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Costing Practices of Small-Scale Kakanin Businesses in Pagadian City

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Dr. Ryanne Transfiguracion Antenero[§*]

*Corresponding Author

Quiara Deverly Estrella

§ College of Business Education, Saint Columban College, Ph

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Small-scale kakanin businesses play a vital role in local food entrepreneurship yet often face challenges in managing fluctuating ingredient prices and limited financial literacy. This study explored the costing management practices of eight kakanin vendors in Pagadian City using a qualitative case study approach. Guided by Transaction Cost Theory, data were collected through semi-structured interviews, observations, and business record reviews. Results revealed that direct costs were tracked through itemized expenses, estimation, manual recording, and occasional digital tools, while indirect costs were allocated using simple methods like percentage mark-ups. Pricing decisions relied on cost breakdowns, market trends, and competitor comparisons. Vendors minimized expenses through portion control, bulk buying, and recipe adjustments to address inflation and raw material shortages. These findings indicate that despite informal costing systems, vendors' practices align with costminimization and uncertainty-reduction principles. The study suggests that improving financial literacy and introducing basic digital tools can enhance cost accuracy and business sustainability.

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AUTHOR CONTACT QR LEDGER

Dr. Ryanne Transfiguracion Antenero§*

Quiara Deverly Estrella

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Dr. Ryanne Transfiguracion Antenero[§*] and Quiara Deverly Estrella[§]

Affiliations
§ College of Business Education, Saint Columban College, Ph

Abstract

Small-scale kakanin businesses play a vital role in local food entrepreneurship yet often face challenges in managing fluctuating ingredient prices and limited financial literacy. This study explored the costing management practices of eight kakanin vendors in Pagadian City using a qualitative case study approach. Guided by Transaction Cost Theory, data were collected through semi-structured interviews, observations, and business record reviews. Results revealed that direct costs were tracked through itemized expenses, estimation, manual recording, and occasional digital tools, while indirect costs were allocated using simple methods like percentage mark-ups. Pricing decisions relied on cost breakdowns, market trends, and competitor comparisons. Vendors minimized expenses through portion control, bulk buying, and recipe adjustments to address inflation and raw material shortages. These findings indicate that despite informal costing systems, vendors' practices align with costminimization and uncertainty-reduction principles. The study suggests that improving financial literacy and introducing basic digital tools can enhance cost accuracy and business sustainability.

Keywords: *Costing Practices, Kakanin Vendors, Pricing Strategies, Cost Control*

*** Corresponding Author**
Dr. Ryanne Transfiguracion Antenero

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CHAPTER 1

1. The Problem

1.1. Background of the Study

Traditional Filipino delicacies, known as *kakanin*, hold significant cultural value and have been part of Filipino culinary heritage for generations. These rice-based and coconut-based delicacies are deeply ingrained in Filipino traditions, serving not only as everyday snacks but also as offerings in special events and festivals (Austria, 2024). The preparation and sharing of kakanin reflect cultural values, family ties, and community traditions, making them an important part of Filipino identity (De Villa et al., 2022).

In addition to their cultural importance, kakanin businesses also contribute significantly to the local economy. Small-scale kakanin sellers often operate in informal settings, selling their products at local markets or in street food stalls, thus providing a livelihood for many Filipino families (Anora et al., 2019). These micro-enterprises are essential to the economy, especially in rural areas like Pagadian City, where they generate employment and support local communities. However, these small-scale businesses often face difficulties in managing costs, pricing their products competitively, and maintaining profitability in an ever-changing market (Baraham, 2023).

Many kakanin sellers in the Philippines operate without a formal financial management system, relying on traditional methods of estimating costs and setting prices. This often leads to inaccurate cost calculations and pricing strategies, affecting business profitability (Bongalonta & Bongalonta, 2022). Bigambo et al. (2023) noted that poor pricing strategies can result from inaccurate product costing, leading to either unprofitable pricing or pricing that alienates potential customers. The lack of proper costing methods thus directly impacts the long-term sustainability of these small businesses.

Despite their importance, small-scale food businesses face significant challenges related to their financial management practices. Capina (2021) examined micro and small enterprises (MSEs) and found that many small businesses struggle with basic financial management skills, including budgeting, expense tracking, and cost analysis. These challenges are compounded by the fact that many small businesses operate with limited capital, making it difficult to invest in more efficient production techniques or to scale up their operations. Without a solid financial foundation, kakanin sellers often experience cash flow problems and may fail to cover production costs (Demillo, 2022).

In addition to these financial challenges, small-scale food vendors often face liquidity issues that further exacerbate their difficulties. Bongalonta and Bongalonta (2022) identified liquidity as one of the major challenges facing small-scale businesses in the Philippines, noting that insufficient cash flow can result in delayed payments to suppliers and difficulty in securing sufficient stock for production. For kakanin sellers, fluctuations in raw material prices, such as the cost of rice or coconut milk, can significantly affect liquidity and pricing strategies.

Effective costing practices are therefore critical to ensuring the sustainability of small food enterprises. Bigambo et al. (2023) highlighted that understanding and accurately calculating both direct and indirect costs is essential for small businesses to set competitive prices and ensure profitability. Kakanin sellers, who rely on low-cost, high-quality ingredients, must track all expenses, from labor costs to utilities, to determine the true cost of production (Gong, 2025). Inaccurate costing can lead to pricing errors, which can either result in lost sales or unsustainable profit margins.

In the case of kakanin businesses, pricing strategies need to account for both production costs and market dynamics. Demillo (2022) pointed out that small food vendors often struggle with balancing affordable pricing with the need to cover their operational costs. Without careful cost management, it is challenging for kakanin sellers to compete with larger, commercial food vendors who may have economies of scale and more robust financial systems. The key to success lies in understanding the full cost structure of their business, from ingredient sourcing to packaging and transportation (Halim et., 2024)

One approach to improving pricing and cost management is through the use of target costing. Gong (2025) explained that target costing allows small businesses to establish a competitive price based on desired profit margins and production costs. This method is particularly valuable for kakanin sellers, as it helps them set prices that meet both customer expectations and financial goals. By focusing on target costs, kakanin businesses can ensure that they are not pricing themselves out of the market while also covering their expenses.

Furthermore, cost control mechanisms are essential for the long-term sustainability of small enterprises. Hajjawi (2017) discussed the importance of cost control for decision-making in small businesses, sacrificing quality. For kakanin sellers, controlling costs in areas like labor, raw materials, and logistics is crucial for maintaining profitability. By implementing proper cost control measures, these businesses can minimize waste and improve efficiency, ultimately leading to better financial outcomes.

In addition to cost control, small businesses also benefit from effective financial planning. Capina (2021) observed that many microenterprises struggle due to a lack of long-term financial planning, which limits their ability to grow and expand. By adopting sound financial practices, such as forecasting and budgeting, kakanin sellers can better manage their resources and plan for future growth. With proper financial planning, small-scale vendors can ensure that they remain competitive and profitable despite challenges such as fluctuating ingredient costs or changes in consumer demand.

Marketing strategies are also a critical aspect of small food businesses, particularly in competitive markets. Dano et al. (2025) studied street food vendors and found that effective marketing is crucial for attracting and retaining customers. For kakanin sellers, marketing strategies such as offering promotions, building customer loyalty, and engaging in community-based marketing can help drive sales and improve profitability. By combining effective costing with strong marketing efforts, kakanin vendors can create a sustainable business model that appeals to a broad customer base.

The challenges in managing costs and pricing are not unique to the Philippines. International studies on small food enterprises show that financial management is a global issue. Erokhin et al. (2024) discussed how small manufacturing firms in Russia faced similar challenges in controlling production costs, noting that small businesses must adapt their costing methods to changing economic conditions. This global perspective underscores the need for small businesses worldwide, including kakanin sellers, to adopt more structured financial management practices.

The importance of adopting structured costing methods in small enterprises is also emphasized by Chua et al. (2025), who explored logistics and costs management practices in Malaysian SMEs. They found that small businesses often struggle to account for logistical costs, which can significantly impact overall profitability. For kakanin sellers, logistical cost such as transportation and storage can add to the total cost of production. Without effective tracking and management, these costs can erode profit margins.

In addition to costing and pricing, small-scale kakanin sellers must also address food safety concerns. Platon (2017) found that many small food vendors in the Philippines do not follow standardized food safety practices, which can lead to foodborne illnesses and damage the reputation of their businesses. Implementing basic food safety protocols is essential for the long-term success of kakanin businesses, as it helps ensure product quality and customer satisfaction.

Cost efficiency is closely tied to food safety and product quality. Maurice et al. (2015) pointed out that businesses that prioritize cost efficiency tend to produce better-quality products and maintain higher levels of customer satisfaction. For kakanin vendors, cost efficiency can be achieved by optimizing production methods, improving ingredient sourcing, and reducing waste. These practices not only improve financial outcomes but also enhance the overall quality of the products, which can lead to greater customer loyalty and repeat business.

As small-scale food businesses face increasing pressure to compete with larger enterprises, financial technology (fintech) may offer new opportunities for improving financial management practices. Nakul (2025) examined the role of fintech in small-scale businesses and highlighted its potential to streamline financial processes, improve cost tracking, and increase access to financing. For kakanin sellers, fintech solutions such as digital payment systems, inventory management apps, and online financial tools can help optimize their operations and make financial management more efficient.

The need for financial literacy among small-scale food vendors is critical for improving costing practices and overall business performance. According to Folajinmi and Peter (2020), small-scale businesses often lack the financial knowledge necessary to make informed decisions about pricing, cost control, and budgeting. Providing financial education and training to kakanin sellers can help them develop the skills needed to manage their finances effectively and ensure long-term business success.

The ability to effectively manage costs is not only essential for the profitability of kakanin businesses but also for their competitiveness in the marketplace. Jara-Rojas et al. (2018) demonstrated that small businesses in the food sector can achieve better technical efficiency by implementing cost management practices and adapting to changing market conditions. For kakanin sellers, staying competitive means understanding cost structures, adapting to consumer preferences, and optimizing production processes to meet demand without compromising quality.

In conclusion, small-scale kakanin sellers in Pagadian City faced significant challenges in managing their costs and pricing strategies. These challenges stemmed from limited financial management skills, fluctuating ingredient prices, and competition from larger food businesses. This study provided insights into how kakanin sellers improved their costing practices, enhanced

profitability, and supported the sustainability of their enterprises. The findings contributed to the growing body of literature on microenterprises financial practices, particularly within the context of traditional Filipino food businesses, and offered practical recommendations for small-scale vendors, policymakers, and researchers.

1.2. Theoretical Framework

The study was guided by the Transaction Cost Theory (TCT) by Coase (1937) and later developed by Williamson (1975, 1981). TCT explains how individuals and businesses make decisions that minimize financial, informational, and operational costs. Among the *kakanin* vendors, this theory was reflected in their efforts to reduce expenses, avoid risks, and act efficiently. They practiced cost minimization by portioning products, conserving ingredients, and adjusting recipes. Information-seeking appeared in their canvassing of prices and monitoring market trends to gather only essential data. To reduce uncertainty, they controlled production and preserved ingredients during unstable market conditions. In managing opportunism, they maintained product quality and competitive pricing to protect customers. Lastly, bounded rationality was evident in their use of simple costing methods like estimation and note-taking due to limited accounting knowledge. Overall, TCT explains that the vendors' informal costing and pricing practices were rational and adaptive, aimed at minimizing costs and sustaining their small businesses.

1.3. Statement of the Problem

This study aimed to explore the costing management practices of small-scale kakanin business owners in Pagadian City. These enterprises often struggled with unstable raw material prices, limited financial knowledge, and the absence of formal accounting systems. Given the continued demand for Filipino delicacies, it was important to analyze how these sellers described and applied their costing, pricing, and cost-minimization strategies to sustain their businesses. The study was conducted during the Academic Year 2025-2026 and sought to answer the central question: How did small-scale kakanin business owners in Pagadian City describe and apply their costing management practices?

To address this inquiry, the following questions were utilized to explore the costing management practices of small-scale kakanin business owners:

1. How do kakanin business owners calculate the direct cost of ingredients?
2. How do kakanin business owners account their indirect cost?
3. How do kakanin business owners determine their selling price?
4. How do kakanin business owners control the cost associated with their production?
5. How do kakanin business owners analyze the profitability of their products?
6. What challenges do kakanin business owners face in costing practices?
7. How do kakanin business owners address the challenges in costing practices?

1.4. Significance of the Study

This study contributes to the body of knowledge by examining the costing management practices of small-scale kakanin business owners in Pagadian City using Transaction Cost Theory as its guiding framework. It provides a clearer understanding of how micro-entrepreneurs compute costs, set prices, track expenses, and minimize operational expenditures while maintaining product quality. The findings offer practical insights that guide small-scale kakanin sellers in refining their costing practices to improve profitability and sustainability. Likewise, the results serve as a useful reference for aspiring entrepreneurs, local business development agencies, and researchers by documenting the challenges and strategies encountered by traditional food enterprises. In doing so, the study adds to the growing literature on microenterprise financial practices and highlights the role of effective costing in sustaining local businesses and cultural heritage.

1.5. Definition of Terms

The following terms were used extensively in this research study and were taken according to the definitions given below.

Costing Management: Costing management generally involves identifying, calculating, and controlling expenses in producing goods or services. This study refers to the methods and strategies kakanin sellers use to determine production costs, allocate expenses, and set selling prices.

Direct Costs: Direct costs typically include expenses that can be traced directly to the production of a product. This study refers to the costs for ingredients, packaging, and labor directly involved in making kakanin.

Indirect Costs: Indirect costs are expenses not directly tied to production but are necessary for business operations. In this study, indirect costs refer to electricity, water, transportation, and other overhead expenses of kakanin sellers.

Profit Margin: Profit margin is generally defined as the percentage of revenue remaining after all expenses are deducted from sales. This study refers to the rate of income that kakanin sellers in Pagadian City retain after covering all production and operational costs.

Kakanin: Kakanin refers to traditional Filipino rice-based delicacies made from glutinous rice, coconut milk, sugar, and other local ingredients. This study refers explicitly to the various traditional delicacies produced and sold by small-scale vendors in Pagadian City for local consumption.

CHAPTER 2

2. Research Method

This chapter presented the research methodology utilized in the study, describing the procedures undertaken to gather and analyze data on the costing management practices of small-scale *kakanin* sellers in Pagadian City. The approach was chosen to ensure the findings were accurate, reliable, and relevant to the research objectives. The methodology covered the research design, study respondents, research instrument, data gathering procedure, and data analysis method.

2.1. Research Design

The study used a qualitative research design to investigate the costing practices of small-scale *kakanin* businesses in Pagadian City. A qualitative approach was appropriate because the goal was to understand the experiences, strategies, and challenges these entrepreneurs faced things that could not be fully explained by numbers alone. By collecting descriptive and detailed data through participants' voices, the study engaged the realities of costing practices in small-scale food enterprises, providing depth and context to their everyday decision-making.

The study employed a qualitative case study as described by Merriam (1998). The case study approach was beneficial for understanding the practices of *kakanin* vendors from a specific area because it delved deeply into a bounded system, or its components as they related to each other (Tisdell, 2016). In this research, the focus was on how vendor and buyer experiences were shaped by the local context such as daily interactions with customers, pricing strategies influenced by ingredient costs, and cultural traditions that guided product offerings rather than on broad generalizations.

The researchers followed Merriam's case study guide, which included steps such as coding responses, grouping them into themes, and checking results through triangulation. These steps helped organize the data by identifying recurring patterns and confirming findings from different sources. Using Merriam's approach ensured that the analysis was grounded in the participants' actual experiences and added trustworthiness and reliability to the study.

The case of this study involved small-scale kakanin vendors in Pagadian City who used their own limited capital but chose to run their businesses in local markets. These vendors were selected because their products represented an important part of micro-entrepreneurship in the city, rooted in the community's preference for local delicacies. This case explored how these entrepreneurs created and applied their cost-structure strategies in order to survive in a challenging environment facing fluctuating ingredient prices, strong competition, and limited capital. Through this case, the study provided useful insights into sustainable costing practices within the local food industry.

2.2. Research Environment

The study was conducted in Pagadian CIty, the capital of Zamboanga del Sur in the southern Philippines. Known as the "Little Hong Kong of the South" because of its sloping terrain and coastal view of Illana Bay, Pagadian served as the regional administrative and commercial center of the Zamboanga Peninsula. The city was known for its vibrant market activity, where small-scale enterprises particularly food vendors thrived by catering to the diverse preferences of local residents and transient customers. Among these were kakanin sellers, who operated with limited capital yet remained competitive through strategies in pricing, sourcing, and portioning. The city's steady demand for traditional delicacies, combined with challenges such as fluctuating ingredient prices, stiff competition, and resource constraints, made Pagadian an ideal setting for examining the costing practices of small-scale *kakanin* businesses.

2.3. Research Participants

The study involved eight small-scale kakanin vendors from Pagadian City, Zamboanga del Sur. The number of participants was chosen to balance depth and manageability, it was small enough to allow for detailed qualitative analysis of each participant's costing practices, while still large enough to capture a range of perspectives and strategies. Participants were selected using purposive sampling, a technique often employed in qualitative research. According to Creswell (2014), purposive sampling allows researchers to intentionally choose individuals who can provide the most relevant and rich information about the phenomenon under study. In this case, the participants were small-scale kakanin vendors who directly engaged in cost monitoring, pricing, and production decisions. This method ensured that the research drew insights from those most knowledgeable about the topic and aligned with the study's objectives.

Participants were included based on the following criteria: (1) they were small-scale kakanin vendors selling in Pagadian City's public markets or transport terminals, (2) they were the owner or main person handling costs and pricing, (3) they operated on a small-scale serving primarily Pagadian City, (4) they had been in continuous operation for at least six months, (5) they were 18-60 years old, and (6) they willingly participated (with informed consent) and, when available , shared basic costing records. These criteria ensured that participants reflected the realities of small-scale kakanin enterprises in the city.

Participants possessed firsthand experience in managing small-scale food production and daily business operations, making them suitable informants for the study's focus on costing practices. Potential participants were identified through community referrals, market visits, and neighborhood networks. Their profiles are presented as follows:

P1. This participant is a sari-sari store owner who sells various types of *kakanin* every afternoon. Her small business has been her primary source of livelihood, enabling her to support her family and eventually help her daughter finish school. She manages both retail store operations and *kakanin* production, demonstrating long-term experience in small-scale entrepreneurship.

