,001-₱50,000	146	45.77
₱50,001-₱100,000	18	5.64
₱100,001-₱150,000	3	0.94
Over ₱150,000	0	0.00
Total	319	100.00
Current capitalization		
₱10,000 and below	51	15.99
₱10,001-₱50,000	176	55.17
₱50,001-₱100,000	72	22.57
₱100,001-₱150,000	11	3.45
Over ₱150,000	9	2.82
Total	319	100.00
Average monthly sales		
₱10,000 and below	102	31.98
₱10,001-₱50,000	172	53.92
₱50,001-₱100,000	35	10.97
₱100,001-₱150,000	6	1.88
Over ₱150,000	4	1.25
Total	319	100.00

Source: Authors' own table (2025)

Table 1.2 presents the business profiles of sari-sari store owners in Laoag City, Ilocos Norte in terms of initial capitalization, current capitalization, and average monthly sales. Nearly half of the respondents (47.65%) started their businesses with an initial capital of ₱10,000 or less, while only a small portion (6.58%) began with more than ₱50,000. This indicates that most sari-sari stores operate as microenterprises, commonly funded through personal savings or informal sources.

Current capitalization shows noticeable growth over time. More than half of the respondents (55.17%) now maintain capital between ₱10,001 and ₱50,000, and a few (6.27%) have grown their capital beyond ₱100,000. This upward shift suggests that many store owners are able to gradually expand their businesses through consistent reinvestment of earnings.

In terms of average monthly sales, the majority of sari-sari stores (53.92%) earn between ₱10,001 and ₱50,000, while only a small percentage (1.25%) report sales above ₱150,000. Although revenues remain modest, these figures indicate that sari-sari stores are financially sustainable and continue to provide steady support to household income.

Overall, the results highlight that sari-sari stores in Laoag City are primarily low-capital, small-scale retail businesses. The increase in current capitalization compared to initial investment reflects positive business sustainability and the owners' ability to grow their enterprises over time.

1. What is the extent of accounting knowledge of sari-sari store owners in terms of:

- 1.1 Accounting concepts and principles;**
- 1.2 qualitative characteristics of financial statements; and**
- 1.3 Accounting controls:**
 - 1.3.1 documentations and record-keeping;**
 - 1.3.2 physical controls; and**
 - 1.3.3 procedural controls?**

Table 2. Extent of accounting knowledge of sari-sari store owners in Laoag City, Ilocos Norte (n=319)

Indicators	Mean	Descriptive Interpretation
Accounting concepts and principles		
1. Maintains a clear separation between business assets and personal assets (Separate Entity Concept).	4.31	HE
2. Keeps business transactions separate from personal transactions (Separate Entity Concept).	4.26	HE
3. Records initial investment as an increase in owner's equity and withdrawals as a decrease, not a business expense (Separate Entity Concept).	3.89	HE
4. Prepares financial statements at the end of each accounting period (Periodicity Concept).	3.99	HE
5. Records every accountable event in peso (Stable Monetary Unit Concept).	4.13	HE
6. Supports all accounting transactions with verifiable evidence, such as invoices and receipts (Objectivity).	4.06	HE
7. Records transactions fairly and without personal judgements (Objectivity).	4.12	HE
8. Records assets at their original transaction price and liabilities at their initial amount (Historical Cost; Going Concern).	3.97	HE
9. Recognizes revenue when received and expenses when paid (Cash Basis).	4.08	HE
10. Recognizes revenue when earned and expenses when incurred (Accrual Basis).	3.98	HE
Composite mean	4.08	HE
Qualitative characteristics of financial statements		
1. Recognizes immaterial assets as expenses rather than capitalizing (Materiality).	3.84	HE
2. Applies the same accounting method from period to period (Consistency).	3.70	HE

Indicators	Mean	Descriptive Interpretation
3. Prepares financial statements in a clear and concise manner (Understandability).	3.83	HE
4. Makes financial statements available when needed (Timeliness).	3.80	HE
5. Includes all relevant information in financial statements (Completeness).	3.78	HE
6. Includes only material information in the financial statements (Materiality).	3.68	HE
Composite mean	3.77	HE
Accounting controls		
a. Documentation and record keeping		
1. Keeps accounting records such as the journal and ledger.	4.29	HE
2. Records daily sales in a sales journal.	4.09	HE
3. Records expenditures in a disbursement journal.	3.84	HE
4. Keeps purchase invoices and receipts.	4.20	HE
5. Hires a bookkeeper to journalize transactions and manage records.	3.83	HE
6. Employs digital record-keeping systems such as Excel and Google Sheets.	3.06	ME
Weighted Mean	3.89	HE
b. Physical controls		
1. Installs a CCTV camera on the store's premises.	4.49	HE
2. Utilizes good-quality doors and locks.	4.87	VHE
3. Employs locked cabinets, a safe, or a vault to safeguard cash.	4.77	VHE
Weighted Mean	4.71	VHE
c. Procedural controls		
1. Conducts daily cash counts.	4.64	VHE
2. Performs weekly inventory counts.	4.29	HE
3. Maintains a separate bank account to safeguard assets.	3.44	ME
4. Reconciles recorded sales and cash count daily.	4.08	HE
Weighted Mean	4.11	HE
Composite mean	4.24	HE
Overall mean	4.03	HE

Source: Ibarra and Velasco (2015)

Table 2 presents the extent of accounting knowledge among sari-sari store owners in Laoag City, Ilocos Norte. The overall mean score of 4.03, interpreted as **High Extent (HE)**, indicates that most store owners possess a strong level of accounting knowledge. This suggests familiarity with basic accounting concepts, an understanding of fundamental financial reporting principles, and the application of simple internal control practices in managing their businesses.

This level of knowledge may be influenced by the respondents' educational background—many of whom are college graduates—as well as their hands-on experience in managing daily financial transactions. Despite operating within an informal business setting, sari-sari store owners demonstrate practical financial literacy that supports organized record-keeping and informed decision-making.

Among the indicators, accounting controls recorded the highest composite mean (4.24, **High Extent**), showing that store owners are particularly diligent in implementing control measures. These commonly include daily cash monitoring, securing store premises, and regularly checking cash records.

The lowest composite mean was noted in the qualitative characteristics of financial statements (3.77), though this still falls under **High Extent**. This suggests that while owners understand the importance of clear and complete financial records, the consistent and formal preparation of financial statements—especially in terms of timeliness and standardization—is only moderately practiced.

These findings are consistent with the study of Ibarra and Velasco (2015), which found that Filipino micro, small, and medium enterprises generally possess sound basic accounting knowledge but often lack standardized accounting practices and wider adoption of formal systems. Similarly, sari-sari store owners in Laoag City demonstrate strong accounting awareness, though the systematic application of formal accounting standards remains limited.

2. What is the extent of accounting application of sari-sari store owners in terms of:

2.1 accounting concepts and principles;

2.2 qualitative characteristics of financial statements; and

2.3 accounting controls; and

2.3.1 documentations and record-keeping;

2.3.2 physical controls; and

2.3.3 procedural controls?

Table 3. Extent of accounting application of sari-sari store owners in Laoag City, Ilocos Norte (n=319)

Indicators	Mean	Descriptive Interpretation
Accounting concepts and principles		
1. Maintains a clear separation between business assets and personal assets (Separate Entity Concept).	3.77	HE
2. Keeps business transactions separate from personal transactions (Separate Entity Concept).	3.73	HE
3. Records initial investment as an increase in owner's equity and withdrawals as a decrease, not a business expense (Separate Entity Concept).	3.40	ME
4. Prepares financial statements at the end of each accounting period (Periodicity Concept).	3.49	ME
5. Records every accountable event in peso (Stable Monetary Unit Concept).	3.87	HE
6. Supports all accounting transactions with verifiable evidence such as invoices and receipts (Objectivity).	3.66	HE
7. Records transactions fairly and without personal judgments (Objectivity).	3.80	HE
8. Records assets at their original transaction price and liabilities at their initial amount (Historical Cost; Going Concern).	3.69	HE
9. Recognizes revenue when received and expenses when paid (Cash Basis).	3.72	HE
10. Recognizes revenue when earned and expenses when incurred (Accrual Basis).	3.61	HE
Composite mean	3.67	HE
Qualitative characteristics of financial statements		
1. Recognizes immaterial assets as expenses rather than capitalizing (Materiality).	3.47	ME
2. Applies the same accounting method from period to period (Consistency).	3.37	ME
3. Prepares financial statements clearly and concisely (Understandability).	3.50	ME
4. Makes financial statements available when needed (Timeliness).	3.42	ME
5. Includes all relevant information in financial statements (Completeness).	3.40	ME
6. Includes only material information in the financial statements	3.33	ME

Indicators	Descriptive	
	Mean	Interpretation
(Materiality).		
Composite mean	3.42	ME
Accounting controls		
a. Documentation and record keeping		
1. Keeps accounting records such as the journal and ledger.	3.92	HE
2. Records daily sales in a sales journal.	3.63	HE
3. Records expenditures in a disbursement journal.	3.31	ME
4. Keeps purchase invoices and receipts.	3.90	HE
5. Hires a bookkeeper to journalize transactions and manage records.	3.02	ME
6. Employs digital record-keeping systems such as Excel and Google Sheets.	2.24	LE
Weighted Mean	3.34	ME
b. Physical controls		
1. Installs a CCTV camera on the store's premises.	2.96	ME
2. Utilizes good-quality doors and locks.	4.82	VHE
3. Employs locked cabinets, a safe, or vaults to safeguard cash.	4.68	VHE
Weighted Mean	4.15	HE
c. Procedural controls		
1. Conducts daily cash counts.	4.32	HE
2. Performs weekly inventory counts.	3.73	HE
3. Maintains a separate bank account to safeguard assets.	2.42	LE
4. Reconciles recorded sales and cash count daily.	3.59	HE
Weighted Mean	3.52	HE
Composite mean	3.67	HE
Overall mean	3.59	HE

Source: Ibarra and Velasco (2015)

Legend: (1.00-1.50 Very Low Extent; 1.51-2.50 Low Extent; 2.51-3.50 Moderate Extent; 3.51-4.50 High Extent; 4.51-5.00 Very High Extent)

Table 3 presents the extent of accounting application among sari-sari store owners in Laoag City, Ilocos Norte. The overall mean of 3.59, interpreted as **High Extent (HE)**, indicates that most store owners apply accounting practices to a considerable degree. Common practices include separating personal and business transactions, recording sales and expenses, and using basic controls to protect business assets.

Despite this high level of application, the results suggest room for improvement, particularly in formal bookkeeping, digital record-keeping, and the preparation of financial statements. Although owners generally understand accounting concepts, consistent application is sometimes limited by time constraints, technical challenges, or lack of formal training.

The highest composite mean (3.67, **High Extent**) is observed in **Accounting Concepts and Principles** and **Accounting Controls**, indicating strong application in these areas. Store owners commonly use receipts, maintain separate records, monitor daily cash, and implement physical and procedural controls such as locks and cash reconciliation. These findings suggest that owners prioritize practical accounting practices that directly support daily operations, cash flow monitoring, and asset protection.

In contrast, the lowest composite mean (3.42, **Moderate Extent**) is found in the **Qualitative Characteristics of Financial Statements**. While owners recognize the value of clear and consistent financial reports, formal statements such as income statements or balance sheets are rarely prepared. Most rely on simple manual records or informal tracking, reflecting the informal nature of microbusiness operations.

These findings are consistent with Ibarra and Velasco (2015), who observed that Filipino MSMEs tend to rely on practical and straightforward accounting methods suited to small-scale operations. Similarly, sari-sari store owners in Laoag City

4. What is the degree of seriousness of the problems encountered in operations by sari- sari store owners in terms of:
4.1 internal problems; and
4.2 external problems?