P2. This participant is relatively new to the *kakanin* business, with two years of experience. Her interest in the craft was inspired by her mother, who also prepared traditional delicacies. Despite being new to the trade, she has developed her own methods for costing, ingredient handling, and production planning as she continues to grow her home-based enterprise.

P3. This participant sells *kakanin* outside the cathedral church every Sunday, a routine she has maintained for several years. Her products cater to churchgoers and passersby, allowing her to build a consistent customer base. Her long-standing weekly selling practice has contributed to her familiarity with ingredient budgeting and demand forecasting.

P4. This participant has been selling *kakanin* in her neighborhood for a long time. Over the years, her products have become well-known, and she now has numerous loyal customers or *suki*. Her steady community presence has helped her refine her costing approaches and maintain consistent product quality.

P5. This participant began her *kakanin* business during the pandemic. Initially, she only cooked for family events, but after receiving repeated orders from relatives, she decided to formally start a small home-based business. Her experience taught her how to adjust production based on orders and manage costs during a period of economic uncertainty.

P6. This participant also started her business during the pandemic and later expanded her operations by supplying *kakanin* to school canteens. At times, her daughter helped sell the products by bringing them to school. Her business experience includes

adapting to variable demand and coordinating daily production schedules for institutional buyers.

P7. This participant began her entrepreneurial journey in her teenage years, selling various foods and trending products. She entered the *kakanin* business only around eight months ago out of curiosity, eventually discovering that *kakanin* became her best-selling product compared to her previous offerings. Her recent experience emphasizes adaptability and openness to exploring new business opportunities.

P8. This participant is a student who started his small *kakanin* business to help fund his education. He manages to balance studying and selling by allocating his free time to production and marketing. His experience reflects the role of microbusinesses as a means of financial support for young entrepreneurs.

To strengthen the credibility of the findings, the study triangulated information from individuals who directly interacted with the vendors' daily business operations. These included family members, who assisted in preparing ingredients, monitoring supplies, and managing daily tasks; paid laborers, who helped during large orders and confirmed production processes and cost-related practices; and suki customers, who validated consistency in product quality, pricing, and demand. Their insights served as external confirmation of the vendors' statements, ensuring that the data reflected actual practices rather than self-reported accounts alone.

2.4. Research Instrument

The primary instrument of this study was the researchers themselves, guided by a semi-structured interview guide. The researchers applied this guide to explore the cost-related strategies of the participants, clarify unclear responses, and examine the recurrence of themes that emerged during the interviews.

Data was gathered through a semi-structured interview guide tailored to kakanin vendors' costing practices in Pagadian CIty. The guide began with a brief script on purpose, confidentiality, voluntary participation, language, and audio-recording. It organized sub-questions with prompts and probes across even domains: ingredient costs, overhead, pricing, cost control, profitability tracking, costing challenges, and responses, plus an exit question. Interviews were administrative consistently yet flexibly to clarify and confirm recurring themes, and the instrument was reviewed by an expert panel for content validity.

The main instruments of this study included a semi-structured interview guide, a digital audio recorder, a field-notes template, and when available, basic business records. The interview guide contained sub-questions organized around key themes of costing, ensuring comprehensive and comparable responses. The audio recorder captured participants responses accurately for later transcription and analysis. The field-notes template documented important observations, including nonverbal cues and contextual details during interviews. Business records, such as expense journals, daybooks, and price logs, served as supplementary materials to verify and support the information provided by participants.

2.5. Data Gathering Procedure

The semi-structured interview guide, reviewed by the research adviser and panel members, served as the main instrument of the study. Before conducting the research, the researchers prepared an official letter of request seeking permission to carry out the study. This letter was endorsed and signed by the research instructor, dean, and school president. Once approval was obtained, participants signed an informed consent form explaining the purpose of the study, emphasizing voluntary participation, guaranteeing confidentiality, and outlining ethical considerations.

After securing consent, the researchers personally approached participants, introduced themselves, and explained the purpose and process of the interviews. Permission was also sought to audio-record each interview to ensure accurate documentation of responses. Interviews were conducted using the semi-structured guide, allowing participants to express their experiences freely in their preferred language. The researchers maintained respectful communication and sought clarification when needed to capture deeper insights.

Finally, all interviews will be transcribed verbatim, and together with observational notes and audio recordings, will form the basis for data analysis. These materials will provide a comprehensive foundation for answering the research questions and drawing conclusions about the costing practices of small-scale kakanin vendors in Pagadian City.

2.6. Data Analysis

Data gathered from interviews, observations, and business records were analyzed through categorical aggregation, as suggested by Merriam (1998). This approach involved examining individuals pieces of information and clustering them into meaningful categories. Rather than relying on single accounts, the analysis looked across multiple participants' responses to identify recurring ideas, experiences, and practices related to costing.

The process of categorical aggregation was supposed by thematic coding. Transcribed interviews, field notes, and supplemental records were carefully read and segmented into codes representing key ideas such as ingredient costs, pricing strategies, cost-control measures, and responses to market challenges. These records were grouped into broader categories, forming the basis for identifying themes across participants. This systematic coding ensured that the data remained grounded in participants' actual words and experiences.

To uphold research ethics, strict confidentiality protocols were observed throughout the analysis. Each participant was assigned a coded name (e.g., P1, P2, P3) to protect their identity. Identifying details were removed or generalized in the final report, ensuring that the voices of *kakanin* vendors were represented accurately while safeguarding their privacy.

2.7. Ethical Considerations in Research

Ethical considerations were associated with the concepts and criteria the researchers adhered to in ensuring that the study was conducted responsibly and ethically. These considerations aimed to protect the research's integrity and credibility, as well as the rights, safety, and well-being of participants.

The researchers rigorously followed safety and ethical procedures during data gathering. The following fundamental principles were observed throughout the study:

Informed Consent: The researchers informed and sought voluntary permission from participants. Before participating, they were provided complete details about the study's objectives, procedures, possible risks and benefits, and data confidentiality measures. Only those who gave written consent were included.

Confidentiality: The researchers ensured the protection of participants' identities and responses. Any potential limitations to data protection were clearly stated in the consent form. All gathered data were stored securely and accessed only by the research team.

Voluntary Participation: All participation was entirely voluntary and free from coercion. Responses could withdraw at any time without penalty or consequence.

Honesty and Integrity: The researchers upheld transparency and fairness. Findings were reported truthfully without alteration, fabrication, or distortion, and any conflicts of interest were disclosed.

Potential for Harm: Necessary precautions were taken to prevent physical, psychological, social, or economic harm to participants. Questions were designed to avoid sensitive issues that might cause discomfort.

Authorization to Access Private Information: The study complied with Republic Act 10173, or the Data Privacy Act of 2012. All personal and business-related information was collected with consent, used solely for research, and not shared without explicit authorization.

CHAPTER 3

3. Results and Discussions

This chapter presents the findings from the study on the costing practices of small-scale kakanin businesses in Pagadian City, Zamboanga del Sur. The study focused on understanding the practices of these small vendors, who face various challenges in managing production costs and setting appropriate prices for their traditional Filipino delicacies. The data was gathered through interviews with eight (8) kakanin business owners, conducted in-person. Participants were asked to reflect on their business practices, specifically focusing on the ways they manage costs, track expenses, and set prices for their products.

The study used a qualitative research design with a single case study approach. This design was chosen because it allows for an in-depth exploration of the unique challenges faced by kakanin vendors in a specific community. The case study approach is particularly effective in understanding the individual and contextual factors that influence business practices. The participants were identified and coded as P1, P2, P3, P4, P5, P6, P7, and P8 to maintain confidentiality in accordance with the Data Privacy Act of 2012.

The categories that emerged from the study are *Determining Direct Costs, Accounting for Indirect Costs, Setting Selling Prices, Controlling Production Costs, Evaluating Profitability, Experiencing Cost Challenges,* and *Responding to Costing Challenges.*

3.1. Determining Direct Costs

This major category reflects how *kakanin* vendors establish the direct cost of producing their products. Their methods vary from memory-based estimations to structured calculations, depending on the context and the level of accuracy required. Direct cost computation is influenced by daily routines, ingredient familiarity, product demand, and market price fluctuations. Vendors navigate between informal and semi-formal costing practices, revealing a flexible and experience-driven approach to financial decision-making. This category emerged from four subcategories: *Estimating Costs, Itemizing Ingredients, Recording Expenses*, and *Computing Totals.*

Estimating Costs: Estimating Costs captures vendors' reliance on habitual knowledge and intuition when determining ingredient expenses. They often use past experience and familiarity with recipes to approximate costs without written computation. This reflects a practical and time-efficient strategy that works well for routine, predictable production.

> "*Ang una, ang akong gihuna-huna ug pila ang presyo nga pwede nako siya i-baligya sa akoang customer. Mao to ga check ko ug pila ang kilo sa asukal, harina, ug sa ubang ingredients. Sa ato pa, akoang gi-divide. Sa isa ka kilo, ug pila kabuok maabot, dayon gi divide nako ug makaya ba siya sa tag tres…dili man so didto ko sa tag kwatro. Sa kwatro naa siya'y ma-imo…So didto gyud ko sa tag kwatro kay murag barato barato pa man tong asukal. Ang harina, mga ingredients kay barato-barato, makaya ra. Naa ra gyud, so mao tong didto ko sa tag kwatro…Naa gyu'y ginansiya nga makita.*" [First, what I thought about was how much I could sell it to my customers. So I checked the price per kilo of sugar, flour, and the other ingredients. Then I divided it — from one kilo, how many pieces can I make? After that, I divided the cost to see if selling it at 3 pesos per piece would work. It didn't, so I went with 4 pesos per piece. At 4 pesos, there is still a profit. So I really chose 4 pesos because sugar was still cheap at that time, and the flour and other ingredients were also affordable. It was manageable, and there was profit to be seen.] -P6
>
> *"Akoa pa nang gi bana-bana ang budget lang nako ba, kung baga mao'y akong gi taguan…Then mao to ang mga ingredients gyud nga needed mao'y akong gi-una syempre so wala sa ko'y mga gipangbutang na special, sagol-sagol akoa sang gi-una katong mga kinahanglanon gyud ana nga unsa ni…negosyo."* [I only made an estimated budget — like the amount I set aside. Then I prioritized the ingredients that were really needed, of course. I didn't include any special or extra ingredients yet. I focused first on the essentials that are really required for the business.] - P8
>
> *"Bana-bana ra namo, kay naanad naman mi wala na'y lista-lista. Ug unsa'y nakasanayan na ginapalit ug ginagasto, mao ra gyud pud to… Among presyo sa baligya, dili ra pud mag-usab."* [We just estimate, because we're used to it and don't make lists anymore. Whatever we're used to buying and spending on, that's basically it… Our selling prices don't really change either.] -P4
>
> *"Sa una lisud… pero karon kabalo nako nga kada kilo kay mga ingon ani ang magasto… mao na dayon akong gi-basehan kada adlaw."* [It was hard before…but now I know that each kilo cost about this much… how much will be spent… so that's what I base my calculations on every day.] -P4
>
> "*Akong gi-kwenta nga maka ginansya ba ko, ug di ra ko na-short sa akoang puhunan. Akoang i-total tanan nagasto nako…ug i-bahin nako sa pila'y mabuhat nako…tubuan ginagmay kanang igo-igo ra pud nga… maka-ginansya."* [I computed everything to check if I will earn a profit and not fall short of my capital. I will total all my expenses… then divided it by how many pieces I can produce… so that I can add a small markup — just enough for me to earn.] -P3
>
> "*Kanang mo gamit ko og calculator… dayon ginatantiya ra nako kung pila… kung pilla akong kanan magamit sa*

> *usa ka adlaw bitaw base sa mga miagi nga luto...*" [I use a calculator... then I just estimate how much I will use in one day based on my previous batches.] -P6

These responses show that participants use a blend of exact calculation and estimation depending on the situation. For small, regular production, they tend to rely on routine-based mental computation, but for larger orders, new prices, or bulk production, they shift to more precise calculations using calculators or phones. Participants consistently described that they rely on their familiarity with ingredient quantities, daily procurement routines, and habitual production patterns to estimate costs without written computation. This practice reflects a form of tacit knowledge, where costing becomes an embodied skill developed through repetition rather than through formal accounting techniques.

During the interviews, participants appeared confident when they demonstrated or explained how they divided the total ingredient cost by the number of pieces or trays. Some even used their phones in front of the researcher to show their computation. However, when talking about recent price increases or complicated cost scenarios, a few participants paused, rechecked their numbers, or corrected their initial answers, indicating that calculation remains an area where they still adjust and confirm their estimates.

When this interpretation of "calculation and estimation in costing" was presented to the participants for verification, they collectively agreed that the description accurately represented how they computed their prices in real practice. Several participants emphasized that they really start with total ingredient cost and then "divide" it by output, and that calculators or phones are used when orders are large or when they feel unsure. No one requested corrections, which suggests that the theme is consistent with the way they understand and apply costing in their daily operations.

Participants emphasized that the goal of their calculation and estimation is not mathematical perfection, but reasonableness and protection of profit. They shared that mental estimation is enough when production is routine, but exact calculation becomes necessary when circumstances change, such as bulk orders or rising ingredients prices. They also stressed that the use of calculators or phones is a way to avoid mistakes that might reduce their earning. In this sense, their practice reflects what the literature describes: simple but purposeful costing methods that convert complex expenses into understandable numbers. The participants' emphasis on "dividing cost" and "double-checking with calculators" confirms that calculation and estimation are important tools that they use to maintain fairness in pricing and stability in their income.

The participants' blend of estimation and calculation reflects costing behaviors commonly documented in micro-enterprise literature. Rachman et al. (2022) emphasized that small food and beverage businesses frequently compute production costs through straightforward arithmetic methods, such as summing ingredient expenses and dividing the total by the number of units produced. Their findings show that even without formal accounting systems, micro-entrepreneurs use practical, step-by-step calculations to determine per-piece pricing and ensure profitability—mirroring the participants' practice of totaling expenses and dividing them by output to select feasible selling prices.

Similarly, Deligero and Ballados (2025) reported that micro and small food retail enterprises rely on simple budgeting and basic numerical procedures to manage daily expenses, make pricing adjustments, and access profit margins, Their study highlights that informal yet consistent cost computation—wether done through calculators, mobile phones, or mental estimatio—remains central to financial decision-making among micro vendors. Together, these RRLs support the finding that kakanin entrepreneurs combine both exact calculation and estimation as practical, situation-dependent strategies for maintaining affordability, covering costs, and safeguarding their income.

Itemizing Ingredients: Itemizing Ingredients involves listing individual ingredients and assigning specific cost values per batch or per piece. This method appears when precision is needed, such as for bulk orders or fluctuating ingredient prices. It shows that vendors are capable of structured calculation when required.

> "
> *"I-compute nato by pieces. Pananglitan sa akoang isa ka bilao, akoang isa ka bilao is depende. Naa man ko'y size 16, size 14, naa pud ko'y small nga tag 100...Naa pud ta'y pananglitan sa 750 na bilao ang akoang puto is 30 pieces, akong biko is 35 pero akong biko is dili ako mag luto...Akong kutchinta is 35 pieces mo-total siya ug mga 100 pieces pero sa akong picture 90 pero pakapinan mana nako gud so ug mag costing ta, pananglitan sa 35 pieces nga puto, ibutang nato pila na ka flour...3 cups ana sugar...naa pa na'y itlog."* [Let's compute it by pieces. For example, in one of my bilao trays, it depends because I have size 16, size 14, and I also have a small one worth 100 pesos. For example, for the 750 pesos bilao. My puto is 30 pieces, my biko is 35 pieces, but I am not the one cooking the biko...My kutsinta is 35 pieces, so it totals around 100 pieces. In the picture it's only 90, but I always add extra pieces. So if we do costing, for example for 35 pieces of puto, we need to put how much flour...3 cups of sugar...and it also has eggs.] -P5
>
> *"Halimbawa oil...1 gallon...asukal. Sa isa ka kilong asukal ginabudget namo 20 kilos kamote or saging. Mao na'y budget namo sa isa ka kilo. Dayon...ang chikalang kada duha ka kilo sa 50 pieces, 100 pieces, tunga ra gyud ka kilo ang among magasto dayon oil."* [For example, for oil...1 gallon...sugar. For every kilo of sugar, we budget 20 kilos of cassava or bananas. That's our budget for every kilo. Then for the chikalang, for every 2 kilos we make about 50 pieces, 100 pieces, and we only use half a kilo. Then the oil.] -P1
>
> *"Kung isa ka kilo nga malagkit ug tunga'g kilo nga asukal akong gamiton, akong kwentahon pila total ana...Unya kanang apilan nako gamay nga allowance kung pananglitan magtaas pud ang presyo."* [If I use one kilo of glutinous rice and half a kilo of sugar, I will compute the total cost of that...Then I will add a small allowance in case the prices go up.] -P7
>
> *"Tan-awon nako pila ka kilo akong gamiton...dayon I-multiply nako sa presyo kada per kilo...unya ako i-add tanan aron makita ang total."* [First, I will check how many kilos I will use...then I will multiply it by the price per kilo...after that, I will add everything so I can see the total.] -P7

The data shows that itemized cost calculation is used by the kakanin sellers when they need clear and accurate costing. Unlike estimation, this method requires them to list ingredients, compute total expenses, and divide the cost based on the number of pieces or trays they produced. Sellers use itemized costing when ingredient prices change, when they offer several product types, or when

they prepare large orders. This helps them avoid losing money and ensures that they price their products fairly. The interviews suggest that itemized costing gives them a better picture of their spending and profit, especially during times when prices are unstable. This means that the sellers use itemized costing as a careful and more exact method to guide their pricing and protect their income.

When the interpreted meaning of this subcategory was returned to all participants during the member-checking stage, they collectively confirmed that the description accurately reflected how itemized costing is practiced among them. Several participants clarified that while they do not use itemized costing every day, they rely on it when product variations, bulk orders, or price increases require more precise calculations. No participant requested a revision, and their agreement supports the alignment between this study's interpretation and the literature. This validation strengthens the credibility of the findings and confirms that itemized costing functions as a financial safeguard rather than a routine process.