Table 4. Degree of seriousness of the problems encountered in operations by sari- sari store owners (n=319)

Indicators	Mean	Descriptive Interpretation
Internal problems		
1. Difficulty in maintaining a stable cash flow	2.66	MS
2. Difficulty in accessing credit/loans or other financial assistance	2.09	SS
3. Inefficient inventory management leading to spoilage/waste	2.10	SS
4. Difficulty in forecasting demand and ordering appropriate stock levels	2.00	SS
5. Lack of proper storage for perishable goods	1.96	SS
6. Mixing personal and business finances	2.77	MS
Composite mean	2.26	SS
External problems		
1.Competition from other sari-sari stores or larger retailers	3.65	S
2.Negative impact of inflation on profit margins.	3.18	MS
3.Difficulty in obtaining reliable and affordable supplies	2.22	SS
4.Difficulty in adjusting product prices due to customer resistance to price increases.	3.02	MS
5.Delayed or avoided payments from customers.	2.81	MS
6.Poor location affecting customer visibility and accessibility.	2.57	MS
Composite mean	2.91	MS
Overall mean	2.59	MS

Source: Custodio (2017) and Gabay et al. (2023)

The results presented in Table 4 are the degree of seriousness of the problems encountered by sari-sari store owners in their operations. The overall mean of 2.59, interpreted as *Moderately Serious (MS)*, indicates that sari-sari store owners in Laoag City generally face moderate operational challenges. This suggests that while these small business operators encounter difficulties in both internal management and external market conditions, such issues are not yet critical but still warrant attention to sustain profitability and stability.

Among the two categories, *external problems* recorded the highest composite mean of 2.91, which is also interpreted as *Moderately Serious (MS)*. This finding highlights that factors beyond store owners' control pose the greater challenge to their operations. Specifically, external market conditions, such as rising prices, strong competition, and customer price sensitivity, significantly influence profitability and long-term business viability.

In contrast, *internal problems* obtained a lower composite mean of 2.26, interpreted as *Slightly Serious (SS)*. This indicates that respondents perceive internal operational concerns, including inventory management, credit access, and storage, as less pressing compared to external threats. Nevertheless, these findings emphasize the importance of strengthening internal financial management practices, particularly in monitoring cash flow and maintaining a clear separation between business and personal finances.

These results are consistent with prior research on sari-sari store operations. For instance, Anoos et al. (2019) reported that sari-sari owners of MSMEs in Danao City recorded cash flows only intermittently, with some failing to track money

movements and physical inventories, reflecting internal financial challenges similar to those identified in this study. Similarly, Caragan et al. (2020) observed that sari-sari store owners in Cebu City occasionally used store products for personal consumption, thereby reducing business income and delaying capital recovery. Collectively, these studies corroborate the present findings: although external market conditions pose the more immediate challenges, internal financial management remains critical for the sustainability and growth of sari-sari stores.

4. What is the level of financial performance of sari-sari stores in terms of:

4.1 sales;

4.2 return on assets; and

4.3 cash flows?

Table 5.1. Level of financial performance of sari-sari stores in terms of sales (n=319)

	Frequency (f)	Percentage (%)
Increase by more than 10%	28	8.78
Increase by 1-10%	198	62.07
No increase	72	22.57
Decrease by 1-10%	20	6.27
Decrease by more than 10%	1	0.31
Total	319	100.00

As shown in Table 5.1, the majority of respondents (198, 62.07%) reported a 1–10% increase in sales, indicating that most sari-sari stores experienced modest yet positive revenue growth. Only a single respondent (0.31%) reported a decrease of more than 10%. These results suggest that a large proportion of sari-sari stores in Laoag City are achieving stable to slightly improving financial performance, with only a few experiencing notable declines.

The findings align with the indicators for Micro, Small, and Medium Enterprises (MSMEs) outlined by Mahmudova and Kovács (2018), including growth in monthly net income, expansion of the customer base, increases in monthly sales revenue, and year-over-year growth in total assets. In particular, the data demonstrate that most sari-sari stores in Laoag City achieved a 1–10% increase in sales, reflecting modest revenue growth and gradual progress toward business sustainability. Despite a small number of stores reporting stagnant or declining sales, the overall pattern indicates that the majority of stores are meeting key MSME growth benchmarks, particularly in sales and income performance.

Table 5.2. Level of financial performance of sari-sari stores in terms of return on assets (n=319)

Indicators	Descriptive Interpretation	
	Mean	
1. Financial performance of the business has improved since the business maintains an adequate cash balance both in hand and in the bank.	3.70	H
2. Lack of profits for the last 2 years affected the financial performance of the business, which caused slow return on assets.	2.71	M
3. The business has adequate cash balances both in hand and in the bank.	3.52	H
4. The goal of the business for the last 2 years of operations in terms of ROA was met.	3.72	H
Overall mean	3.41	M

Source: Ang (2022)

Legend: (1.00-1.50 Very Low; 1.51-2.50 Low; 2.51-3.50 Moderate; 3.51-4.50 High; 4.51-5.00 Very High)

Table 5.2 presents the level of financial performance of sari-sari stores in terms of Return on Assets (ROA), which measures how effectively store owners utilize their assets to generate profit. The overall mean of 3.41, interpreted as *Moderate (M)*, indicates that the sari-sari stores have achieved a moderate level of financial performance in terms of return on assets (ROA). This suggests that while most store owners can generate reasonable profits from their existing resources, there is room to improve asset utilization and sustain profitability.

These results support the perspective of Panigrahi and Vacchani (2021), who emphasized the effectiveness of profitability

ratios, such as ROA, in evaluating financial performance and identifying areas for enhancement. The moderate overall mean indicates that, although sari-sari store owners in Laoag City can generate satisfactory profits from their assets, there is still potential to optimize asset utilization and improve overall profitability. This finding highlights the value of ROA as a tool for assessing operational efficiency and guiding strategies to improve margins.

Table 5.3. Level of financial performance of sari-sari stores in terms of cash flows (n=319)

Indicators		Mean	Descriptive Interpretation
1.	The business is profitable and does not have cash flow problems to meet its immediate needs for operations.	3.85	H
2.	For the last 2 years, the business has made higher profits.	3.42	M
3.	The cash inflow of the business for the last 2 years is enough to cover all the obligations.	3.74	H
4.	The business has experienced more outflows than inflows for the last 2 years.	2.50	M
Overall mean		3.38	M

Source: Ang (2022)

Legend: (1.00-1.50 Very Low; 1.51-2.50 Low; 2.51-3.50 Moderate; 3.51-4.50 High; 4.51-5.00 Very High)

Table 5.3 presents the level of financial performance of sari-sari stores in terms of cash flows. The overall mean of 3.38, interpreted as *Moderate (M)*, indicates that sari-sari stores have a fairly stable cash flow performance. This suggests that while most stores can sustain their day-to-day operations and meet financial commitments, some still experience occasional cash flow constraints. The moderate level implies that cash management practices are generally effective but could still be improved to ensure continuous liquidity and profitability. Strengthening practices such as systematic cash tracking, timely recording of receipts and expenditures, and careful monitoring of daily cash inflows and outflows could further enhance operational stability.