Participants emphasized that itemized costing is particularly important when accuracy is necessary, such as when producing multiple varieties of kakanin, managing bulk orders, or responding to fluctuating market prices. They shared that this costing approach helps prevent financial loss, mispricing, and ingredient miscalculation. While estimation-based costing was perceived as fast and convenient for daily routines, itemized costing was considered essential when certainty and precision were required. The participants described itemization as a careful, intentional process meant to protect income rather than a daily operational habit. This distinction suggests that itemized costing is viewed as a financial safeguard, validating both its practical value and situational importance within their business practices.

Jumawid et al. (2025) examined the costing practices of micro foodservice businesses and found that owners commonly rely on itemized, ingredient-based cost computation to determine their production expenses. Their study highlights how microentrepreneurs break down raw materials such as flour, sugar, rice, and oil and compute their total cost per batch of production, which is then divided by the total yield to derive the cost per piece or per serving. This structured approach allows vendors to understand the exact cost contribution of each ingredient and maintain consistency across product batches. Jumawid et al. also observed that many sellers include small price allowances to account for fluctuations in ingredient prices, particularly for essential items like sugar and cooking oil. This aligns closely with the participants' practice of calculating costs based on kilos, cups, or specific ingredient amounts and adjusting totals to reflect possible price increases. By emphasizing systematic, per-batch costing, the study demonstrates how itemization enhances financial control and accuracy in micro-scale food production.

Pietschmann et al. (2024) examines how micro-businesses in the food and beverage sector compute their production costs with precision by breaking down expenses into detailed ingredient-level components. Their findings show that small food enterprises often struggle with pricing accuracy when they rely solely on estimation; however, accuracy improves significantly when entrepreneurs calculate costs per batch and identify the exact contribution of each raw material. This mirrors the participants' practice of computing ingredient costs by kilos, cups, and exact quantities to determine a per-piece or per-bilao cost. The study emphasizes that precise, itemized costing helps micro-entrepreneurs avoid underpricing, adjust to fluctuating ingredient costs, and maintain profit stability-points that strongly align with the sellers' reliance on detailed costing during bulk orders, price changes, or product variations.

Recording Expenses: Recording Expenses highlights the vendors' effort to maintain simple written documentation of ingredient purchases and spending patterns. This practice supports memory and helps verify accuracy during future costing decisions. It represents an attempt to bring order and traceability into an informal business environment.

> *"Akoa ra na siyang gina-total tanan, sa merkado. Kasagara sa merkado man gyud nang mga ingana gyud, like kanang sa biko, ang mga ingredients. Gamay ra man gyud pud siya ug ingredients, di man pud siya ingon sa ubang mga food na daghan na pud kaayo siya ug ingredients na involved pud... sa merkado ra gyud... mag costing sa ingredients... isulat sa papel ug pila tanan nagasto..."* [I just total everything myself, especially the items from the market. Most of the things we use are really bought from the market, like for biko and its ingredients. It only needs a few ingredients, not like others food that require a lot. So I just get everything from the market... compute the cost of the ingredients... then write on paper how much was spent in total.] -P7
>
> *"Akong ginakuha ang resibo kada palit... ug akong i-record sa notebook para dali ra makita kung pila akong nagasto..."* [I get the receipt every time I buy something... and I record it in my notebook so it's easy to see how much I spent.] -P6
>
> *"Ako, akong ginabuhat kay gina-sulat gyud... kay ginagmay ra man pud ta diari dili man kinahanglan gyud na high-tech."* [What I do is I really write it down... since we are just a small-scale business here, there's no need for it to be high-tech.] -P5
>
> *"Gi total nako ug pila'y nagasto nako... gina sulat nako sa papel..."* [I totaled how much I spent... I'm writing it down on paper...] -P3

The data shows that manual recording is used by the *kakanin* sellers to keep track of their expenses, ingredient prices, and important notes related to their production. They write these details in notebooks so they can easily check their costs whenever they need to. This method helps them remember updated prices, compare expenses from previous days, and avoid mistakes when computing. Manual recording gives them a sense of control and allows them to double-check their costing, especially when ingredient prices change or when they are unsure about their estimation. The interviews suggest that keeping written records supports their decision-making and helps them manage their small business better, even if their system is simple and not formal.

After conducting follow-up interviews with the participants, we also asked several questions to their family members who occasionally help with the business, as well as the individuals they hire for labor. Based on their responses, the business operations are still going well and running smoothly. They shared that they prefer manual recording because it is already what they have been used to for many years. For them, writing the records by hands feels more familiar, reliable, and easier to control, especially since they have already developed a routine around it. Although they are aware that digital tools exist, they still believe that their traditional methods' works best for now, particularly since it aligns with their pace, comfort level, and current way of managing their daily transactions.

An observation made by the researcher during the interview was that the participants showed a high level of trust towards us, as they willingly allowed us to view their records without hesitation. This demonstrated their confidence and openness throughout the process. We also noticed that they were very flexible in managing their work. Most of the time, they personally handle everything from preparing the food to cleaning up afterward. They only hire additional laborers during peak seasons such as Christmas or New Year when the demand becomes higher and the workload increases. The set-up reflects their resourcefulness and ability to adapt depending on customer volume, available time, and business needs. Their approach shows that despite the challenges of running a small business, they have developed a system that works efficiently for them and supports their daily operations.

Yap (2019) investigated bookkeeping practices of micro-enterprises in the Philippines and found that many owners recognized the importance of maintaining records, even if done manually in simple notebooks. The study highlighted that businesses that consistently recorded transactions were more capable of identifying profit trends and detecting cash leakages compared with those that kept no written records at all.

Similarly, Moore (2022) emphasized that financial recordkeeping strategies, including proper recording of daily transactions and preparations of simple financial summaries, are fundamental for small businesses to monitor performance and make informed decisions. Although many micro-enterpreneurs lack formal accounting training, the presence of any systematic recordkeeping significantly improves their ability to understand costs and plan for the future. These studies support the manual recording practices of kakanin vendors as a foundational steps toward more structured financial management.

Computing Totals: Computing Totals represents the use of calculators, mobile phones, or costing applications to generate precise cost values. This approach is used when vendors require certainty in computing per-piece or per-batch cost.

> "*Naa koy app na gina-follow kasi mo divide siya directly ra para di bitaw ka mag lisod tapos indicate nimo…didto ibutang lang nimo ang iyahang…halimbawa like ang sa harina, sa flour, ang sa amount sa ingredients, tapos bukod sa imohang ingredients, mag-add ka sa imohang labor cost, sa imohang mark-up. Dapat naa pud ka sa imohang…halimbawa ako, butangan pud nako'g labor cost sa akoang kaugalingon ug pila akoang per hour, tapos labor nga kung naa ka'y assistant, apil na siya sa imong costing nga para sa total. Ug pila'y total niya, kanang ma-divide nimo, naa na dayon percentage.*" [I'm following an app that divides everything directly so you won't have a hard time. You just indicate there…for example, for the flour, the amount of each ingredient. Then aside from your ingredients, you also add your labor cost and your mark-up. You should also include…for example, I add my own labor cost based on how I earn per hour, and if you have an assistant, their labor is included in the costing too for the total amount. And once you get the total, the app divides it and shows the percentage right away.] -P2
>
> "*Naa ko'y gina adapt katong gi-ingon nako nimo ganiha naa ko'y ginagamit na app…tig-cost siya kay kato man gud, mas easy siya kay direct na mag calculate.*" [I'm adapting what I told you earlier. I'm using an app…it calculates the cost directly because it's easier that way.] -P2

The response of the participants shows an emerging digitalization of costing practices among micro kakanin businesses. While not yet full-blown computerized accounting, the use of mobile application aids accuracy and efficiency in computing direct costs. It shortens the time needed to re-compute costs when prices change and reduces simple mathematical errors. The adoption of these tools indicates a willingness among owners to integrate technology into their operations as long as it remains simple and accessible.

An observation made by the researcher during the interview was that the participant was very confident with her answers. It was evident that the app she was using was efficient for her, and that she had been using it for quite some time. She was very approachable and very willing to share the knowledge and experiences she has gained from her business.

The participant also suggested using the same application to make costing easier and to better track expenses or cash flow. According to her, tools like this can help small businesses become more organized and efficient, especially when it comes to budgeting and monitoring profits. She emphasized that in today's generation, we should make use of the resources and technology available to us, particularly now that the world is becoming more modern and digital. For her, adopting these tools is not only convenient but also a smart step toward improving business operations and decision-making.

Kazançoglu et al. (2021) study demonstrates how adopting systematic tools and methods can support sustainability and efficiency, reinforcing how digital apps can help small business owners monitor costs, reduce errors, and make better financial decisions. Thus, this study's findings complement the participant's experiences of technology adoption enhancing organizational and operational practices.

Rakshit et al. (2021) further examined mobile app utilization among SMEs in developing economies and observed that mobile-based tools support real-time decision-making in areas such as inventory, pricing, and customer transactions. Although their focus was broader than food micro-enterprises, the findings suggest that mobile devices can serve as low-cost, high-impact tools for financial computation and cost monitoring, especially for owners with limited access to formal accounting systems. These insights align with the practice of P2, who rely on mobile applications to streamline their costing process.

The findings under Determining Direct Costs' shows how *kakanin* vendors minimize uncertainty and handle daily decision-making in ways that align with Transaction Cost Theory. Coase's framework emphasizes that businesses aim to reduce the cost of gathering information, negotiating, and monitoring transactions. Sellers who use itemized costing, calculators, or mobile applications demonstrate efforts to lower these transaction costs by increasing the accuracy and speed of computing ingredient expenses. Meanwhile, reliance on experience-based estimation and rolling budgets reflects a low-cost mechanism for avoiding repeated computation, allowing vendors to make quick decisions without heavy cognitive effort. However, when ingredient prices fluctuate or when bulk orders occur, vendors shift from estimation to structured computation, indicating that they increase accuracy only when the risk of financial loss becomes high. This pattern

supports the theoretical idea that micro-enterprises adjust their costing behavior based on the economic trade-off between effort and risk, adopting more formal methods when uncertainty threatens profitability.

The findings suggest that kakanin vendors would benefit from practical tools that make cost computation easier, more consistent, and less reliant on memory. Since many sellers shift between estimation and itemized costing depending on the situation, introducing simple and user-friendly costing tools—such as standardized recipe costing sheets, mobile calculator templates, or laminated computation guides—can help stabilize their pricing and reduce the risk of underestimating costs. Local livelihood offices and cooperatives may also offer short training sessions on basic food costing to help vendors transition from purely experience-based estimation to more structured cost monitoring. These low-cost interventions can strengthen financial decision-making, help protect profit margins, and support long-term sustainability of the business.

4. Accounting for Indirect Costs

This major category explains how participants recognize and integrate various overhead expenses into their costing practices. Indirect costs such as gas, electricity, packaging, and transportation are difficult to measure precisely, leading vendors to use approximations and adaptive strategies. Their ability to integrate these costs reflects a practical understanding of true production expenses. This category was shaped by four subcategories: *Allocating Overhead, Including Overhead, Applying Percentages,* and *Adjusting Charges.*

Allocating Overhead: Allocating Overhead refers to dividing costs of utilities (gas, electricity, water) across multiple products or batches. This process helps vendors assign a reasonable portion of indirect expenses to each production cycle.

> *"Ang akoa is sa gas kasi mahal na kayo ang gas ug electricity karon tapos mao mao'y pinakataas namo na over overhead. Dayon ibahin pa na sa kung ika-pila na lutuan nagamit ang gas sa daily or monthly ba kaha..."* [My focus is on the gas because gas and electricity are really expensive now, and that's our highest overhead cost. Then I divide it based on how many times the gas was used for cooking, whether daily or monthly.] -P2
>
> *"Kung mag-assorted ko'g kakanin, akong gina-portion ang overhead fairly and equally sa kanang example if...lima ka klase."* [When I make assorted kakanin, I portion the overhead fairly and equally—like, for example, if there are five kinds.] -P2
>
> *"Kung 100 pieces akong lutuon, akong i-divide ang utility cost para makuha ug pila ang nagasto kada buok."* [If I cook 100 pieces, I divide the utility cost so I can determine how much was spent per piece.] -P5
>
> *"Ako gyud nang ginabahin-bahin ang kuan... ang gasto sa gas depende pila ka lutuan akong giluto."* [I really divide the gas expense depending on how many batches I cooked.] -P3
>
> *"Gina-bahin nako ang gasto sa kanang utilities...depende sa gidaghanon sa kakanin nga akong nabuhat."* [I divide the utility expenses depending on the number of kakanin I made.] -P4
>
> *"Akoang gina-bahin bahin ang gasto sa gas ug tubig base sa gidaghanon sa akoang naluto..."* [I divide the cost of gas and water based on the amount of food I cooked.] -P1
>
> *"Dili ko nagasulat sa kung mga bali'g pila akoa nagasto kay na-tantiya...na bana-bana nako ug mga pila ray magasto sa gasul..."* [I don't really write down how much I spend because I've already estimated it... I already have a rough idea of how much the LPG will cost.] -P1
>
> *"Wala ko'y exact nga record, pero ako lang tantiyahon pila kasagaran akong magasto sa tubig ug kuryente, ug uban pa..."* [I don't have an exact record, but I just estimate how much I usually spend on water, electricity, and other.] -P8
>
> *"Ginatan-aw ra nako ang average nga gasto sa gas kada adlaw, mga 50 pesos, unya ako na gyud i-apil sa pricing."* [I only look at the average daily gas expense, around 50 pesos, and I include that in the pricing.] -P7
>
> *"Mag-estimate ra ko sa packaging kay usahay...dili ko kapalit og wholesale bitaw kanang binulto"* [I only estimate the packaging cost because sometimes I can't buy wholesale or in bulk.] -P5
>
> *"Ang uban nga gastos like plete, ako ra sab gi-estimate ug gi-nadugang sa total cost."* [Other expenses like transportation fare, I also just estimate and add to the total cost.] -P3

Follow-up discussions from the different respondents mention that they allocate costs based on the number of food batches or the quantity of food items produced. Vendors who apply this method acknowledge that indirect expenses cannot be assigned to a single output and must be logically divided to reflect accurate cost-per-unit values.

An observation made by the researcher during the interview was that the participants are engaging in informal yet systematic ways of computing cost allocations. Several participants kept small notebooks with handwritten computations or in their cellphones showing breakdowns of gas or utility expenses divided per batch. In some instances, participants were seen estimating how many cooking cycles a single LPG tank could support and using this as a basis for calculating cost per batch, consistent with P2's and P3's statements. Participants demonstrated a habitual process of mentally estimating and then writing down their cost divisions as they prepared ingredients or monitored cooking time. These repeated calculation behaviors suggested not only awareness of utility expenses but also an ongoing effort to distribute them proportionately to maintain fair pricing and avoid losses.

The data show that kakanin producers do not treat indirect costs as lump-sum expenses. Instead, they actively break down overhead into manageable, production-based units, applying simple mathematical allocations such as dividing utility costs by the number of batches, types of products, or total pieces produced. Such practices reveal a form of grassroots cost accounting that is practical, intuitive, and accessible to small-scale business. Despite the absence of formal accounting tools, the participants' approaches demonstrate financial awareness and a clear intention to understand the true cost of production. These allocation methods allow them to manage expenses, set prices accurately, and avoid underestimating the cost of utilities, especially given the rising prices of gas and electricity mentioned by P2.

Fitriana (2022) mixed-methods study, 47 MSMEs in the food & beverage sector were surveyed to examine how they calculate their production cost and operating profit. The findings show that many

MSME operators have a *low understanding* of formal accounting standards: their own calculated production costs and profit deviate significantly from what would be obtained using full accounting methods.

Rohma and Prasiwi (2022) analyzed the use of process costing methods in ultra-micro businesses and found that proper allocation of overhead costs is essential for determining accurate production costs and profit margins. Their study showed that many micro-enterprises struggle with accurately assigning indirect costs due to limited accounting knowledge, but those who use even simple forms of cost allocation, such as dividing utility expenses based on production batches, are better able to manage pricing decisions.

Including Overhead. It refers to the practice of adding an extra amount to the selling price specifically to cover indirect expenses. Vendors reported that aside from ingredient costs, they also considered gas, water, and packaging when setting prices, integrating these into the final per-piece or per-bilao rate. In doing so, they ensured that overhead was not treated as a separate computation but embedded in their pricing decisions. The meaning behind this subcategory is that overhead inclusion became a built-in habit in their pricing logic, helping them avoid situations where utilities and other indirect costs silently erode their profit.

> *"Magbutang ko ug gamay nga dugang sa presyo aron mocover ang tanan indirect costs...though di na kaayo hasol sa akong part since naa ra man ko'y app na ginagamit..."* [I add a small amount to the price to cover all indirect costs, although it's not much trouble for me since I use an app to manage it.] -P2
>
> *"Ang akong presyo sa akong mga baligya kay naa ra gyud sa tag-P5 ug P10...apil na pud diha ang kuan...stick ug cellophane na gamiton sa pang balot."* [The prices of my products are generally set at around ₱5 and ₱10, including the materials like sticks and cellophane used for packaging.] -P1
>
> *"Ang akong presyo sa akoang mga baligya, dili lang kay sa mga gasto sa ingredients ang apil niana... kuan kanang apil pud ang tanan overhead na mga gasto."* [The prices of my products don't just cover the cost of the ingredients—they also include all overhead expenses.] -P4
>
> *"Ako gyud gina-add ang kanang gas, tubig, ug kuan...kuryente inig mag presyo para dili ko malugi."* [I make sure to include expenses like gas, water, and electricity when setting the prices so that I won't incur a loss.] -P3
>
> *"Magbutang ko ug gamay nga dugang sa presyo aron mocover ang tanan indirect costs."* [I add a small extra amount to the price to cover all indirect costs.] -P5
>
> *"Gina [lista] nako ang tanan gipalit nga...mga gamit na kinahanglanon sa packaging para kabalo ko pila akong nagasto kada semana."* [I also make a list of all the items I purchase for packaging materials so I know how much I spend each week.] -P7
>
> *"Gina-sulat nako tanan nga gasto sama sa gas, kuryente, ug cellophane sa akong notebook para klaro akong makita."* [I write down all my expenses, such as gas, electricity, and cellophane, in my notebook so I can clearly see them.] -P3

The responses show financial awareness among participants, indicating recognition that products should cover both direct and indirect costs. This demonstrates the evolution of financial literacy and shows that pricing decisions are gradually becoming more intentional and informed. Vendors who adopt this approach tend to protect their margins more consistently and adjust pricing with greater confidence.

The data indicate that kakanin business owners deliberately incorporate overhead costs into their product pricing, ensuring that indirect expenses such as utilities, packaging materials, and other miscellaneous costs are factored into the final selling price. Participants consistently reported adding a small amount to their product prices to cover costs like gas, electricity, water, sticks, and cellophane (P1, P2, P3, P4, P5). Some participants even utilize mobile applications to simplify tracking and calculation, demonstrating a practical integration of informal cost management with available technology (P2).

The data analysis shows that kakanin business owners account for their indirect costs by deliberately incorporating overhead into their product pricing, ensuring that expenses such as utilities, packaging materials, and other miscellaneous costs are reflected in the final selling price. Participants consistently reported adding a small amount to their product prices to cover costs like gas, electricity, water, sticks, and cellophane (P1, P2, P3, P4, P5). Some vendors even use mobile applications to assist in tracking and calculating these costs, reflecting a practical combination of informal cost management and accessible technology (P2). This approach demonstrates a growing financial awareness and intentionality in pricing decisions, where business owners recognize the importance of covering both direct and indirect costs to protect profit margins and sustain operations. By integrating overhead into pricing, vendors can make informed adjustments when costs fluctuate, maintain profitability, and operate with greater confidence, illustrating that experience-based and practical strategies effectively manage indirect expenses in small-scale food enterprises.

Rachman et al. (2022) illustrates the complexities and strategies small food enterprises employ when accounting for indirect costs. It was found that many micro food and beverage businesses rely on approximate, experience-based estimations of overhead, such as utilities and indirect labor, rather than structured accounting methods. They argue this informal practice, while pragmatic, may lead to underestimating true costs, and they suggest a simplified but more precise costing formula to improve accuracy.

Pratista and Santoso (2024) advocate for a cost-plus pricing strategy, wherein both direct and indirect costs are explicitly calculated, and a mark-up is added to determine final product prices. Their study demonstrated that MSMEs using this method experienced significant profit increases (up to 640%) and could even offer discounts while preserving profitability.

Applying Percentages: Applying Percentages describes the use of a mobile application or tool that assigns specific percentage shares for ingredients, manpower, gas, electricity, and other indirect costs. Vendors who used this app relied on its automated computation, where overhead and labor were represented as fixed percentages of the total cost. This method provided a more structured way to incorporate indirect costs without manually dividing every expense. The meaning behind this subcategory is that percentage-based costing represented a semi-formal approach that increased accuracy and reduced the cognitive load of overhead calculation, especially for those comfortable with digital tools.

> *"Katong akong app, mao rato akong ginagamit kay kanang dati man gud, ga-written lang ko. Mas lisod nako siya kuanon kay naa ko'y makalimtan tapos mali usahay ang costing, mali usahay pud ang pag compute. Kato siya gud akong ginagamit nga app is mo direct na bitaw siya's naay percentage na maabot dinhi na sa ingredients pila ka percentage sa manpower nimo pila sa imohang gas and electricity naa makita na nimo diretso. Mao naman gud ang ginagamit karon oy di na bitaw parehas dati nga mag sige ka'g sulat mano-mano oo mas lisod siya kung imano-mano man gud nimo labaw na'g kanang dinaghan imong ginabuhat..."* [As for my app, that's what I use now because before, I used to write everything down manually. It was harder for me because I could forget things, and sometimes the costing or computations would be wrong. The app I use now directly calculates percentages—how much of your ingredients, manpower, gas, and electricity are used—so you can see everything immediately. That's why I use it now; it's much easier than before when I had to write everything by hand, especially when you have a lot of things to track.] -P2
>
> *"Bukod sa imohang ingredients mag add ka sa imohang labor cost, sa imohang electricity, gas and kanang sa naga per-hour. Bukod man gud sa naa kay kita sa imohang gibaligya, imohang mark-up, dapat naa pud ka sa imohang...halimbawa ako, butangan pud nako'g labor cost sa akoang kaugalingon ug pila akoang per hour...tapos aside ana nga labor kay kung naa kay assistant, naa kay kuyog magluto or trabaho, apil pud na siya sa imong costing... Apil na siya sa imong costing, ug pila'y total niya, i-divide nimo. Naa bitaw inana, kanang naay percentage."* [Aside from your ingredients, you should also add your labor cost, electricity, gas, and hourly rate. Besides the profit you make from your sales, your mark-up should also include...for example, in my case, I also include a labor cost for myself and my hourly rate. Then, aside from my own labor, if you have an assistant helping you cook or work, that should also be included in your costing. You include it in your total costing, and then you divide it. There's actually a method like that, using percentages.] -P2

The responses from the participant allow for quick cost allocation based on fixed percentages of total revenue or production costs, and the use of technology, such as apps, can make this process even more efficient. While this method has limitations in terms of precision, it offers a practical solution for businesses with limited resources or accounting expertise, ensuring that overhead costs are accounted for while maintaining ease of use and flexibility in adapting to changing circumstances.

An observation made by the researchers during the interview reveals that the participants' use of an app to automatically calculate costs and expenses has significantly benefited their business. By setting a fixed percentage for each product, the app helps the participant easily allocate indirect costs such as utilities, labor, and other overhead expenses without manual calculations. This approach not only simplifies cost management but also ensures that all expenses are consistently accounted for in the pricing structure. The app provides a real-time and automated solution for tracking costs, which helps the participant maintain accurate profit margins and adjust prices as needed to cover fluctuating costs. Ultimately, this tool enhances the efficiency and financial stability of the business by making overhead cost management more streamlined and less prone to errors or oversight.

The data analysis indicates that participant account for indirect costs by incorporating labor, utilities, and other overhead expenses into a structured costing system, often using fixed percentages to allocate costs across products. Participant responses reveal that overhead considerations include not only ingredients but also labor (both the owner's and assistants), electricity, gas, and other operational expenses, which are incorporated into total costs before determining the final product price (P2). Further highlight that technology, such as cost-calculating apps, plays a key role in simplifying and systematizing this process. The participant noted that using an app allows for the immediate calculation of cost percentages covering ingredients, manpower, and utilities, thereby reducing errors compared to manual record-keeping. This approach streamlines cost management, ensures the consistent inclusion of overhead in pricing, and provides real-time tracking, enabling adjustments to maintain profitability amid fluctuating expenses. While the method may not be perfectly precise, it represents a practical, efficient, and adaptive strategy for micro-business owners with limited accounting expertise, allowing them to reliably account for indirect costs, maintain profit margins, and sustain financial stability.

Arifin and Eristiawan (2025) study develops a detailed COGM model for a small food enterprise (UMKM in the culinary sector), using full costing to allocate overhead (manufacturing costs) including utilities and labor. Although not percentage-based, the use of full costing shows how small food vendors systematically allocate overhead costs into the cost of goods, aligning with your participants' goal of making sure their indirect costs (gas, electricity) are included in their pricing.

Halimatusadiah (2024) investigates how the education, experience, and background of MSME owners affect their understanding of COGS, overhead cost allocation, and how they price their products. Your finding that kakanin vendors track overhead in notebooks or via apps can be framed within this study: demographic and skill factors influence how well small business owners manage cost accounting, which in turn affects how accurately they assign indirect costs percentage-wise.

Adjusting Charges: Adjusting Charges involves adding an extra amount to the selling price to account for overhead consumption. This ensures that despite estimation errors, vendors can still recover operational costs.

> "Kung mahal ang gas karon, ako pud i-increase gamay ang presyo sa mga umaabot na adlaw kay aron dili pud ko ma-ginansi..." [If gas prices go up, I also slightly increase the prices of my products in the coming days so I won't incur losses.] -P6
>
> "Every two weeks, akong ginacheck akong mga gasto para ma-update kung kinahanglan." [Every two weeks, I check my expenses to update them if necessary.]-P7

The follow-up interviews highlight the importance of regularly reassessing and modifying product prices in response to fluctuations in overhead costs, market conditions, and business requirements. Small businesses, especially in food production, need this practice to maintain profitability while staying competitive. For

example, P6 adjusts their product prices when gas prices rise, ensuring that they avoid losses by increasing prices accordingly. Similarly, P7 conducts a bi-weekly review of expenses, updating pricing as needed to reflect changing production costs. These practices help small-scale businesses manage cost increases and demand shifts without compromising their bottom line.

An observation made by the researcher during the interviews further validated these findings, showing that participants approached discussions about price adjustments with confidence and practical insight, indicating that regular monitoring of expenses is a routine and well-integrated aspect of their business operations. These practices allow vendors to maintain profitability, manage cost fluctuations, and remain competitive without extensive formal accounting systems.

The data reveals that kakanin business owners systematically account for indirect costs by periodically reviewing and adjusting product prices in response to fluctuations in overhead expenses and prevailing market conditions. Participants reported employing practical strategies, such as increasing prices when gas prices rise to mitigate potential losses (P6), and conducting bi-weekly reviews of expenses to ensure that pricing accurately reflects current production costs (P7). Observational data further confirm these findings, demonstrating that participants approach pricing adjustments with confidence and practical discernment, suggesting that periodic cost monitoring is an integral component of their business routines. Such adaptive strategies enable kakanin vendors to maintain profitability, respond to cost fluctuations, and remain competitive without reliance on formal accounting systems.

Reyroso et al. (2023) examines how small and medium enterprises (SMEs) in the Philippines apply management accounting practices particularly costing, planning, and control to guide strategic decisions. The authors found that SMEs place high importance on costing information when setting sales prices, showing that cost data including indirect costs are used actively in pricing strategy.

Jumawid et al. (2025) study identifies two main costing methods among micro foodservice owners: ingredient-based costing and full costing. The use of full costing, which includes indirect costs, parallels your participants' strategy of periodically adjusting prices in response to overhead cost fluctuations like utilities. The authors also highlight that business owners adapt their costing system to reflect real-time changes in their operating environment, mirroring how your kakanin vendors do bi-weekly reviews and reprice based on rising gas or electricity costs.

The data on indirect cost accounting reflects the high measurement and allocation challenges described in Transaction Cost Theory. Since overhead expenses like electricity, gas, and water are shared with household consumption, the cost of monitoring them becomes high, making precise allocation difficult. Vendors who divide utilities per batch or use a percentage-based overhead method are attempting to reduce uncertainty through simplified cost allocation systems, thus lowering internal transaction costs. Those who do not systematically track overhead demonstrate that when monitoring becomes too costly relative to perceived benefits, micro-entrepreneurs choose informal strategies that require less effort. These behaviors reflect Coase's principle that firms will only formalize processes when the cost of doing so is lower than the losses they may incur from inaccuracy. Ultimately, the findings show that indirect cost accounting evolves in adaptive ways, depending on how costly or practical monitoring becomes for the vendor.

Given the difficulty vendors face in allocating indirect expenses such as gas, electricity, and water, practical support should focus on helping them develop simple and realistic systems for overhead tracking. Providing easy-to-use reference tools, such as overhead percentage guides or batch-based utility allocation worksheets, can help vendors understand how much each production cycle truly costs. Barangay-based livelihood programs may also teach small vendors how to incorporate indirect costs into their pricing without overwhelming them with technical accounting terms. By introducing these straightforward methods, vendors can recognize hidden expenses, adjust their pricing more accurately, and maintain better financial control even without formal bookkeeping training.

4.1. Setting Selling Prices

This major category shows the pricing strategies used by *kakanin* vendors to arrive at selling prices that balance affordability, competition, and profit. Vendors consider not only their computed costs but also customer purchasing behavior and competitive pressures. Pricing decisions reflect both economic reasoning and social awareness. This category emerged from three subcategories: *Applying Mark-Up, Benchmarking Prices*, and *Considering Market.*

Applying Mark-Up: Applying Mark-Up refers to adding a profit margin on top of the computed cost. Vendors often use a fixed amount or percentage to ensure earnings without overpricing.

> *"Ang presyo always gyud magbase sa costing kay pag wala gyud kay costing dili ka ka maglisod ka ug buhat sa imong presyo kasi dili ka pwede nga ah ingani lang akoang price okay na ni tubo nako gamay dili pwede dapat naa kay percentage dapat pud ikaw nga nagbaligya ikaw na nagbuhat, imo gyud pud iapil ang imohang cost pud na, cost pud ka apil ka sa costing sa imohang produkto like sa akoa ang i-ingredients I tapos mga gas,electricity, ana tapos imohang manpower, overall ana nila imohang iadd. After nimo na siya iadd imong idivide sa ug pila ka items to imong nabuhat then after ana nadivide na nimo mag add ka'g 30 percent to 40 percent mark-up."* [The price should always be based on the costing. If you don't have costing, it will be hard to set a price because you can't just say, "This price is okay, I'll get a little profit"—that won't work. You need to have a percentage. As the seller, you need to include your costs in the costing of your product. For example, for me, I include the ingredients, then gas, electricity, and manpower—add all of that together. After totaling, you divide by the number of items you made. Then, after that, you add a 30 to 40 percent markup.] -P2
>
> *"Gi total nako tanang mga ingredients kay normal mao naman gyu'y kuan sa mga negosyante kanang mga total sa cost sa mga ingredients…Dayon mao na to siya, ug pila'y total ato syempre naa na pud kay kuan ato sa imoha kay as profit na pud ba."* [I total all the ingredients because that's the usual practice for businessmen—to get the total cost of the ingredients. Then that's it. From that total, of course, you also include your share as profit.] -P7
>
> *"Sa selling price sa akong kakanin…less kuhaon nimo ang ingredients tanan apil ang labor tanan…dayon i-calculate gyud nimo nga naa kay ginansiya, mao ra gyud na siya…"* [For the selling price of my kakanin… you subtract all the ingredients, including labor… then you calculate so that you still make a profit. That's basically it.] -P5

> *"Bana-bana na maka ginansiya ra pud gamay, ug pamati nako nga kaning presyoha, mao na ning presyo sa nagasto nako sa tanan, tubuan lang pud ginagmay..."* [We just estimate so we can make a small profit, and I feel that this price reflects all my expenses—then we just add a little extra profit.] -P4
> *"Siguro akong mga presyo sa akong mga kakanin, gi maintain nalang gyud ang presyo para bahalag ginagmay basta kanunay. Mag unsa man ta kung mag mahal, masayang ra imong baligya, dili mahurot. Mao na ga-maintain gyud mi tag singko bahala na ug tag singko, ginagmay'ng ginansiya basta kanunay hurot among baligya..."* [Maybe I just maintain the prices of my kakanin, so even if the profit is small, it's consistent. What good is it to raise prices? The sales might not finish, and it would go to waste. That's why we keep it at five pesos—small profit, but at least everything we make gets sold.] -P1
> *"Akoang gi konsidera nga maka ginansiya gyud pud ko sa akong mga gipangbaligya...Bahala'g gamay ra among ginansiya basta kanunay lang among halin."* [I consider it important that I still make a profit on what I sell... Even if the profit is small, as long as we keep selling consistently.] -P1
> *"Pero otso akoa kay ang ingredients kay di man pud magsilbi dili ka maka-ginansiya."* [But for me, it's eight because the ingredients have to be enough; otherwise, you can't make a profit.] -P5

The data interpretation indicates that participants recognize the importance of accurately tracking both direct and indirect expenses. By breaking down their costs, they can calculate the true cost per piece and set fair selling prices that reflect the total expenses involved in making *kakanin*. Sellers also emphasized that they do not only focus on the direct ingredients but also account for utilities and labor, which are essential but often overlooked costs. This detailed breakdown enables them to manage their finances more effectively and avoid underpricing their products. The data suggests that the practice of tracking expenses is not formalized but is a practical, self-developed approach that is integral to how these kakanin vendors run their businesses.

From the analysis, it is clear that costing and expense breakdowns are important in the financial decision-making process of *kakanin* sellers. The practice of calculating both direct and indirect costs allows participants to have a clearer picture of their expenses and earnings. The breakdown of costs helps sellers understand the margin between their selling price and production costs, enabling them to adjust their prices if necessary to ensure profitability. Additionally, by tracking indirect expenses, such as gas, electricity, and labor, sellers can better control their overall costs and avoid financial surprises. This practice is not merely an accounting tool but a strategy to ensure that each product sold contributes positively to their financial goals. The analysis emphasized that even in a small-scale business, understanding and tracking all costs—both direct and indirect—are important to maintaining a sustainable and profitable operation.

The data show that *kakanin* vendors systematically determine their prices through a detailed breakdown of both ingredient and overhead costs. Participants described including all expenses such as ingredients, gas, electricity, and labor, then dividing the total by the number of items produced to calculate the base cost, as mentioned by P2, P4, and P5. After this, a mark-up of 30 to 40 percent is added to ensure profit. This practice shows that vendors use a practical and organized way of setting prices. They know their total expenses and make sure they earn enough profit. Even without formal accounting, their methods help them set fair and sustainable prices that match their costs and the income they need.

Deligero and Ballados (2025) emphasized that itemized costing allows micro and small food enterprises to accurately determine the real cost of their products. By breaking down expenses into categories such as raw materials, labor, packaging, and overhead, business owners can identify areas where costs can be minimized without affecting product quality. The authors emphasized that such detailed cost tracking helps entrepreneurs make informed decisions about pricing. This supports the practices of kakanin sellers, who calculate ingredient costs per batch or per tray to ensure they avoid underpricing while maintaining profitability.

Kajal et al. (2021) emphasized that a detailed expense breakdown enables small and medium enterprises to set more accurate and sustainable prices. Their study highlighted that when business owners understand the full composition of their costs — including raw materials, labor, overhead, and packaging — they can determine pricing that covers all expenses while maintaining profitability. This aligns with the practices of kakanin sellers, who compute ingredient and batch costs to ensure their prices are sufficient to cover production and yield a reasonable profit.