6. Is there a significant relationship between the profile of the sari-sari stores and their financial performance?

Table 6.1. Spearman rho correlation coefficients obtained on the test of relationships between the personal profile of sari-sari store owners in terms of age and highest educational attainment, and the level of firm performance (n=319)

Personal profile		Financial Performance		
		Sales	Return on Assets	Cash flows
Age		-.114*	-.077	-
	ρ			.061
	(Sig. 2-tailed)	.041	.167	.280
Highest educational attainment		.190**	.113*	.078
	ρ			
	(Sig. 2-tailed)	.001	.043	.167

*. Correlation is significant at the 0.05 level (2-tailed).

Table 6.1 presents the Spearman rho correlation coefficients showing the relationships between the personal profile of sari-sari store owners, specifically age and highest educational attainment, and their firm's level of financial performance. The results reveal that age is negatively correlated with sales ($\rho = -0.114$, $p = 0.041$), indicating that as store owners grow older, their sales performance tends to decline slightly. However, the correlations between age and return on assets ($\rho = -0.077$, $p = 0.167$) and between age and cash flows ($\rho = -0.061$, $p = 0.280$) are not statistically significant. This implies that age does not have a meaningful relationship with these aspects of financial performance.

In contrast, the highest educational attainment exhibits a positive and significant correlation with both sales ($\rho = 0.190$, $p = 0.001$) and return on assets ($\rho = 0.113$, $p = 0.043$). This suggests that store owners with higher levels of education tend to achieve better sales and asset returns. The relationship between education and cash flows ($\rho = 0.078$, $p = 0.167$) is positive but not statistically significant, indicating minimal influence on liquidity performance.

These findings support the observations of Lu (2024) and Montero (2024), who emphasized that small businesses, such as sari-sari stores, thrive on adaptability and responsiveness to local market demands, qualities that are often more evident among younger owners. The negative correlation between age and sales suggests that older store owners may experience a slight decline in their ability to adapt to changing customer preferences and market trends, potentially affecting sales performance. This aligns with the notion that younger entrepreneurs tend to be more flexible and proactive in pursuing business opportunities.

Table 6.2. Chi-square test results between the personal profile of sari-sari store owners in terms of sex and civil status, and the level of firm performance in terms of sales (n=319)

Personal profile	Firm performance in terms of sales		
	χ^2 (Chi-Square Value)	df	p value
Sex	4.069	4	0.397
Civil Status	11.420	12	0.493

Source: Author's own table (2025)

As shown in Table 6.2, the computed Chi-square value for sex ($\chi^2 = 4.069$, $df = 4$, $p = 0.397$) indicates that there is no statistically significant relationship between respondents' sex and their firm's sales performance, as the p-value exceeds 0.05. This suggests that whether the store owner is male or female does not significantly influence the level of sales achieved by the business.

Similarly, the Chi-square value for civil status ($\chi^2 = 11.420$, $df = 12$, $p = 0.493$) also shows no significant relationship with sales performance. This implies that being single, married, separated, or widowed does not meaningfully affect the sales outcomes of sari-sari stores.

These findings suggest that sales performance among sari-sari stores is independent of the owner's sex and civil status. Both male and female store owners, regardless of marital status, appear to have comparable opportunities and capacities to manage their businesses effectively and achieve similar sales outcomes. This is consistent with the observations of Samson et al. (2020) and Alusen and Javier (2018), who emphasized that effective accounting knowledge and proper record-keeping are key determinants of financial management and business sustainability, irrespective of demographic characteristics.

Table 6.3. T-test results between the personal profiles of Sari Sari-store owners in terms of sex and the level of firm performance in terms of return on assets (n=319)

Profile in terms of Sex	Firm performance in terms of return on assets					
	Mean	SD	Sig.	t	df	p-value
Male	3.4353	.55789	.498	.434	317	.665
Female	3.4028	.60346				

Table 6.3 presents the results of the independent-samples t-test conducted to determine whether there is a significant difference in firm performance, measured by return on assets (ROA), across sari-sari store owners grouped by sex. The results indicate that male respondents had a slightly higher mean ROA ($M = 3.4353$, $SD = 0.55789$) than female respondents ($M = 3.4028$, $SD = 0.60346$). However, the computed t-value of 0.434 and p-value of 0.665 (greater than 0.05) indicate that this difference is not statistically significant. This implies that the return on assets of sari-sari stores is not influenced by the owner's sex.

These findings are consistent with the observations of Anoos et al. (2019) and Caragan et al. (2020), who emphasized that internal management practices—such as inventory control, cash flow monitoring, and the separation of personal and business finances—are critical determinants of profitability and ROA. The independent-samples t-test confirms that male and female store owners manage their assets with comparable efficiency, suggesting that effective internal management, rather than gender, determines the ability to generate returns from store resources.

Table 6.4. T-test results between the personal profiles of Sari Sari-store owners in terms of sex and the level of firm performance in terms of return on assets (n=319)

Profile in terms of Sex	Firm performance in terms of return on assets					
	Mean	SD	Sig.	t	df	p-value
Male	3.4118	.64746	.760	.596	317	.552
Female	3.3632	.64105				

Table 6.4 presents the results of the independent-samples t-test examining whether there is a significant difference in firm performance, measured by return on assets (ROA), by the sex of sari-sari store owners. The results indicate that male respondents have a slightly higher mean ROA ($M = 3.4118$, $SD = 0.64746$) compared to female respondents ($M = 3.3632$, $SD = 0.64105$). However, the computed t-value of 0.596 and p-value of 0.552 (both greater than 0.05) indicate that this difference is not statistically significant. This suggests that the sex of the store owner does not have a meaningful effect on the store's return on assets.

These findings imply that male and female sari-sari store owners manage their assets and generate returns similarly. Sex does not appear to influence financial efficiency in these small enterprises, as both sexes demonstrate comparable ability to utilize business resources to achieve financial outcomes. This aligns with the view of Hani et al. (2024), who argued that competencies in business management and financial literacy are more critical than gender in determining financial performance.