Benchmarking Prices: Benchmarking Prices involves comparing prices with competitors in the market. Vendors ensure that their prices align with what customers perceive as fair and competitive.

> *"Kanang usually gyud, ang mga presyo diri, naniid ko sa city, tag diyes ilang baligya sa budbud balanghoy...pero ang size kay didto ko ning bawi, didto nalang ko nag base, tag diyes siya pero gagmay. Ang akong gi himo para maka-less ko sa dahon...dagkuon nako siya pero taas pud iyang presyo syempre...mao na akong pamaagi..."* [Usually, the prices here. I've observed that in the city, they sell budbud balanghoy for ten pesos... but the size there is smaller, so that's what I base mine on. I make mine bigger so I can use fewer leaves, but of course the price is higher. That's my approach.] -P8
> *"Ang puto baya sa Pagadian naa biya... sa otso? siyete? inana akoa otso...mao gyud na akoa otso...siyete..."* [The puto in Pagadian—how much is it there, eight? Seven? Mine is eight... seven...] -P5

Participants practice competition-sensitive pricing, suggesting awareness of market equilibrium and fear of losing customers to substitutes.

During the interviews, the researcher observed that vendors consider the prices of similar products sold by other vendors when determining their own prices. Participants said they check what others are charging nearby or in the city and use that as a guide, as P5 shared about pricing *puto* at eight pesos while others sell for seven or eight pesos. Vendors also adjust for differences in size or ingredients, as P8 explained with *budbud balanghoy*, to set a fair price. Comparing these observations with interview responses shows that vendors use competitor prices to stay competitive while still making a profit.

The data show that *kakanin* vendors set their prices by comparing them with similar products sold by other vendors. Participants described observing competitors' prices in nearby areas or cities and using these as a guide for their own pricing, as P5 noted with *puto* priced at eight pesos while others sell for seven or eight pesos. Vendors also adjust for differences in size or ingredients to justify higher or lower prices, as P8 explained with *budbud balanghoy*, making theirs bigger but slightly more expensive. These practices indicate that vendors actively monitor the market and use competitor pricing to stay competitive while ensuring they still earn a profit.

Aguilar et al. (2024) study found that competitive pricing (i.e., setting prices based on competitors) is a pricing strategy significantly correlated with SME performance (profitability, stability, growth). This supports the observation that kakanin vendors monitor their competitors' prices when setting their own. It indicates that using competitive pricing is a rational and effective strategy for small businesses to remain viable.

Pratiwi (2024) found that food stall owners (micro food vendors) respond to cost pressures like rice price surges by adjusting their prices, often by comparing what other vendors charge, altering portion sizes, or changing recipe/quality. This strongly parallels the finding vendors not only track their costs, but also respond to market conditions (competitor prices) in determining what to charge. Their "price adjustment" strategy mirrors P5 & P8 observations of monitoring and aligning with competitor kakanin prices.

Considering Market: Considering Market captures how sellers adjust prices based on customer affordability, demand, and purchasing patterns. They evaluate whether the community can bear slight increases without affecting sales.

> "*Dapat naa ka'y consideration sa imohang market target, kung asa ka diba halimbawa like ani, city man ni siya so city. Naa ra'y kaya mupalit ang tawo so didto gihapon ka maski pa mo ingon ka ug kaya nila mupalit, quantity over quality pud gihapon ka kung halimbawa, naa ka sa urban areas, so dili man ka afford ang tawo, dili pud nimo pwede nga iadjust imong product para ma kuan nila. Pwede kana bawasan lang nimo pila ka pieces para mobarato lang, maavail nila like sa akoa, kana akong kakanin is per pack akong baligya so 20 pieces per pack, ana siya, ang uban gali kay dili gyud na maskin gali diri sa city nay uban na dili ka afford kanang maskin diba 150 lang na siya. So sometimes pag naa ko'y sobra, ginabuhat nako siya into half. If naa'y mga sobra, mga extra, dili kaabot sa isa ka pack nga quantity, akoa ihatag para ang uban na gusto lang bitaw mo try, gusto makatilaw, kana uban na wala'y kaya ipalit. Wala'y extra money para ani…"* [You have to consider your target market—where you're selling. For example, this is in the city, so people here have the ability to buy. Even if you think they can afford it, quantity over quality still matters. If you're in urban areas and people can't really afford it, you can't just adjust your product to make it cheaper. You can only reduce the number of pieces so it becomes more affordable and accessible. For example, I sell my kakanin per pack—20 pieces per pack. Even at that, some people in the city still can't afford it, even if it's only 150 pesos. So sometimes, if I have extra, I split it in half. If there are leftover pieces that don't make a full pack, I give them out so people who just want to try or taste it can have some, especially those who don't have money to buy a full pack. There's no extra profit from this.] -P2

> *"Kanang [example imo gyud gihatagan ug consider nga makatubo ra gyud pud ka], akong gikuan sa akong mga customer nga ayuhon lang pud nako sila ug pananglitan naa sila'y mga reklamo andam pud ko nga mo dawat mo tubag sa ilang mga reklamo ug akoa pud i-kuan ang sa akoang pagluto tan-awon nako ug angayan ba siya nga kuanan nako ang ingredients, dungagan ba or kulangan, ug mo ingon sila'g kulang ang sugar, mo additional pud ko ana pero at least naa ra gihapon sa presyo na akoang gihatag nila. Naa ra gihapon mahimo na ginansiya."* [For example, I really consider making sure I still get a profit. I also take care of my customers—if they have complaints, I'm ready to listen and respond. I check my cooking too, to see if the ingredients are enough, if I need to add more, or if something is lacking. If they say the sugar is not enough, I add more, but it's still included in the price I gave them. Even then, I can still make a profit.] -P6

The statements reveal a demand-based pricing logic where affordability dictates selling price, particularly in competitive and price-sensitive local markets.

During the interviews, the researcher observed that vendors think carefully about their customers when setting prices. They consider what people can afford and adjust the quantity or packaging to make products easier to buy, as P2 explained. Some vendors keep prices reasonable to balance good quality and profit, avoiding prices that are too high or too low. Others respond to customer feedback by changing ingredient amounts without raising the price, as P6 shared. Comparing these observations with interview responses shows that vendors set prices based on both the market and customer needs, making sure they can sell consistently while still earning a profit.

The data show that *kakanin* vendors set prices based on their target market and customers' ability to pay. Participants explained that they consider what people can afford and adjust the quantity or packaging to make products more accessible, as P2 described with splitting packs or giving smaller portions to allow people to try. Some vendors focus on keeping prices reasonable to balance quality and profit, avoiding prices that are too high or too low, as also noted by P2. Participants also take customer feedback into account, adjusting ingredients when needed without changing the price, ensuring satisfaction while still earning a profit, as P6 shared. These practices reveal that vendors make pricing decisions based on both market conditions and customer needs, showing practical strategies to maintain sales and profitability.

Tacardon et al. (2023) found that perceived value which includes economic/affordability factors significantly influences why consumers buy street food. The authors note that many street-food customers are sensitive to price and value, which supports the finding that kakanin vendors adjust pricing and packaging based on what customers can afford.

Al-Jundi et al. (2020) examines how low-income conditions drive people into street vending and how that affects their pricing strategies. Because poverty constrains both vendors and customers, street vendors often set lower prices to match customers' limited purchasing power, reinforcing a demand- and affordability-based

logic. This aligns with your participants' behavior of adjusting quantities or packaging to make products more accessible.

The setting of selling prices of kakanin vendors illustrate how businesses govern exchanges under uncertainty, aligning with Transaction Cost Theory's view of pricing as a mechanism for market coordination. Vendors who compute break-even points and apply mark-ups demonstrate efforts to reduce uncertainty through structured decision-making. In contrast, those who rely on intuition or "gut feel" adopt low-transaction-cost strategies that depend on habitual buyer behavior and social norms within the local market. Price adjustments made in response to ingredient cost changes also reflect the adaptation costs described by Coase, where sellers must continuously renegotiate their pricing decisions to remain competitive yet profitable. These patterns demonstrate that pricing is not merely a mathematical activity, but a balancing act between minimizing the cost of information gathering, maintaining customer relationships, and adapting to external volatility. Thus, pricing behaviors among micro-entrepreneurs represent strategic attempts to manage market uncertainty with the least possible friction.

The findings indicate that pricing decisions are frequently influenced by customer expectations, competition, and fluctuations in costs. To support vendors in setting fair yet profitable prices, practical interventions may include short lessons on break-even analysis, mark-up calculation, and value-based pricing. Local support groups or LGUs can also create community pricing guides or peer benchmarking groups to maintain fairness and reduce price undercutting among sellers in the same area. Simple "Price Adjustment Guide Cards" may further help vendors explain necessary price increases to their customers, improving transparency and reducing conflict. These efforts can strengthen their confidence in pricing and help maintain profitability even during market changes.

4.2. Controlling Production Costs

This major category captures the strategies that *kakanin* vendors use to minimize expenses and maintain profitability despite rising ingredient prices and limited financial resources. Vendors demonstrate practical decision-making by adjusting portions, reducing waste, choosing economical suppliers, modifying recipes, and regulating their production volume to avoid unnecessary costs. These strategies highlight their resourcefulness, adaptability, and careful management of available resources in order to sustain their operations. This category emerged from four subcategories*: Monitoring Inventory, Regulating Production, Portioning Products, and Strategic Purchasing.*

Monitoring Inventory: It involves tracking ingredients, materials, and products to ensure that kakanin vendors have the right amount of stock to meet demand without overstocking or running out of supplies. Proper inventory management is essential for reducing waste, optimizing production, and maintaining profitability.

> "
> *"Dapat parehas nalang sa akong ingredients dapat sakto imohang pag monitor, dapat wala'y' mausik, wala'y malabay kay kung rest sa amoa, gina-kilo namo ug gina-grams namo ang tanan ug gina-scoop, wala'y masayang kay para... mao man gud na among ginasunod pud sa inventory... ga inventory mo, dapat kumpleto kag... weekly ko ga inventory kay para, succeeding nga week, nga naa ko'y buly orders, na[kita] nako siya nga wala ko ga ran out."* [It should be same as my ingredients, and you need to monitor them correctly. Nothing should be wasted or thrown away because, in our place, we weigh and measure everything in grams and scoop them properly. Nothing gets wasted because that's how we follow our inventory. If you are doing inventory, you need to do it completely. I do inventory weekly so that in the following week, when I have bulk orders, I can see that I didn't run out of anything.] -P2
>
> *"Sa akoang kakanin business, ang sekreto sa pag-manage sa gasto kay... magplano ug maayo sa inventory, dili mag palit ug sobra para maka-save ug para mas maka sigurado ko nga dili magka-waste sa ingedients pinaagi sa tamang pag-process. Kanunay nako i-monitor ang daily expenses ug income para makita ang mga areas nga pwede i-adjust."* [In my kakanin business, the secret to managing expenses is... planning the inventory well, not buying too much so I can save, and making sure there's no waste through proper processing. I always monitor daily expenses and income so I can see which areas need adjustment.] -P1
>
> *"Para maigo gyud siya, gi-kinilo man gud siya nako, kumbaga lahi-lahi man gud siya, dili siya same ug gidaghanon sa mga ingredients kumbaga sa sugar, brown sugar mu–palit ko'g mga duha ka kilo dayon katunga pud siya sa katong kinugay ug margarine ug... unsa pa."* [To make everything exact, I weigh the ingredients. They vary because each dish uses different amounts. For example, for sugar and brown sugar, I buy around two kilos, and then I also get half of grated coconut, margarine and whatever else is needed.] -P8
>
> *"Possible pud nga naa pu'y ing-ana nga instances like, gamay ra akong nabanggod nga kamanting so naay sobra sugar, so i-preserve to nako para sa sunod napud nakong paghimog budbud, nga para di siya madaot."* [It's really possible that there are instances like that, when I grate only a small amount of cassava, there's leftover sugar, so I just preserve it for the next time I make budbud so it won't spoil.] -P8
>
> *"Dili man gud siya ingon nga ma-bana pud gud, pag once nga kompleto, gatimbang ka. Naa ka'y gina-follow nga mga ingredients pila'y timbang, pila ka scoop."* [It's not something you can just estimate. Once you follow the measurements and weigh everything, you know exactly how much of each ingredient, how many scoops, how much weight is needed.] -P2
>
> *"Mag-control ko sa akong mga ingredients, kana ra gyud. Kinahanglan, ma-rolling, ma-budgetan gyud kay adlaw-adlaw gyud mi mangompra."* [I really make sure to control my ingredients. I need to roll, it has to be manage properly and budgeted because we buy supplies everyday.] -P1
>
> *"Ang akoang mga ingredients, mostly wala'y mabilin nga sobra kay na-measure naman gud nako kung sa kini nga putahe kay pilay kinahanglan nga rekados."* [With my ingredients, there is usually nothing left over because I already measure how much each dish needs.] -P5
>
> *"Mag lista ko daan ug pila'y- unsa'y akoang palitonon sa akoang mga niluto, bahin sa mga asukar ilista nako, pila ka kilo akong magamit."* [I make a list ahead of time of what I need to buy for the dishes I cook. For example, with sugar, I list how many kilos I'll use.] -P3
>
> *"Prioritize lang gyud kung unsay need, kung unsa lang gyud ang kulang nga gamiton sa pagluto."* [Just prioritize what is needed, only what's lacking or needed for cooking.] -P5

The data suggest that inventory management plays a central role in cost control for kakanin vendors, with a strong focus on minimizing waste and optimizing stock levels. Vendors rely on manual systems like weighing and measuring ingredients to ensure they purchase only what is necessary for daily production, thereby avoiding overstocking or spoilage. This approach helps them maintain profitability by aligning purchases with actual sales needs. Regular inventory checks and adjustments to stock ensure that vendors are responsive to fluctuating market conditions and can adapt quickly without compromising product quality. These practices highlight that, even without advanced technology, a simple, well-organized inventory system enables small food businesses to manage their resources efficiently and reduce unnecessary costs.

In the member checking process, all participants confirmed that the inventory management practices described in the study accurately reflect their daily operations. Vendors verified that they consistently measure ingredients, perform weekly inventory checks, and make purchases based on demand to avoid surplus. P8 particularly emphasized that unused ingredients are preserved for future use, ensuring that nothing is wasted. These confirmations from the vendors align with the findings, validating the accuracy of the data collected and reinforcing the consistency of their inventory management practices.

The data indicates that kakanin vendors use a systematic yet informal approach to inventory management, focusing on weighing ingredients and measuring portions to ensure minimal waste and proper stock levels. Vendors engage in weekly inventory checks and adjust their purchases based on observed demand, which helps manage costs and avoid overstocking. By purchasing only what is necessary for production, and making adjustments based on fluctuations in demand or ingredients prices, they effectively reduce waste and maintain cost efficiency. Despite not using formal inventory software, the practice of manual tracking is sufficient for these vendors, helping them meet daily production needs without overcommitting to excessive stock, thus maintaining profitability.

Raysid and Arifin (2021) findings highlight that effective inventory control and production planning significantly improve cost efficiency in small food enterprises, which aligns with the kakanin vendors' practice of buying only what is needed for daily production. Their emphasis on minimizing waste and optimizing stock mirrors the vendors' manual weighing and portioning methods observed in the study. This supports the conclusion that even simple, informal inventory systems can enhance profitability when consistency applied.

Ghosh and Bhowmick (2022) explains that traditional food MSMEs rely on practical, experience-based inventory methods to manage costs, directly matching the vendors' habit of weekly inventory checks and demand-based purchasing. Their study also shows that cost performance improves when businesses avoid overstocking, which is consistent with the vendors' efforts to prevent waste and preserve unused ingredients. This relevance confirms that manual, low-tech inventory practices remain effective for small-scale food businesses in controlling expenses and maintaining profit.

Regulating Production: Regulating Production captures the practice of cooking only according to expected demand or confirmed orders. Vendors intentionally limit production when prices are high or when demand is uncertain to avoid spoilage, unsold products, and wasted capital. This strategy ensures cost-efficiency by aligning output with market patterns.