Table 6.5. One-way ANOVA test of significant difference between the personal profile in terms of civil status and the level of financial performance in terms of return on assets and cash flows ($n=16$)

Firm performance	Civil status	Sum of squares	df	Mean square	F	Sig.
Return on assets	Between Groups	.599	3	.200	.569	.636
	Within Groups	110.462	315	.351		
	Total	111.061	318			
Cashflows	Between Groups	.240	3	.080	.193	.901
	Within Groups	130.869	315	.415		
	Total	131.109	318			

Table 6.5 presents the One-way ANOVA results for the significant differences in personal profile (civil status) and the level of financial performance (return on assets and cash flows). The results indicate that civil status has no statistically significant effect on the financial performance of sari-sari stores, as measured by Return on Assets (ROA) and cash flows. For ROA, the computed F-value of 0.569 with a significance level of 0.636 exceeds the 0.05 threshold, indicating that there is no significant difference in ROA across respondents' civil status categories.

Similarly, the results for cash flows show a computed F-value of 0.193 with a significance level of 0.901, which is likewise greater than 0.05. This finding indicates that cash flow performance does not differ significantly across sari-sari stores grouped by their owners' civil status.

Ultimately, these results suggest that the civil status of the respondents, whether single, married, widowed, or separated, does not influence the financial performance of their businesses. This finding is consistent with the studies of Samson et al. (2020) and Alusen and Javier (2018), who emphasized that business efficiency and financial outcomes are more strongly shaped by accounting literacy, proper record-keeping, and the application of sound financial management practices than by personal demographic characteristics.

Table 6.6. Spearman rho correlation coefficients obtained on the test of relationships between the business profile of sari-sari store owners and the level of firm performance ($n=319$)

Business profile	Financial Performance		
	Sales	Return on Assets	Cash flows
Initial	.135*	.130*	.153**

ρ

capitalization	(Sig. 2-tailed)	.016	.021	.006
Current capitalization	ρ (Sig. 2-tailed)	.133*	.233**	.235**
Average monthly sales	ρ (Sig. 2-tailed)	.310**	.082	.265**
		.000	.146	.000

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The results presented in Table 6.6 reveal that both initial and current capitalization have significant positive relationships with all three indicators of financial performance. Specifically, initial capitalization is significantly correlated with sales ($\rho = 0.135$, $p = 0.016$), Return on Assets (ROA) ($\rho = 0.130$, $p = 0.021$), and cash flows ($\rho = 0.153$, $p = 0.006$). This indicates that sari-sari stores that started with higher initial capital tend to generate higher sales, utilize assets more efficiently, and maintain stronger cash flow positions.

Similarly, current capitalization also exhibits significant positive correlations with sales ($\rho = 0.133$, $p = 0.018$), ROA ($\rho = 0.233$, $p = 0.000$), and cash flows ($\rho = 0.235$, $p = 0.000$). These results suggest that stores with greater available financial resources at present continue to demonstrate better overall financial performance.

Meanwhile, average monthly sales show strong and positive correlations with sales ($\rho = 0.310$, $p = 0.000$) and cash flows ($\rho = 0.265$, $p = 0.000$). However, no statistically significant relationship is observed between average monthly sales and ROA ($\rho = 0.082$, $p = 0.146$). This implies that while higher sales contribute to increased revenue and improved liquidity, they do not necessarily translate into more efficient asset utilization.

Taken together, these findings imply that capitalization, both at the start-up phase and at present, plays a crucial role in sustaining and enhancing the financial performance of sari-sari stores. The positive relationships suggest that greater financial capacity enables store owners to maintain adequate inventories, invest in product variety, and respond effectively to market demand, thereby improving sales performance and cash flow management.

Moreover, the non-significant relationship between average monthly sales and ROA underscores that profitability is influenced not only by sales volume but also by effective asset utilization and cost control.

These results are consistent with Villanueva's (2025) findings, which noted that many sari-sari store owners begin operations with limited capital and that insufficient resources often constrain inventory levels, product variety, and operational efficiency. Conversely, stores with higher initial and current capitalization are better positioned to maintain adequate stock levels, invest in diverse product lines, and respond to market demand, ultimately enhancing their overall financial performance.

Based on the results, H_{a1} is partially accepted. The findings indicate that certain aspects of the sari-sari store owners' profiles are significantly related to financial performance. Specifically, age and educational attainment show significant relationships with sales and Return on Assets, while business profile variables such as initial capitalization, current capitalization, and average monthly sales demonstrate significant associations with most financial performance indicators. In contrast, sex and civil status exhibit no significant relationships. Therefore, the results confirm a partial but statistically significant relationship between the profile of sari-sari stores and their financial performance.

7. Is there a significant relationship between the extent of the accounting knowledge of sari-sari store owners and their financial performance?

Table 7.1. Spearman rho correlation coefficients obtained on the test of relationships between the extent of the accounting knowledge of sari-sari store owners and their financial performance in terms of sales ($n=319$)

Accounting knowledge		Financial Performance- Sales
Accounting concepts and principles	ρ (Sig. 2-tailed)	.312** .000

Qualitative characteristics of financial statements	ρ (Sig. 2-tailed)	.256** .000
Accounting controls:	ρ	.251**
Documentation and record keeping	(Sig. 2-tailed)	.000
Accounting controls:	ρ	.174**
Physical controls	(Sig. 2-tailed)	.002
Accounting controls:	ρ	.245**
Procedural controls	(Sig. 2-tailed)	.000

** . Correlation is significant at the 0.01 level (2-tailed).

Table 7.1 presents the Spearman rho correlation coefficients describing the relationship between the extent of accounting knowledge of sari-sari store owners and their sales performance. The results indicate that all dimensions of accounting knowledge are positively and statistically significant at the 0.01 level, demonstrating a strong association between accounting competence and improved sales outcomes.

Among the dimensions, accounting concepts and principles exhibit the strongest correlation with sales ($\rho = 0.312$, $p = 0.000$). This finding suggests that a solid understanding of fundamental accounting principles supports better sales performance by enabling owners to monitor income accurately, manage pricing, and assess business results more effectively.

In addition, the qualitative characteristics of financial statements show a significant positive relationship with sales ($\rho = 0.256$, $p = 0.000$). This indicates that familiarity with the attributes of useful financial information, such as relevance, reliability, and comparability, contributes to more informed decision-making, which in turn enhances sales performance.

All components of accounting controls also demonstrate significant positive correlations with sales. Documentation and record keeping ($\rho = 0.251$, $p = 0.000$), physical controls ($\rho = 0.174$, $p = 0.002$), and procedural controls ($\rho = 0.245$, $p = 0.000$) are each associated with higher sales levels. These results suggest that store owners who consistently document transactions, protect business assets, and follow systematic operational procedures are better positioned to minimize losses and sustain sales growth.