> "*Diba sa pag sugod, ma-bana-bana nako ba ug unsa'y halinon nga, pananglitan karon, maka luto ko'g isa ka lutoan nako, unya mao ra pud na siya'y dali kay kay mahurot ingana ka lutuan. So mao ra pud na akoa nga aside sa- kay usahay naa man gud pud mga order na mga bilao, so ug naa pu'y ma-order nga mga bilao mao ra pud to- mag additional lang pud ko ana. So mao na naa gyu'y ingon nga mabilin, isa ra ka tub amoa ra pud kan-on unya katong isa ka tub sobra naman kay'to sa profit pero kuan jud na siya kanang di ra pud na siya ingon nga- very rare na pud na siya nga panghitabo pud sa amoang business kay mao raman gud na kay ako man gu'ng gi-consider gud pagluto gyud namo para maayo pud sya'g [quality] sa mga tao ba... dili gyud ingon nga bahaw.*" [From the beginning, I've learned to estimate what sells. For example, if today I cook one batch, and that batch always sells quickly, then that's what I follow–one batch at home a time. Sometimes we also get orders in bilao, so when there are bilao orders, I just add extra for those. That's when leftovers can happen, but usually only one tub, and we just eat that at home. If there's another tub left and that's already profit, that's fine–but that rarely happens in our business because we really make sure to cook properly so customers get wood-quality, fresh food, not something stale.] -P7
>
> "*Para ma-sure lang gyud nako nga, ug naa man gali sobra pero gamay lang– para wala gyu'y masayang, didto ko magsugod sa pagkuha ug kamanting, like ug mao ra gyud na ang kadaghanon. For example, mupalit ko'g duha ka kilo nga sugar tas one kilo nga kinugay then margarine ug kanang lubi, ing-ana, akong bana-banaon So mag base sa kamanting nga sobra man gani, mas maayo nga mu tam-is kaysag mu tab-ang, ing-ana bitaw.*" [To make sure that if ever there are leftovers, they're only very small so nothing is wasted , I always start by checking how much cassava I have. Whatever the amount is, that's what I base all ingredients on. For example, if I buy two kilos of sugar, one kilo of muscovado sugar, margarine, and coconut, I estimate everything based on the amount of cassava. It's better that nothing goes to waste. And if feel like something might be lacking, it's better for the food to be a bit sweeter than bland.] -P8
>
> "*Kasagaran man pud, mahurot-hurot, depende sakong ibilin nga pananglitan, ana nga tindahan magbilin ko ug mga 30 so 30 pieces ug dili siya mahurot, ako lang pud siyang i-reduce. Didto, magbutang lang kg 26, 25 or 20 nga mahurot jud siya kay aron di masayang pud ba.*" [Usually, everything gets sold depending on how many pieces I leave at the store. For example, if I leave 30 pieces and they don't sell out, then I reduce it next time. I'll only put 26, 25 or even 20 so they will surely sell and nothing goes to waste.] -P6
>
> "*Para sa akoa, okay ra nako mag sobra sobra, di lang ko mag ran-out kay kung imoha man gyud ni... is continue, kanang wala bitaw ka ga[exeoct]- naa'y order sa wala, magbuhat man gud ko para kanang naa kay extras, mabaligya ra pud biya pud.*" [For me, it's okay to have excess as long as I don't ran out. Since this business is continuous, and you never know when an unexpected order comes in, I make extra so

I always have something on hand, and i can still sell those extras anyway.] -P2

"*Wala kaayo ko nag manage man kay akoa naman gud siyang na-set gud, sugod pa gyud, naa na ko'y gina-sunod nga gidaghanon sa akong ingredients. Ug maghimo ko, dapat naka set na tanan, prepared na tanan, prepared na tanan.*" [I don't struggle much with managing things because everything has already been set from the start. I have specific measurements I follow for all the ingredients. So when i cook, everything is already pre-set and prepared.] -P8

"*Naa'y adlaw nga mag luto lang gyud mi ug ginagmay nga igo-igo ra gyud siya mahurot. Dili nalang magpatuyang ug dinaghan. Naa man gyu'y adlaw muhinay, naa pu'y adlaw nga mukusog.*" [There are days when we only cook small batches–just enough so everything gets sold. We don't cook too much unnecessarily. There are really days when sales are slow and days when they're fast.] -P1

"*Usahay, gina-kwinta nalang gyud namo, budget-budget nalang gyud. Halimbawa sa mga ingredients, adlaw-adlaw gyud na namo gins-rolling para gyud makita namo ang ginansya.*" [Sometimes, we really just compute everything and work strictly within our budget. For example, with the ingredients, we roll them every day so we can see our profits.] -P1

"*Gikan pag luto nakog biko wala ju'y masayang... kanang unsay order, mao ra gyud na siya'y i-cater tanan, ug naay sobra, iapil nalang pud namo na para sa iyaha [customer] kay unsaon manang sobra.*" [Since I started cooking biko, nothing ever goes waste. Whatever is ordered, that's exactly what we prepare, all of it. And if there's extra, we just include it for the customer as well, because what else would we do with the leftovers.] -P4

The interpretation of the data shows that production planning is a practical strategy used by kakanin vendors to control waste and maintain profit. Sellers continually adjust the amount they cook depending on demand patterns they observe daily. They rely heavily on personal experience, sales history, and ingredient availability to decide whether to cook small or large batches. This indicates that production planning is not formal or calculated through written systems but through accumulated knowledge of customer flow. This theme directly answers the research question on how financial decisions are made, showing that day-to-day production volume is closely tied to their desire to avoid spoilage, maximize sales, and protect their small profit margins.

During the observation and member-checking process, the researchers found that kakanin vendors rely on practical, experience-based production planning to decide how much to cook each day. Vendors were observed adjusting their bath sizes according to expected demand, previous sales patterns, and ingredient availability, and participants later confirmed these behaviors during validation. They explained that they intentionally cook smaller amounts on slow days to prevent waste and prepare larger quantities when they anticipate higher sales on possible rush orders. Some vendors follow long-established measurements for ingredients, while others adjust more flexibility based on what is available.

The analysis shows that production planning supports two main financial goals: preventing waste and ensuring profit stability. Sellers reduce batch size during slow days and increase it when demand is high, which helps them manage ingredient usage efficiency. They also prepare extra during special events or possible rush orders. Sellers view production planning as a necessary tool because kakanin spoils easily and cannot be stored for long periods. The variation in batch size reflects how sellers manage risk–producing too much result in losses, while producing too little means missed sales. Therefore, production planning becomes a flexible technique that strengthens cost control and helps maintain balanced expenses.

Silva and Filho (2020) emphasize that small food enterprises use production planning mainly to reduce waste, which aligns with the vendors' practice of adjusting batch sizes based on daily demand. Their study supports the finding that experience-based planning–rather than formal systems helps prevent spoilage in perishable products like kakanin. This reinforces the conclusion that flexible, practical production planning is essential for maintaining profit in small-scale food operations.

Similarly, Khan and Akhtar (2020) found that demand-based production planning improves cost efficiency and reduces spoilage, mirroring how vendors in the study cook smaller batches on slow days and larger amounts during high-demand periods. The study also highlights the role of sales history and anticipated customer flow, which matches the vendors' reliance on personal experience-based planning to decide how much to cook each day, preventing waste and maintaining profitability.

Portioning Products. Portioning Products refers to adjusting the size or number of portions to compensate for increased ingredient costs. Vendors reduce the size of each serving or adjust piece count to maintain price stability without losing customer satisfaction. This strategy allows them to control cost while preserving demand.

"*Didto ka mu-reduce sa pila kabuok, like mu-ingon ko nga "gagmayon nalang nako ang kadak-on sa imong puto or sa kutsinta", ana ra gyud ko. Dili ko mo-ingon nga"mahal ni, mo-dako imong price", dili gyud kay mao mana imong naandan nga price. Basta akong price –pricing 750, 500, naa pa'y 300, naa pu'y gagmay tag 100.*" [So what you do is reduce the quantity. You tell them, "Ma'am the pieces are fewer now because the ingredients got more expensive," or you say, "We just made the puto or kutsinta smaller." That's really how you handle it. You should not say, "It's more expensive now, so the price is higher," because customers are already used to your usual prices. My pricing stays fixed–₱750, ₱500, there's ₱300, and even small ones for ₱100.] -P5

"*Dili gyud ta pwede mag reduce [sa price]. Kay karon December, mag mahal gyud ang ingredients, dili ka mag reduce sa imohang price pero mag-reduce ka sa pieces. Sa pieces, dili ka mag reduce sa price kay pananglitan mu-ingon ka nga ang imong bilao "Ma'am dili nako ani Ma'am, 750" umya kasagaran sa imong customer is mao ra gyud na 750.*" [We really can't increase our prices. Because when December comes, the ingredients become more expensive. You can't make it 750 anymore," but most of your customers are already used to the ₱750 price.] -P5

Based on the participant's response, her approach to handling increases in the cost of ingredients is to avoid raising the price of her products. Instead, she reduces the quantity or size of the product. This strategy helps her maintain customers' loyalty

because, in her view, increasing prices could make some customers question the value of the product and possibly look for cheaper alternatives. Even though she adjusts the product quantity, she ensures transparency by informing her customers ahead of time if there will be any changes in the amount or size of the product they order. This approach allows her to manage costs while maintaining trust with her customers, ensuring they are not caught off guard by any unexpected adjustments.

The researchers conducted member checking, and there were no issues with the responses or the data. The information provided was accurate and consistent with the findings. The researcher also conducted triangulation by asking some of her regular customers, or "suki." Based on their responses, they mentioned that they frequently place orders, especially during events. Aside from the delicious taste, they find the prices very reasonable. They also expressed confidence in the quality of the products, assuring that the food is cleanly prepared and that no shortcuts are taken with the ingredients.

The data analysis reveals that kakanin vendors use a strategic approach to manage rising ingredient costs by reducing the quantity or size of their products rather than increasing prices. This method allows them to maintain their usual price points, which customers are accustomed to, without creating dissatisfaction. By adjusting the quantity, vendors can manage costs while preserving customer loyalty, as they avoid the negative impact that price increases might have on their customers. This strategy also emphasizes transparency, as vendors inform customers about changes in product size, ensuring that customers are not caught off guard. Feedback from regular customers, who value the consistent pricing and quality, suggests that this approach successfully maintains trust and satisfaction. Therefore, by focusing on quantity adjustment rather than price hikes, vendors are able to sustain profitability while keeping their products affordable and maintaining long-term customer relationships.

Díaz-Méndez and García-Espejo (2023) discussion on shrinkflation directly relates to the vendor's strategy of reducing product size instead of increasing prices. Their study supports the idea that portion reduction is a common market response to rising costs, especially when businesses want to avoid negative customer reactions to price increases. This makes the RRL relevant because it explains how size adjustments function as a cost-management tool while maintaining customer acceptance.

Salazar (2022) findings align strongly with the vendors' practice of adjusting portion sizes to cope with inflation while keeping prices stable. The study emphasizes that small food entrepreneurs use this method to protect customer loyalty and avoid losing buyers exactly what your participant described. This makes the RRl highly relevant, as it validates that transparent portion adjustments are a practical survival strategy for maintaining trust, affordability, and profitability.

Strategic Purchasing: It involves the careful selection of suppliers and the timing of ingredient purchases to minimize costs. Vendors are mindful of when and where they buy ingredients to ensure they are getting the best prices while still maintaining product quality.

> "*"Ug pila ka kilo akong paliton, ug mga duha ra ka kilo akong paliton, mao ra pud to akong paliton nga asukar para itimpla niya, para dili ko ma short sa akoang gasto."* [And whatever number of kilos I buy—if I only need to buy around two kilos—then that's all the sugar I purchase to mix into it, so I won't fall short on my expenses.] -P3

The data shows that the seller only purchases the exact ingredients and quantities that are necessary for the day's operations. This approach helps to avoid waste and ensures that every purchase directly contributes to their business needs. By being mindful of the ingredients required and their quantities, the seller is able to maintain cost efficiency and minimize unnecessary expenses. This method reflects a practical strategy for managing resources, especially in a small business where every cent counts, ensuring that nothing is wasted and all items bought are fully utilized in the business.

During the observation, the researchers noted that the participant consistently applies strategic purchasing practices by buying only the exact quantities of ingredients needed for daily production. The participant was observed being deliberate about where they source their materials and when they make purchases, often choosing suppliers that offer affordability without compromising product quality. The participant was explaining that they purchase only the specific number of kilos required to avoid overspending and ensure that expenses remain within their planned budget. This careful, measured approach to procurement reflects the vendors' intentional efforts to prevent ingredient waste and ensure that all purchased materials directly contribute to the day's operations.

The data suggests that strategic purchasing functions as a key cost-control mechanism among kakanin vendors. By limiting ingredient purchases to what is immediately necessary, sellers reduce the risk of spoilage and minimize unnecessary financial outflow, which is crucial for microenterprises with narrow profit margins. Their purchasing decisions are shaped by awareness of fluctuating prices, supplier reliability, and the need to balance quality with affordability. This pattern indicates that vendors rely on practical experience and economic intuition rather than formal financial systems. Ultimately, strategic purchasing supports the sustainability of their operations by aligning expenses with production needs, maximizing resource utilization, and safeguarding overall profitability.

Langit (2025) demonstrates that local food businesses in the Philippines actively engage in strategic sourcing and procurement practices, especially selecting reliable suppliers and purchasing only the quantities needed for production. These findings correlate strongly with the evidence of small-scale vendors buying exact quantities (e.g., two kilos of sugar) to avoid unnecessary expenses and waste. The study reinforces the idea that small food vendors' procurement decisions are deliberate, aligned with daily production needs, and crucial for cost-efficiency in resource-constrained environments.

Makhitha (2019) emphasizes the importance of choosing reliable and cost-effective suppliers, which aligns with the vendor's careful sourcing decisions and preference for affordable yet quality ingredients. The study supports the observation that supplier selection influences purchasing efficiency and helps maintain budget control. This connection shows that strong, strategic supplier relationships contribute to sustained profitability in small-scale food operations.

Controlling Production Costs reflect intentional strategies used by vendors to regulate operational uncertainty, echoing Transaction Cost Theory's emphasis on internal mechanisms that reduce

variability. Standardizing portion sizes, monitoring ingredient consumption, and adjusting recipes are methods that lower the internal cost of monitoring production and reduce waste. These practices create a predictable cost structure, which minimizes the need for continuous recalculation or renegotiation with suppliers. When vendors buy in bulk, substitute ingredients, or simplify recipes during price increases, they are actively lowering adaptation costs and stabilizing their financial risk. The findings show that micro-entrepreneurs treat cost control not only as a means of saving ingredients but as a structured way to protect themselves from volatile market conditions, aligning perfectly with Coase's concept of internal efficiency systems.

Findings show that cost control is essential for maintaining stability in small-scale food production. Practical assistance for vendors may involve training on portion control, yield optimization, and ingredient substitution without compromising product quality. Providing tools such as calibrated scoops, reusable ingredient logs, or waste monitoring sheets can help sellers reduce excess costs and maintain consistency in their products. Additionally, community-based strategies like group buying, shared transport arrangements, or supplier partnerships may lower procurement costs and stabilize raw material supply. These interventions can help sellers reduce unnecessary expenses and maintain better control over their operations.

4.3. Evaluating Profitability

This major category explains how *kakanin* vendors assess whether their business is profitable through simple, intuitive evaluation practices. Their profitability assessment relies on checking daily income, comparing costs against earnings, observing customer volume, monitoring capital growth, and recognizing seasonal fluctuations in demand. These approaches reflect experience-based financial judgment rather than formal accounting procedures, shaped by the realities of microenterprise operations. This category emerged from five subcategories*: Calculating Profit, Net Profit Calculation, Tracking Income,* and *Experiential Knowledge, Utilizing Technology.*

Calculating Profit. Calculating profit describes how vendors determine whether they earn beyond their production expenses by computing costs and expected earnings. Through these calculations, vendors assess whether their sales generate actual profit and confirm the financial viability of their business.

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> *"Before ko magluto, akoang [tan-awon] daan ug pila nga tindahan, pila kabuok ang iyang order ana i-total nako tanan, inig total nako tanan akoa siyang i-plus then i-divide nako, paghuman nako ug divide usa pa nako mag kuan ug- kay kabalo naman ko ug pilay abuton sa isa ka kilo, pananglitan ang isa ka kilo, otsenta kabuok unya akoang kuan- ang akoang tindahan nga mabilinan- akong ma kuan kada adlaw is 500 kabuok, i-divide nako to siya, 500 divided by 80, makabalo nako ug pila ka kilo akong maluto. Maigo-igo ra gyud pud sa akoang ma customer."* [Before I start cooking, I first check how many stores will buy and how many pieces they ordered. I total everything. After getting the total, I add everything up and then divide it. After dividing, that's when I calculate—because I already know how many pieces one kilo can produce. For example, if one kilo makes 80 pieces, and my daily allocation for the stores is 500 pieces, then I divide: 500 divided by 80. That tells me how many kilos I need to cook. That way, the amount I prepare matches what my customers need.] -P6
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> *"Human naka ug kwinta sa tanan ingredients, sa imohang man-power, sa imohang other expenses, diba ga-patong ka ug 30%, so human ana, makita- dapat at the end of the day, imong kwintahon imong kita tapos kwaon nimo ang 30% ato niya. Mao na siya'ng sa pag mag-costing ka, mag-price ka sa imohang baligya, naa kay pursyento para paghuman nimo sa- at the end of day nimo nga pagpamaligya, dili ka mag-libog ug pila imohang kita, pila imohang ginansya."* [After you calculate all your ingredients, your manpower, and your other expenses, you add a 30% markup, right? After that, at the end of the day, when you compute your earnings, you take that 30%. That's how costing works—when you set the price of your products, you should always include a percentage so that when the day ends and you finish selling, you won't be confused about how much you earned and how much profit you made.] -P2
>
> *"Maka ginansya ra pud ko, pananglitan, magmahal ang asukar, i-reduce pud namo gamay ang kanang iyahang ingredients. Dili nami magpa mahal ug presyo kami nalang mu-adjust."* [I can still make a profit. For example, when sugar becomes more expensive, we just reduce the ingredients a bit. We don't increase the selling price—we're the ones who adjust.] -P4

Participants demonstrate a rational profit evaluation framework rooted in the fundamental accounting equation: profit = total sales − total cost. However, the consistency and documentation depth vary, indicating emerging financial reasoning rather than full accounting practice.

An observation made by the researcher during the interviews was that vendors carefully calculate production costs before setting prices. Participants described including all expenses, such as ingredients, labor, and other overhead, and then adding a fixed percentage as profit, as P2 explained with a 30% markup. Vendors also adjust ingredient quantities or production methods when costs change, like P4 shared about reducing sugar when its price rises, instead of raising the selling price. Additionally, some participants plan production based on customer orders and daily demand, ensuring that the amount prepared matches what will be sold, as P6 illustrated with their calculation of kilos and pieces.

The data show that the *kakanin* vendors carefully calculate their costs before setting prices to ensure profit. They include all expenses, such as ingredients, labor, and other overhead, and then add a markup percentage, like the 30% described by P2, to know their earnings clearly at the end of the day. Vendors also adjust their production methods when costs change, such as reducing ingredients instead of raising prices, as P4 shared. Moreover, they plan the amount to cook based on customer orders and daily demand, as P6 explained, making sure the quantity matches what will be sold. These practices indicate that vendors use a systematic approach to manage expenses, set prices accurately, and maintain profitability.

Moreno et al. (2023) reports that micro food businesses in Laguna use cost-based pricing in their pricing strategy, which aligns with our observation that the participants calculate total cost (ingredients, labor, overhead) and then add a markup.

Adelia et al. (2024) explores how MSMEs (micro, small enterprises) set their product prices using a cost-plus pricing method, precisely by calculating full costs (materials, labor, overhead) and then adding a margin which strongly supports the data that vendors do rational cost-based markups (e.g., 30%).

Net Profit Calculation: Net profit calculation describes how kakanin vendors determine their actual financial gain by computing the difference between their total earnings and the expenses incurred in producing their goods.

> *"Naa man ko'y ginasunod gyud nga mga ingredients sa gidaghanon then kato siya nakarecord to nako. Syempre sa ingredients, ibutang nalang, fix amount nga 700 akong gasto, muhalin ko'g 1,000 kapin so dili nako maghuna-huna sa labor kay importante lang dili lang ko lugi sa ingredients, since double purpose man akong paghimo ug budbud, dili raman gyud ko dira nagsalig."* [I also follow specific ingredient measurements, and I have all of them recorded. For example, let's say my fixed ingredient cost is ₱700, and my sales reach ₱1,000 or more—then I don't think too much about labor anymore. What's important is that I don't lose money on the ingredients. Since making budbud serves a double purpose for me, I don't rely solely on it for income.] -P8
>
> *"Mao na siya'ng sa pag mag-costing ka, mag-price ka sa imohang baligya, naa kay pursyento para paghuman nimo sa- at the end of day nimo nga pagpamaligya, dili ka mag-libog ug pila imohang kita, pila imohang ginansya."* [That's how it is when you do costing and set the price of your products—you should include a percentage so that at the end of the day, after selling everything, you won't be confused about how much you earned and how much your actual profit is.] -P3
>
> *"Unahon sa gyud nimo ang expenses usa imohang profit kay di man mag silbe'g mag baligya ka nga wala kay- puros lang ka expenses, walay profit."* [You must always prioritize your expenses first before your profit, because it's useless to sell something if all you have are expenses and no profit.] -P5

The participants prioritize covering all expenses first before considering profit, demonstrating a practical understanding of business sustainability. By tracking ingredient costs and sales, vendors can quickly determine their return on investment and make sure they are not operating at a loss. This approach indicates that even small-scale vendors have a strategic awareness of profit margins and use simple but effective methods to maintain financial stability and recover their initial investments efficiently.

An observation made by the researcher during the interview was that the kakanin vendors consistently referred to their recorded costs and daily sales when discussing profits. They demonstrated practical ways of monitoring their earnings, such as noting ingredient expenses, calculating markups, and comparing total sales against costs. Even without formal accounting tools, vendors showed a clear understanding of how to maintain profitability and recover their investments, adjusting their pricing and production based on actual sales and expenses.

The data show that kakanin vendors track their costs, set prices with a profit margin, and ensure expenses are covered first. They use recorded ingredient and sales data to estimate earnings and recover their investment, making their business financially sustainable.

Md. Abu Shehen (2024) vendors in this study are reported to be highly aware of their cost structures, they track their spending, negotiate ingredient prices, and continuously monitor their sales vs. costs to avoid losses. This provides a corroborating context to the findings like the kakanin vendors, these street food entrepreneurs do not rely on formal accounting, but they use on-the-ground, practical cost-tracking strategies to make sure they cover their production expenses and preserve their capital.

Doloroso (2023) investigates how micro-enterprises including food microbusinesses in Quezon City manage their finances. It finds that many micro-entrepreneurs engage in cost tracking, budgeting, and record-keeping despite limited resources and informal structures. According to the author, even micro firms without formal accounting systems systematically monitor their expenses and revenues to make sure they cover costs and operate sustainably. This aligns very closely with the observation that kakanin vendors "track ingredient costs and sales ensure costs are covered first, and recover their initial investment."

Tracking Income: Tracking income describes how vendors assess their profit by computing total sales and deducting all expenses to determine how much money remains. Through this process, vendors track their income to evaluate whether their business is financially sustainable and whether their efforts result in real profit.

> *"Iyahang ginansya ba, diha naman gyud nato makita kay kana mag total ka tanan sa expenses dira dayon ang katong mga profit mao na man to so kuhaan pud na, kanang profit kuhaan pa namo sa mga daily needs, mao na maka ingon ko nga igo ra gyud pud iyang ginansya nga kanang compare sa manarbaho ka daily."* [The profit can already be seen there—after you total all the expenses, whatever is left is the profit. But from that profit, we still deduct our daily needs. That's why I can say that the profit is just enough, and when you compare it to having a regular daily job, it's about the same.] -P7
>
> *"Ug mahurot tanan akong baligya, ma kwenta man nako akong halin tanan, pila'y akong gasto, ug pila'y kuan nako..."* [And when all my products are sold out, I can compute everything—my total sales, my total expenses, and how much is left...] -P3
>
> *"Cover sales are enough to cover your expenses."* [The sales are enough to cover the expenses.] -P3

Profit is observed from net cash retained rather than structured revenue reports — reinforcing cash-flow-based financial interpretation.

An observation made by the researcher during the interviews was that *kakanin* vendors closely monitor their total sales and net income to evaluate profit. Participants, such as P3, explained that after selling all their products, they calculate total sales, subtract all expenses, and determine how much is left as profit. P7 emphasized that vendors also consider personal daily needs when assessing net income, showing that profit evaluation includes both business and personal financial perspectives.

The data show that *kakanin* vendors track their total sales and expenses to see how much profit they make. Participants explained

that after selling all their products, they subtract all costs from the total sales to find out the remaining income. They also consider daily personal needs when looking at profit, showing that their calculations are practical and reflect both business and personal finances. This approach allows them to manage their earnings effectively and ensure their business can continue running.

Kamal et al. (2024) show that improving cash flow practices, like managing payables and optimizing daily sales (i.e., more effective cash cycle management), correlates with higher profitability. This aligns with the vendors' practice of focusing on net cash retained: these small food businesses also emphasize daily liquidity and working capital (rather than just formal accounting income). Their profitability is strongly tied to how they manage cash flows from operations, which supports the observation that cash-flow-based interpretation of profit is not only common, but economically meaningful in food micro-enterprises.

Nasimiyu (2024) finds that cash accountability and rigorous cash-flow monitoring strongly contribute to profitability, liquidity, and financial stability in SMEs. The study shows that in resource-constrained businesses, profit derived from tight cash-flow supervision matters more than accrual-based income reporting. This supports the notion that small entrepreneurs naturally lean toward net cash retained to gauge their economic health.

Experiential Knowledge: Experiential knowledge describes how vendors evaluate profitability based on the familiarity and skills they have developed through years of selling rather than through formal calculations. Through repeated practice, they rely on remembered ingredient amounts and routine patterns to judge whether they are earning enough from their business.

> "
> *"Gi bana-bana ra nako kay naanad naman pud ko kanang kabalo nako daan kay sa kadugay na pud nako ug pamaligya ani akaong gamay'ng negosyo."* [I just estimate because I've already gotten used to it—I already know from experience, since I've been running this small business for a long time.] -P1
> *"Wala ko naga-lista since akoa raman, naa gud koy gi-follow lagi nga amount sa akong ingredients, ing-ana na-estimate na nako."* [I don't make a written list since it's just me. I already follow a set amount for my ingredients, so I've learned to estimate it that way.] -P8

Experience becomes the main guide for evaluating their income. Owners use what they remember and observe — instead of written records — to decide if their business is earning. This approach works when prices are stable, but it becomes uncertain when costs fluctuate.

During the interview, the researcher observed that many vendors relied on personal experience rather than written tracking when estimating their profit. They prepared their products based on what they had memorized over time, showing comfort and confidence in their usual routines. Instead of checking exact numbers, they depended on what they knew based on years of doing the same work. This showed that their understanding of profit was guided more by practice and familiarity than by formal calculations or documentation.

The data show that the kakanin vendors depend mostly on their experience when checking if they earn profit. Instead of writing down costs or doing actual calculations, they rely on memory and what they have learned from selling for many years. They estimate their profit based on the usual amount of ingredients they use and their daily routine. This makes their method easy for them, but it may also lead to mistakes because it is not based on exact records. The findings show that experience is their main guide in understanding how their business is doing.

Najera Ruiz and Collazzo (2020) found that while many micro and small firms do use management accounting tools, their use is highly informal based more on intuition and experience than full formalization. Their interviews revealed that many business decisions (like planning, costing, and performance evaluation) are guided by owner-managers' past experience, expectations, and simple metrics rather than structured, written systems. This supports the data, showing that kakanin vendors rely on their personal business experience and "what they remember" rather than formal accounting records to judge profitability and guide operations.

Amoako et al. (2019) found that many small enterprises rely on memory, habit, and daily routines rather than formal accounting documents to monitor profit and expenses, especially when their owners have limited bookkeeping skills. Their study shows that SME owners frequently estimate earnings based on experience and familiarity with their operations, mirroring how kakanin vendors in your study rely on remembered ingredient quantities and observed daily patterns to determine whether they earned profit. The authors emphasize that while this method feels "easy" and natural for owners, it also increases the risk of inaccurate profit assessment strongly echoing your finding that experience-based evaluation is convenient but prone to error.

Utilizing Technology: Utilizing technology describes how vendors incorporate digital applications to simplify the computation of expenses and profit.

Top of Form
Bottom of Form

> "
> *"Same sa akong giingon ganiha, naa koy App nga gina-follow, mu-automatic na siya ug calculate sa akong mga gasto."* [Just like I mentioned earlier, I have an app that I follow—it automatically calculates my expenses.] -P2

This demonstrates early digital adaptation. Although not automated accounting, it indicates growing willingness to adopt tools that allow clearer profit visibility.

An observation made by the researcher during the interview was that some vendors use technology, such as mobile applications, to help track expenses and compute profitability. Participant P2 explained that their app automatically calculates costs, reducing the need for manual computation and minimizing errors. During the interview, the researcher noted that the vendor regularly checks the app while preparing orders, demonstrating reliance on digital tools to manage finances.

The data show that the *kakanin* vendors who use technology rely on digital tools, such as mobile apps, to help calculate their expenses and estimate profit. By using these apps, they can automatically track costs and reduce errors that might happen with manual calculations. This allows them to monitor their earnings more efficiently and make faster decisions about pricing and production. The findings indicate that technology supports

vendors in managing their business finances accurately and effectively, especially for those who want a more organized approach to profit analysis.

Domingo and Prado (2024) surveyed 20 food cart businesses in Cabanatuan City and found that, although there is a basic level of financial literacy among these micro-enterprises, there are significant gaps in record-keeping, budgeting, and revenue management. Their use of mobile apps to automatically track costs and estimate profit can be seen as a way to fill these gaps, improving record-keeping and reducing errors.

Sinaga et al. (2024) Surveying 520 SMEs in Indonesia's food & beverage sector, the authors examine how adoption of digital finance (including digital payments), digital marketing, and other digital tools impacts financial performance. They found a positive and significant relationship between digital adoption and firms' financial outcomes. Though not exactly "kakanin vendors," the study is in the same sector (food & beverage SMEs) and shows that digital tools contribute tangibly to better financial performance. This corroborates the finding that mobile apps for cost-tracking / profit estimation can be effective.

Evaluating Profitability practices reveal how vendors interpret financial outcomes with minimal formal accounting, reflecting Transaction Cost Theory's discussion of monitoring and evaluation costs. Many vendors assess profit informally through daily cash flow, restocking ability, or leftover capital, showing a preference for low-cost, high-speed evaluation methods rather than formal profit analysis. This choice is consistent with Coase's argument that firms adopt processes where the cost of monitoring does not exceed the benefits gained. Vendors only resort to more structured evaluation during larger sales periods or when preparing for significant expenses, indicating they adjust monitoring intensity based on risk. These findings suggest that profitability assessment among micro-enterprises is strategically informal, shaped by the desire to minimize the effort and complexity associated with detailed accounting while still maintaining a functional understanding of business performance.

Since profitability is often evaluated informally through daily cash flow or remaining capital, practical support should focus on helping vendors adopt simple, non-technical methods of evaluating their earnings. Introducing easy weekly cash summaries, envelope-based budgeting, or color-coded income-and-expense trackers can help sellers clearly identify whether their products are generating sustainable profit. Community workshops led by livelihood centers can also teach micro-entrepreneurs how to review their financial performance without requiring advanced accounting knowledge. These tools can guide vendors in deciding when to adjust prices, increase production, or improve efficiency, ultimately strengthening their business stability.

4.4. Experiencing Cost Challenges

This major category identifies the internal and external difficulties that affect cost stability and pricing decisions. Vendors encounter unpredictable ingredient prices, competitive pressures, and resource limitations that disrupt production and profit stability. This category emerged from three subcategories*: Facing Inflation, Fluctuating Market Price*, and *Encountering Limitations.*

Facing Inflation: This refers to the challenge business owners face when the cost of raw materials or key ingredients increases unexpectedly, affecting the overall production cost. For kakanin sellers, ingredients such as glutinous rice, coconut, and sugar are essential, and any rise in their prices directly impacts budgeting and pricing decisions.

> *"Parehas anang magtaas ang presyo sa mga ingredients, ang production cost mo-taas pud ug ako kay mag kinahanglan pud nga magtaas sa presyo sa mga kakanin pero kung... magtaas ko'g presyo, maglisod ko'g baligya kay basin mahal na para sa mga customers."* [Like when the prices of ingredients increase, the production cost also goes up, and I need to increase the price of the kakanin. But if I raise the price, it becomes harder to sell because it might already be too expensive for the customers.] -P3
>
> *"Kay kato panahon gataas ang harina, ga taas ang egg, ga taas ang mga presyo, mga raw cost ga taas."* [Because during that time the price of flour was rising, eggs were rising, prices were rising — the raw costs were all going up.] -P2

The participants' responses highlight that raw-cost inflation is a major challenge in the costing practices of kakanin business owners. P2 and P3 both describe how rising prices of essential ingredients such as flour, eggs, and other raw materials directly increase production costs. This forces owners to make difficult decisions either absorb the higher expenses, which reduces profit margins, or raise the selling price of their products, which risks losing customers. Interpreting these responses shows that raw-cost inflation not only complicates budgeting and pricing but also creates tension between maintaining affordability for customers and sustaining business profitability.

During the interviews, the researchers observed that the portion sizes of the kakanin being sold were noticeably smaller than before. It was evident that the products no longer matched the size that customers were used to in earlier times, when ingredient prices were lower and the cost of production was more manageable. This change suggests that business owners are adjusting the quantity of their products as a strategy to cope with rising raw material costs, allowing them to manage expenses without drastically increasing selling prices. Such adjustments reflect how raw-cost inflation directly influences operational decisions, impacting not only pricing but also the value perceived by customers and the overall presentation of their products.

The analysis of the data confirms that raw-cost inflation is a major challenge faced by kakanin business owners in their costing practices. Participants P2 and P3 highlighted how rising prices of essential ingredients, such as flour, eggs, and sugar, directly increase production costs, forcing owners to make difficult decisions between absorbing expenses or raising product prices, both of which have implications for profitability and customer retention. The data clearly answers the research question by showing that unpredictable increases in ingredient costs create financial, operational, and strategic challenges that complicate consistent and sustainable costing practices for kakanin business owners.

Ali et al. (2021), in Supply Chain Resilience Reactive Strategies for Food SMEs in Coping to COVID-19 Crisis, discussed how increases in raw material costs negatively affect small food businesses. Their study showed that supply chain disruptions and rising input prices lead to higher product prices, which can reduce customer purchasing power. This reflects the challenges faced by kakanin sellers, who must adjust their pricing in response to

rising raw material costs to maintain profitability while keeping products affordable.

Triwidatin (2022) examined how increases in raw material and labor costs affect small-scale enterprises (UMKM) in Bogor Regency. The study found that when raw material costs rise, many small businesses struggle to pass the full increase on to consumers, which squeezes their profit margins and can force a decline in product quality. This mirrors the challenges kakanin sellers face, who must carefully adjust their prices in response to rising ingredient costs while trying to maintain profitability.

Fluctuating Market Price: This refers to the difficulty for businesses to plan and maintain stable profits. When prices rise or fall unexpectedly, companies struggle with budgeting, managing inventory, and setting competitive prices. This unpredictability can also reduce customer confidence and disrupt supply chains, creating financial risk for both businesses and consumers.

> *"Sa tinuod lang, usahay maglisod gyud ko sa production kay kung magtaas ang presyo sa mga rekado sama sa pilit, lubi, ug asukal, maguba usahay ang plano sa gasto."* [To be honest, I sometimes really struggle with production because when the prices of ingredients like sticky rice, coconut, and sugar go up, it sometimes ruins my cost plan.] -P2
> *"Ang presyo sa pilit usahay mo mahal... kung mahal ang rekado, kinahanglan pud unta ko mo pataas ug presyo."* [The price of sticky rice sometimes becomes expensive… if the ingredients are expensive, I also need to increase my price.] -P1

The participants' responses show that fluctuating market prices create significant challenges for kakanin business owners, especially in maintaining consistent costing practices. Both P1 and P2 highlight that sudden increases in the prices of key ingredients such as glutinous rice, coconut, and sugar directly affect their production plans and pricing decisions. These unexpected price changes force them to either adjust their selling prices or absorb the additional cost, which disrupts profit stability. The struggle described by the participants indicates that price volatility does not only impact budgeting but also creates uncertainty in day-to-day operations, making it difficult to sustain predictable and manageable costing strategies.

During the interview, the participants' statements about rising costs of ingredients such as glutinous rice, coconut, and sugar were consistent with observable practices. For instance, some owners were seen adjusting portion sizes or modifying ingredient quality to cope with sudden price increases, confirming their struggle to maintain stable costing. An informal conversations with other sellers in the area echoed similar concerns about unpredictable supplier pricing, supporting the pattern seen in the primary responses.

The data indicate that fluctuating market prices serve as a significant barrier to effective costing practices among kakanin business owners. Sudden increases in the cost of key ingredients such as sticky rice, coconut, and sugar disrupt their planned budgets and create instability in production and pricing decisions. The consistency between participants' accounts, field observations, and informal conversations with other sellers confirms that price volatility is a recurring and tangible challenge. Overall, this theme demonstrates that unpredictable market conditions limit the business owners' ability to maintain stable costs, protect profit margins, and manage their operations efficiently.

Adapting Financial Plans to Food Price Volatility Lee (2024) examined how small food businesses adapt to fluctuating ingredient prices. The study highlighted that microentrepreneurs who rely on market-based pricing often struggle with price volatility, forcing them to adjust their prices more frequently to maintain profitability. It also showed that businesses with limited financial flexibility are particularly vulnerable to sudden price hikes. This aligns with the practices of kakanin sellers, who adjust their pricing when market prices fluctuate to avoid losses while keeping products affordable.

Widyastuti et al. (2018), in Inhibiting Factors of Inventory Management: Study on Food and Beverage Micro, Small and Medium Enterprises, examined how fluctuating ingredient prices affect small food businesses. Their study emphasized that microentrepreneurs often face challenges managing price volatility, which forces them to frequently adjust their prices to maintain profitability. The research also found that many small vendors lack the financial flexibility to absorb sudden increases in raw material costs. This aligns with the experiences of kakanin sellers, who adjust their pricing when market prices fluctuate to avoid losses while keeping products affordable.