Overall, the consistent positive relationships across conceptual knowledge and control practices emphasize the importance of accounting knowledge in enhancing business performance. Improving accounting competence enables sari-sari store owners to accurately track transactions, safeguard resources, and make sound financial decisions.

These findings are consistent with Lutwidge's (2025) study, which emphasized that proper bookkeeping and effective asset safeguarding contribute to improved small business performance by enabling accurate financial records and efficient financial management.

Table 7.2. Pearson-r correlation coefficients obtained on the test of relationships between the extent of the accounting knowledge of sari-sari store owners and their financial performance in terms of return on assets and cash flows (n=319)

Accounting knowledge		Financial performance	
		Return on assets	Cash flows
Accounting concepts and principles	r-value (Sig. 2-tailed)	.359** .000	.261** .000
Qualitative characteristics of financial statements	r-value (Sig. 2-tailed)	.357** .000	.268** .000
Accounting controls:	r-value	.325**	.321**
Documentation and record keeping	(Sig. 2-tailed)	.000	.000
Accounting controls:	r-value	-.048	-.033
Physical controls	(Sig. 2-tailed)	.393	.557
Accounting controls:	r-value	.373**	.355**
Procedural controls	(Sig. 2-tailed)	.000	.000

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 7.2 presents the Pearson correlation coefficients describing the relationship between the extent of accounting knowledge of sari-sari store owners and their financial performance, specifically return on assets (ROA) and cash flows. The results indicate that most dimensions of accounting knowledge are positively and statistically significant at the 0.01 level, demonstrating a strong association between accounting competence and improved financial efficiency and liquidity.

Accounting concepts and principles show a significant positive relationship with both ROA ($r = 0.359$, $p = 0.000$) and cash flows ($r = 0.261$, $p = 0.000$). This finding suggests that store owners who possess a stronger understanding of fundamental accounting concepts are better able to utilize their assets effectively and manage cash inflows and outflows efficiently.

Similarly, the qualitative characteristics of financial statements are significantly correlated with ROA ($r = 0.357$, $p = 0.000$) and cash flows ($r = 0.268$, $p = 0.000$). This implies that familiarity with the qualities of useful financial information, such as relevance, reliability, and comparability, supports better financial analysis and contributes to improved asset performance and liquidity management.

In terms of accounting controls, documentation, and record-keeping exhibit strong positive relationships with ROA ($r = 0.325$, $p = 0.000$) and cash flows ($r = 0.321$, $p = 0.000$). This indicates that sari-sari store owners who consistently maintain accurate financial records are better able to monitor business performance and sustain profitability and cash stability. Likewise, procedural controls demonstrate the strongest correlations with ROA ($r = 0.373$, $p = 0.000$) and cash flows ($r = 0.355$, $p = 0.000$), underscoring the importance of adhering to systematic accounting procedures for achieving sound financial outcomes.

In contrast, physical controls show weak and non-significant relationships with ROA ($r = -0.048$, $p = 0.393$) and cash flows ($r = -0.033$, $p = 0.557$). This suggests that while safeguarding cash and inventory remains important for loss prevention, such measures alone do not significantly influence overall profitability or liquidity when compared to conceptual understanding and procedural accounting practices.

These findings are consistent with Alusen and Javier (2018), who emphasized that proper accounting records and systematic financial practices enhance the profitability and liquidity of microenterprises.

Based on these results, H_{a2} is accepted. The findings reveal that the extent of accounting knowledge among sari-sari store owners is significantly related to their financial performance, as measured by sales, return on assets, and cash flows. Most dimensions of accounting knowledge, including accounting concepts and principles, qualitative characteristics of financial statements, documentation and record-keeping, and procedural controls, showed strong positive correlations with the financial indicators. Although physical controls were not significantly related to return on assets or cash flows, the overall results confirm that greater accounting knowledge is associated with improved financial outcomes. Therefore, there is a significant relationship between the extent of accounting knowledge of sari-sari store owners and their financial performance.

8. Is there a significant relationship between the extent of the application of accounting practices and the financial performance of the sari-sari stores?

Table 8.1. Spearman rho correlation coefficients obtained on the test of relationships between the extent of the application of accounting practices of sari-sari store owners and their financial performance in terms of sales ($n=319$)

Application of accounting practices		Financial Performance- Sales
Accounting concepts and principles	ρ	.251**
	(Sig. 2-tailed)	.000
Qualitative characteristics of financial statements	ρ	.229**
	(Sig. 2-tailed)	.000
Accounting controls: Documentation and record keeping	ρ	.190**
	(Sig. 2-tailed)	.001
Accounting controls: Physical controls	ρ	.231**
	(Sig. 2-tailed)	.000

Accounting controls:	ρ	.167**
Procedural controls	(Sig. 2-tailed)	.003

**. Correlation is significant at the 0.01 level (2-tailed).

Table 8.1 presents Spearman's rho correlation coefficients for the relationship between the extent of application of accounting practices among sari-sari store owners and their financial performance in terms of sales. The results reveal that all dimensions of accounting practices are positively and significantly correlated with sales performance at the 0.01 level of significance.

Specifically, the application of accounting concepts and principles ($\rho = 0.251$, $p = 0.000$) and the qualitative characteristics of financial statements ($\rho = 0.229$, $p = 0.000$) exhibit significant positive relationships with sales. This suggests that sari-sari store owners who consistently apply fundamental accounting concepts and adhere to sound financial reporting qualities tend to achieve better sales outcomes. Such practices facilitate the generation of reliable financial information, which, in turn, supports informed decision-making and effective sales management.

Likewise, accounting control practices, namely documentation and record keeping ($\rho = 0.190$, $p = 0.001$), physical controls ($\rho = 0.231$, $p = 0.000$), and procedural controls ($\rho = 0.167$, $p = 0.003$), are also positively and significantly associated with sales performance. These findings indicate that store owners who regularly maintain proper documentation, safeguard inventory and cash, and follow systematic operating procedures are more likely to attain higher sales levels. This highlights the role of accounting controls in promoting operational efficiency and strengthening sales management.

Previous studies support these findings. Samson et al. (2020) emphasized that despite the vital role of sari-sari stores in fostering community-level economic development, many microenterprises continue to face challenges arising from inadequate accounting literacy and limited adoption of formal accounting systems. Similarly, Lu (2024), Montero (2024), and Gano-An and Gempes (2020) noted that poor recordkeeping and weak financial management practices often lead to operational inefficiencies, delayed decision-making, and, in some cases, early business discontinuation.

Overall, these insights are consistent with the results of the present study, which demonstrate that the extent to which sari-sari store owners apply accounting practices significantly influences their financial performance, particularly sales. Store owners who actively implement sound accounting procedures are better positioned to make informed business decisions, reduce errors and losses, and maintain financial stability.

Table 8.2. Pearson-r correlation coefficients obtained on the test of relationships between the extent of the application of accounting practices of sari-sari store owners and their financial performance in terms of return on assets and cash flows (n=319)

Application of accounting practices		Financial performance	
		Return on assets	Cash flows
Accounting concepts and principles	r-value	.439**	.305**
	(Sig. 2-tailed)	.000	.000
Qualitative characteristics of financial statements	r-value	.407**	.280**
	(Sig. 2-tailed)	.000	.000
Accounting controls: Documentation and record keeping	r-value	.382**	.353**
	(Sig. 2-tailed)	.000	.000
Accounting controls: Physical controls	r-value	.244**	.244**
	(Sig. 2-tailed)	.000	.000
Accounting controls: Procedural controls	r-value	.445**	.425**
	(Sig. 2-tailed)	.000	.000

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 8.2 presents the Pearson correlation coefficients for the relationship between the extent of application of accounting practices among sari-sari store owners and their financial performance, measured by return on assets (ROA) and cash flows. The results indicate that all dimensions of accounting practice application are positively and significantly correlated with both ROA and cash flows at the 0.01 level of significance.

Specifically, the application of accounting concepts and principles shows a strong positive relationship with ROA ($r = 0.439$, $p = 0.000$) and cash flows ($r = 0.305$, $p = 0.000$). This suggests that sari-sari store owners who consistently apply fundamental accounting principles in their operations tend to utilize their assets more efficiently and maintain better liquidity.

Similarly, the application of the qualitative characteristics of financial statements is significantly correlated with ROA ($r = 0.407$, $p = 0.000$) and cash flows ($r = 0.280$, $p = 0.000$). This indicates that adherence to the qualities of useful financial information, such as relevance, reliability, and understandability, enhances financial management and supports decision-making processes that lead to improved financial performance.

Moreover, all three aspects of accounting controls, namely documentation and record keeping ($r = 0.382$, $p = 0.000$), physical controls ($r = 0.244$, $p = 0.000$), and procedural controls ($r = 0.445$, $p = 0.000$), exhibit significant positive relationships with both ROA and cash flows. These findings imply that sari-sari store owners who consistently maintain proper documentation, safeguard business assets, and follow systematic accounting procedures are more likely to achieve higher profitability and stronger cash flow management. Among these dimensions, procedural controls show the strongest correlation with both ROA and cash flows, underscoring the importance of structured accounting routines in improving financial outcomes.

Overall, these findings imply that the active and consistent application of accounting practices substantially improves firm performance. When sari-sari store owners apply accounting principles, maintain accurate records, and observe effective control measures, they are better positioned to make informed business decisions, minimize operational inefficiencies, and optimize resource utilization.

This finding is consistent with previous studies indicating that understanding and actively applying accounting principles enable store owners to monitor profits, losses, and expenses effectively, thereby facilitating efficient asset utilization and improved liquidity (Baird et al., 2016; Son et al., 2015; Alusen & Javier, 2018). By systematically recording and analyzing transactions, business owners can allocate resources more efficiently, reduce waste, and sustain stable cash flows.

Based on these results, H_{a3} is accepted. The findings reveal that the extent of application of accounting practices among sari-sari store owners is significantly related to their financial performance, as measured by sales, return on assets, and cash flows. All dimensions of accounting practice application, including accounting concepts and principles, qualitative characteristics of financial statements, and accounting controls such as documentation, physical, and procedural controls, exhibit positive and significant relationships with all financial indicators at the 0.01 level of significance. This indicates that store owners who consistently apply sound accounting practices tend to achieve higher sales, utilize assets more efficiently, and maintain better cash flow positions. Therefore, a significant relationship exists between the extent of accounting practice application and the financial performance of sari-sari stores.

8. Is there a significant relationship between the problems encountered in operations and the financial performance of sari-sari stores?

Table 9.1. Spearman rho correlation coefficients obtained on the test of relationships between the problems encountered in operations of sari-sari store owners and their financial performance in terms of sales ($n=319$)

Problems encountered		Financial Performance-Sales
Internal problems	ρ	.097
	(Sig. 2-tailed)	.083
External problems	ρ	.123*
	(Sig. 2-tailed)	.0

*. Correlation is significant at the 0.05 level (2-tailed).

The results in Table 9.1 indicate that internal problems exhibit a positive but non-significant relationship with sales ($\rho = 0.097$, $p = 0.083$). This suggests that operational issues within the business, such as poor recordkeeping, limited inventory,

In contrast, external problems show a positive, statistically significant relationship with sales ($p = 0.123$, $p < 0.05$). This finding implies that factors beyond store owners' control, including competition, supplier-related issues, and shifts in customer demand, are significantly associated with variations in sales outcomes.

Taken together, these results suggest that, while internal operational challenges are present, sari-sari store owners may have developed adaptive mechanisms to mitigate their impact on sales, such as maintaining close customer relationships or adopting flexible inventory management practices. However, the significant association between external problems and sales reinforces the influence of broader market conditions and environmental factors on business performance.

These findings are supported by Siddique (2020) and Miller and Wongsaroj (2017), who argued that external pressures, including intense competition, pricing dynamics, and customer credit behavior, directly affect revenue generation and market sustainability. Moreover, Lumbwe et al. (2018) emphasized that external market conditions, particularly location-related factors, significantly influence sales performance.

Table 9.2. Pearson-r correlation coefficients obtained on the test of relationships between the problems encountered in operations of sari-sari store owners and their financial performance in terms of return on assets and cash flows (n=319)

Problems encountered		Financial performance	
		Return on assets	Cash flows
Internal problems	r-value	.124*	-.108
	(Sig. 2-tailed)	.027	.053
External problems	r-value	.199**	.218**
	(Sig. 2-tailed)	.000	.000

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The results presented in Table 9.2 indicate that internal problems, such as challenges in recordkeeping, inventory management, or staff coordination, have a small positive and significant relationship with ROA ($r = 0.124$, $p = 0.027$) but a non-significant relationship with cash flows ($r = -0.108$, $p = 0.053$). This suggests that while certain internal challenges may slightly affect asset utilization, they do not meaningfully impact liquidity or cash management.

In contrast, external problems, including competition, supplier issues, and market fluctuations, show positive and significant correlations with both ROA ($r = 0.199$, $p = 0.000$) and cash flows ($r = 0.218$, $p = 0.000$). This indicates that external operational challenges are strongly associated with financial performance, highlighting that how owners respond to market and environmental factors can influence both profitability and liquidity.

As a whole, these findings imply that while internal operational issues have limited effects on financial performance, external factors play a more substantial role in shaping the outcomes of sari-sari stores. This underscores the importance of market awareness and adaptive strategies to mitigate external pressures.

Supporting literature reinforces this interpretation. Kotler and Armstrong (2018) noted that market competition, fluctuations in customer demand, and supply constraints significantly affect sales, asset utilization, and liquidity in micro-retail enterprises. Accordingly, the owners' ability to respond strategically to these challenges, through pricing adjustments, customer management, or inventory control, directly impacts overall financial performance.

Based on these results, Ha4 is partially accepted. The findings demonstrate a significant relationship between operational problems and financial performance, but only for specific aspects. External problems are significantly related to sales, ROA, and cash flows, indicating that competition, supplier issues, and other external factors influence financial outcomes. In contrast, internal problems are significantly related only to ROA and show no significant relationship with sales or cash flows. Therefore, while external operational challenges notably affect overall financial performance, internal issues have a limited impact, resulting in a partial but significant relationship between operational problems and the financial performance of sari-sari stores.

Results and discussion

The business landscape in Laoag City, Ilocos Norte, is dominated by small-scale, community-based enterprises that play a significant role in local commerce and household income generation. Notably, the results showed that store ownership is predominantly held by educated, married, middle-aged women. This finding is consistent with prior studies indicating that Filipino microenterprises are family-centered and often managed by individuals whose formal education supports entrepreneurial decision-making and financial management (Ibarra & Velasco, 2015).

Regarding accounting knowledge and practices, owners demonstrated a high level of awareness of accounting controls. However, while their knowledge is substantial, the consistent application of formal accounting systems is slightly lower. This gap suggests a disconnect between accounting knowledge and its systematic implementation, which aligns with Ibarra and Velasco (2015), who found that Filipino MSMEs possess basic accounting knowledge but often rely on informal, experience-based practices rather than standardized procedures. From a theoretical perspective, this reinforces the distinction between accounting knowledge as a cognitive resource and accounting practice as its operationalization in microenterprise contexts, thereby supporting the knowledge-to-practice framework in small business literature (Musthafa et al., 2023).

Regarding operational challenges, sari-sari store owners reported moderately serious issues. Specifically, external factors, including strong competition, inflation, and price-sensitive consumers, were more impactful than internal challenges such as cash flow or inventory management. This observation reinforces prior research indicating that microenterprise performance is often more sensitive to market conditions than to internal managerial inefficiencies (Siddique, 2020; Kotler & Armstrong, 2018). In practice, these results suggest that owners could improve resilience by adopting strategic pricing and market-differentiation techniques, which have been shown to enhance competitiveness in saturated retail markets (Kotler & Armstrong, 2018).

Statistical analyses further revealed that age negatively correlates with sales, suggesting that younger owners achieve slightly higher revenue generation (Lu, 2024; Montero, 2024). In contrast, educational attainment is positively associated with both sales and return on assets, emphasizing the importance of financial literacy in business performance (Lusardi, Michaud, & Mitchell, 2017). Moreover, initial and current capitalization, along with average monthly sales, also correlate positively with financial indicators, confirming that capital accumulation and reinvestment are key drivers of microenterprise profitability and liquidity (Hani et al., 2024).

Importantly, accounting knowledge and its application showed strong positive correlations with all financial performance measures. Owners who better understand and implement accounting principles manage resources more effectively, make informed investment decisions, and achieve superior business outcomes. This finding is consistent with Hani et al. (2024), who highlighted the critical role of accounting competence in MSME financial performance. In contrast, operational problems demonstrated a mixed impact: external challenges significantly affected all performance measures, whereas internal issues influenced only return on assets (Siddique, 2020; Kotler & Armstrong, 2018; Miller & Wongsaroj, 2017). Hence, this indicates that external market pressures play a larger role than internal management practices in determining financial outcomes.

Overall, accounting knowledge improves microenterprise performance only when consistently applied, highlighting the importance of the knowledge-to-practice framework. In Laoag City, sari-sari stores show resilience through adaptive management and incremental capital growth, but external market conditions and limited use of formal accounting systems constrain financial outcomes. From a practical standpoint, interventions that translate knowledge into action through digital accounting tools, strategic pricing training, and integrated financial literacy programs are critical. Bridging this gap equips owners to navigate competitive pressures, enhancing profitability, efficiency, and long-term sustainability.

Conclusion

This study examined the effects of profile, accounting knowledge, accounting practices, and accounting controls on the financial performance of sari-sari stores in Laoag City, Ilocos Norte, Philippines. The findings indicate that store owners generally possess high accounting knowledge and demonstrate a moderate-to-strong level of practical application, despite moderately serious operational problems, with external challenges exerting a greater impact than internal issues. Financial performance was assessed as moderate to high based on sales, return on assets, and cash flows. The correlation results further

showed that educational attainment and capitalization levels significantly influence financial performance, leading to partial acceptance of Ha1.

Moreover, accounting knowledge exhibited a significant positive relationship with all financial performance indicators, thereby supporting Ha2, while the extent of accounting practice application was also significantly and positively associated with sales, return on assets, and cash flows, confirming Ha3. In contrast, operational problems demonstrated a partial but significant relationship with financial performance, whereas external problems were strongly related to performance measures, whereas internal issues had limited effects, supporting partial acceptance of Ha4. Overall, these findings suggest that accounting knowledge, practices, and controls are critical drivers of sari-sari store performance, enhancing sales, profitability, and cash flow stability while strengthening operational resilience amid prevailing external challenges.

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