Facing Market Competition: This refers to the challenge business owners face when competing with other sellers offering similar products within the same market. In a highly competitive environment, kakanin owners often feel pressured to lower or match prices to attract customers, even when their production costs are rising.

> *"Daghan na kaayo mi ug gaya-gaya. Daghan na bitaw'g kaparehas ug baligya kay naa ani nga baligya, wala may lain ma-suon kay kini laging filipino lagi daw."* [There are already so many imitators. There are many selling the same products because once someone sells this, others will just copy since they say it's 'Filipino' anyway.] -P1
> *"Lisod ang pagpakig-kompetensya kay daghan pud biya ang nagbaligya ug biko. Kinahanglan gyud nga lami ug consistent akong produkto."* [Competing is difficult because many people also sell biko. My product really has to be delicious and consistent.] -P7

The participants' responses show that market competition is a significant challenge that affects the costing practices of kakanin business owners. With many sellers offering similar products, as P1 noted, business owners feel pressured to match or lower prices to remain competitive. P7 also emphasized that maintaining consistent quality is necessary to stand out, which adds to production costs. This competition limits their ability to adjust prices based on actual expenses, especially when ingredient costs fluctuate. Overall, the data indicates that strong competition complicates pricing decisions and reduces profit stability.

The business owners admit that they cannot avoid comparing themselves to their competitors, as they are aware of the number of sellers offering similar products in the market. Despite this, they remain committed to maintaining the quality of their own products, recognizing that consistent quality helps retain loyal customers. This demonstrates that while competition exerts pressure to adjust prices or imitate others, prioritizing product excellence and reliability allows them to build trust, differentiate

their brand, and sustain a steady customer base. It highlights the delicate balance kakanin owners maintain between responding to market pressures and preserving the integrity and reputation of their business.

The data shows that kakanin business owners face significant costing challenges primarily due to strong market competition. With many sellers offering similar products, owners feel pressured to match or lower their prices, limiting their ability to base pricing on actual production expenses. At the same time, they must maintain consistent product quality to stand out, which increases their costs and creates a tension between affordability and quality. These conditions make pricing decisions more complex and reduce profit stability, indicating that competition heavily influences and complicates their overall costing practices.

Kim and Jung (2024), in Spatial Differentiation in Food Service Pricing: An Explorative Study With Web-Scraped Data, explored how food vendors adjust their prices in competitive delivery-app markets. Their study found that vendors monitor competitors' prices and strategically modify their own prices to stay competitive while protecting profit margins. This aligns with the pricing behaviors of kakanin sellers, who compare their prices with nearby competitors before deciding on their own price adjustments.

Domingo (2018), in Product, Pricing and Promotional Strategies of Restaurants in Nueva Ecija: An Assessment, found that in highly competitive local food markets, small restaurant owners are pressured to keep prices lower than competitors while still covering costs. The study indicated that vendors often engage in competitive pricing strategies, reducing prices to attract customers but risking lower profit margins. This reflects the challenges kakanin sellers face in maintaining profitability while staying competitive.

The recurring costing challenges—such as unstable ingredient prices, lack of formal costing tools, and difficulty allocating overhead—illustrate the high environmental uncertainty described in Transaction Cost Theory. Micro-entrepreneurs in informal markets face volatile input costs, irregular supply chains, and limited institutional support, all of which increase the cost of forecasting, monitoring, and planning. These challenges reinforce Coase's argument that firms must constantly adapt to fluctuations and choose governance structures that help them survive instability. The vendors' struggles reflect a market environment where transaction costs are inherently high, forcing them to rely on simplified systems and rapid adaptations to protect their earnings. The findings show that costing challenges are not merely technical problems but structural barriers shaped by the nature of informal microenterprise operations.

The study highlights challenges such as rising ingredient prices, lack of financial tools, and unstable supply costs. Practical implications include providing stable supplier linkages, barangay-level wholesale access, and updated local price monitoring dashboards that vendors can use to anticipate cost changes. Training sessions on managing inflation, planning for fluctuating costs, and identifying alternative ingredients may also help sellers adapt more confidently. By improving access to information and resources, support institutions can reduce the uncertainty vendors face and help them plan their costing more accurately.

4.5. Responding to Costing Challenges

This category shows how small kakanin business owners in Pagadian City deal with problems in figuring out the cost of their products. The data show that kakanin vendors face difficulties like changing ingredient prices, competition, and keeping good quality while still making a profit. To manage these problems, they watch prices closely, set their product costs carefully, and make sure their products stay good while selling at the right price. Three subcategories emerged from participants' responses: Price Monitoring, Cost-Based Pricing, and Quality-Based Pricing.

Price Monitoring: This refers to the practice of regularly checking and tracking the selling prices of kakanin products to ensure they remain competitive and profitable. Vendors observe market trends, monitor competitor prices, and adjust their own prices accordingly. This helps them respond to changes in ingredient costs, customer demand, and local market conditions. Through price monitoring, business owners aim to maintain a balance between affordability for customers and adequate profit margins for their operations.

> *"Sa tinuod lang, dili gyud sayon ang pag dumala sa mga balik-balik nga problema tungkol sa presyo, labi na kung ang presyo sa mga rekado sige'g usab... pero ang akong gibuhat kay mag lista ko sa mga presyo kada semana kay akoa gyud i-monitor kung pila gyud ang presyo sa saging, asukal, ug uban pang rekado."* [To be honest, it's really not easy to handle the recurring problems related to prices, especially when the prices of ingredients keep changing... but what I do is list down the prices every week so I can monitor how much the bananas, sugar, and other ingredients really cost.] -P1
>
> *"Ang akong gibuhat kay ako gyung gi-monitor ang presyo sa mga ingredients matag semana. Kung makita nako nga taas ang presyo sa mga ingredients... maghinay-hinay lang pud ko'g adjust sa presyo."* [What I do is really monitor the prices of the ingredients every week. If I see that the prices of the ingredients are high... I also make price adjustments gradually.] -P3
>
> *"Ang pag-monitor daan sa presyo sa materials mao'y naka-tabang nako makasabay sa pagtaas sa presyo."* [Monitoring the prices of the materials ahead of time is what helped me keep up with the price increases.] -P7

The participants show that keeping track of prices is very important for small kakanin vendors. By checking the prices of ingredients like bananas and sugar regularly, they can decide the right selling price and still make a profit. Watching prices every week helps them change their prices little by little, instead of all at once, so they don't lose customers. This shows that vendors try to manage their costs while keeping products affordable. It also shows that their daily work depends a lot on market changes, because ingredient prices affect how they set their prices and run their business.

An observation made by the researcher during the interviews was that vendors consistently monitor the prices of ingredients and competitor products. This practice allows them to adjust their selling prices in response to market changes, ensuring their kakanin remains affordable for customers while still maintaining reasonable profit margins.

The data show that the kakanin vendors actively engage in price monitoring as a key strategy to manage their businesses. By regularly checking ingredient costs and observing competitor pricing, they are able to make timely adjustments to their selling prices. This practice helps them cope with fluctuating market conditions, maintain product affordability for customers, and

secure reasonable profit margins, demonstrating their proactive approach to sustaining profitability and competitiveness.

Gómez Talal et al. (2024) found that restaurants that monitor customer responses to pricing and adjust prices dynamically are able to remain competitive while maintaining profitability. Their study showed that businesses that regularly track price sensitivity and customer feedback can make timely price adjustments without negatively affecting customer satisfaction. This supports the practices of kakanin sellers, who monitor market prices and customer reactions before adjusting their prices to stay competitive and sustain profit.

Melchor et al. (2025), in Operational Cost Control in Food and Beverage Establishments: Awareness, Practices, and Challenges in Southern Oriental Mindoro, Philippines, examined how small food businesses manage costs and adjust prices. Their study highlighted that vendors who monitor ingredient costs and control operational expenses are better able to make timely price adjustments while maintaining customer satisfaction. This reflects the practices of kakanin sellers, who adjust their prices based on supply costs and market conditions to balance profitability with customer retention.

Cost-Based Pricing: This refers to the practice of setting the selling price of kakanin products primarily based on the total cost of production. Vendors calculate all expenses, including ingredients, labor, and other operational costs, and then add a markup to ensure a profit. This method ensures that the price covers all costs while providing a predictable profit margin, helping vendors maintain financial stability and avoid losses even when market conditions fluctuate.

> *"Sa una parehas ra ang presyo sa tanan nakong bilao, pero... karon gi-usab nako ug gibahin-bahin ang presyo base sa aktwal nga gasto sa mga rekado aron mas makabawi ug mas epektibo ang paggamit sa akong puhunan."* [Before, the price of all my trays was the same, but... now I've changed it and divided the prices based on the actual cost of the ingredients so I can recover more and use my capital more effectively.] -P4
>
> *"Ginasunod nalang jud nako ang costing aron makasiguro nga naa gyud ginansya."* [I just really follow the costing to make sure that there is profit.] -P2
>
> *"Mag dependi ra gyud na's mga rekado if mahal."* [It really depends on the ingredients if they are expensive.] -P4

The participants consistently base their product prices on the total cost of production. They carefully calculate expenses for ingredients, labor, and other operational needs, then add a markup to secure profit. The participants adjust their prices when ingredient costs increase, showing that they are attentive to changes in the market and committed to maintaining financial stability. This practice allows them to avoid losses, recover investments efficiently, and ensure that their business remains sustainable while meeting customer demand.

An observation made by the researcher during the interviews was that vendors consistently apply a cost-based approach to pricing, carefully calculating all expenses and adjusting their selling prices according to changes in ingredient costs. This demonstrates that cost-based pricing serves as a practical and reliable strategy for sustaining small-scale kakanin businesses.

The data show that the kakanin vendors set their prices mainly based on how much it costs to make their products. They add a small extra amount to make a profit while making sure all expenses, like ingredients and labor, are covered. Vendors adjust prices when ingredient costs change, which helps them manage their money well and avoid losing profit. This shows that cost-based pricing is a practical way for small kakanin businesses to stay financially stable and earn enough to keep running.

Jumawid et al. (2025) examined how micro foodservice businesses in Pagadian City determine their pricing using a cost-based pricing approach. Their study showed that vendors who carefully calculate the total cost of production—including both direct costs like ingredients and indirect costs like overhead—are better able to set competitive and sustainable prices. This mirrors the practices of kakanin sellers, who base their prices on the cost of ingredients and other expenses to ensure fairness and maintain profitability.

Anjani et al. (2021) explored how micro food businesses determine pricing strategies using a cost-based approach. Their study found that cost-based pricing enables small vendors to maintain reasonable profit margins while keeping their products affordable for customers. This reflects the practice of kakanin sellers, who calculate the total cost of production—including ingredients and overhead—to set prices that ensure profitability without driving away their regular customers.

Quality-Based Pricing: This refers to the practice of setting the selling price of kakanin products based on their perceived quality rather than just the cost of production. Vendors consider factors such as taste, freshness, appearance, and ingredients when determining the price. Higher-quality products are often priced higher because customers are willing to pay more for better taste or presentation. This strategy allows vendors to differentiate their products from competitors and maintain a balance between customer satisfaction and profit.

> *"Sa akong pagpresyo, ginabase nako sa kalidad ug kadak-on sa kutsinta, kung... gamay ra ug simple kuan mas ubos ang presyo, pero kung... dako ug mas nindot ang kalidad, mas taas gamay ang presyo aron patas sa kalidad sa produkto."* [In setting my prices, I base them on the quality and size of the kutsinta. If it's small and simple, the price is lower, but if it's bigger and of better quality, the price is slightly higher to match the product's quality.] -P6
>
> *"Gi-usab nako ang pag presyo base sa kalidad sa puto. Kung mapalpak ang batch, dili nako ipataas ang presyo aron magpabilin ang pagsalig sa customers."* [I adjusted the pricing based on the quality of the puto. If a batch fails, I don't increase the price to maintain the customers' trust.] -P5

The participants indicated that they adjust their product prices based on the quality of the kakanin they sell. They consider aspects such as taste, size, appearance, and consistency when determining prices. Higher-quality products are priced slightly higher because customers are willing to pay more for better quality, while lower-quality or smaller items are priced lower to remain affordable. Participants also emphasized that maintaining consistent quality helps preserve customer trust and loyalty.

An observation made by the researcher during the interviews was that vendors consistently consider the quality of their kakanin

as a key factor in pricing. They carefully assess the size, taste, appearance, and freshness of their products before setting prices, and adjust them according to customer expectations and perceived value. Vendors also emphasized maintaining customer trust by avoiding price increases for batches that do not meet quality standards. This demonstrates that quality-based pricing is not only a strategy for profit but also a way to build loyalty and differentiate their products from competitors.

The data show that kakanin vendors set prices based on product quality, including taste, size, and appearance. Higher-quality items are priced higher, while failed batches are not overcharged to maintain customer trust. This approach helps vendors earn fair profit and keep customers satisfied.

The Influence of Product Quality on Pricing Decisions Oktavian and Wahyudi (2022) examined how product quality affects consumer-related decisions, showing that higher-quality products often allow sellers to set higher prices because customers see them as more valuable. Their findings showed that when vendors focus on improving quality, customers are more willing to pay a slightly higher price and are more likely to stay loyal. This aligns with the practices of many kakanin sellers, who adjust their prices based on the freshness, taste, and overall quality of their products, knowing that customers are willing to pay more for better-quality goods.

Konuk (2019) examined how perceived food quality, price fairness, and perceived value affect customer satisfaction and repurchase intentions in organic food restaurants. The study found that when customers perceive food as high quality and fairly priced, they are more willing to pay slightly higher prices and are more likely to return or recommend the restaurant. This supports the approach of kakanin sellers, who adjust their prices based on the quality, freshness, and presentation of their products to maintain customer trust and loyalty.

The responses of vendors such as adjusting recipe proportions, modifying product sizes, switching brands, or increasing prices demonstrate active adaptation strategies aligned with Transaction Cost Theory. These responses represent attempts to reduce the impact of uncertainty, maintain market stability, and preserve customer relationships despite financial pressures. When vendors choose cost-saving adjustments rather than immediate price increases, they are attempting to minimize negotiation and enforcement costs with customers. When they eventually raise prices, they do so cautiously to avoid transaction breakdowns. These adaptive behaviors support Coase's idea that firms reorganize internal processes and modify exchange terms to minimize total transaction costs. Overall, the responses reveal that micro-entrepreneurs continuously balance economic survival with social obligations, using flexible strategies to navigate a volatile marketplace.

The ways vendors respond to costing challenges—such as adjusting product size, altering recipes, or shifting ingredient brands—show a need for structured guidance on managing changes without losing quality or customer trust. Practical actions may include developing recipe modification guides, menu engineering strategies, and communication templates that help sellers explain price or size changes to customers clearly and respectfully. Training on branding, customer retention, and product consistency can also help vendors maintain loyalty even when adjustments are necessary. These supports can empower micro-entrepreneurs to respond more strategically and sustainably during financial or market disruptions.

■ CHAPTER 4

5. Summary of findings, Conclusions, Recommendations

This chapter presents the summary of the key findings derived from the interviews with kakanin business owners in Pagadian City. The research focused on their financial decision- making practices, specifically their costing and pricing strategies

5.1. Summary of Findings

The study's key findings are a summary of the participants' responses during the interview.

1. How do kakanin business owners calculate the direct cost of ingredients?

Kakanin business owners calculate direct costs through a combination of Estimating Costs, where they rely on familiarity with recipes and past production experience; Itemizing Ingredients, which they use for precise costing when producing bulk orders or when ingredient prices fluctuate; Recording Expenses, where they maintain simple handwritten lists or receipts to track purchased materials; and Computing Totals, where they use calculators or mobile apps to ensure accuracy in dividing total costs per batch or per piece. These updated subcategories show that their direct cost computation shifts between informal and semi-formal methods depending on the level of accuracy required.

2. How do kakanin business owners account for indirect costs?

Business owners account for indirect costs through Allocating Overhead, which involves dividing gas, electricity, water, and other utilities across batches; Including Overhead, where they add small fixed amounts to selling prices to ensure overhead recovery; Applying Percentages, especially for those using mobile apps that automatically compute labor and utility cost shares; and Adjusting Charges, where they increase prices or adjust portions when overhead costs rise. These updated subcategories show that vendors integrate overhead in practical and flexible ways to prevent losses despite not using formal accounting systems.

3. How do kakanin business owners determine their selling price?

Selling prices are determined through the subcategories Applying Mark-Up, where vendors add a fixed amount or percentage to ensure profit; Benchmarking Prices, where they observe and compare competitor prices to stay competitive; and Considering Market, where they evaluate customer affordability, demand, and local buying behavior. These methods show that price-setting is a balance between cost recovery, competition, and customer expectations.

4. How do kakanin business owners control the cost associated with their production?

Production costs are controlled through Monitoring Inventory, ensuring ingredients are tracked to avoid spoilage or shortages; Regulating Production, adjusting the volume cooked based on demand to prevent waste; Portioning Products, standardizing sizes and quantities to maintain consistent cost per piece; and Strategic Purchasing, buying ingredients in bulk or from cheaper suppliers to minimize expenses. These methods help vendors stay

cost-efficient and maintain steady profit margins despite unstable ingredient prices.

5. How do kakanin business owners analyze the profitability of their products?

Kakanin vendors evaluate profitability through five interrelated methods: Calculating Profit, where they compute earnings by comparing daily sales with total expenses; Net Profit Calculation, identifying the remaining income after deducting both direct and indirect costs; Tracking Income, using notebooks or simple records to monitor sales patterns; Experiential Knowledge, relying on intuition and familiarity with expected earnings to judge whether the day's profit is sufficient; and Using Tools, where some employ mobile applications or calculators for more accurate summaries. These subcategories show that profit evaluation is mostly informal yet functional, blending practical computation with experience-based assessment to guide daily financial decisions.

6. What challenges do kakanin business owners face in costing practices?

Vendors experience challenges classified into Facing Inflation, where rising ingredient and utility costs make accurate costing difficult; Fluctuating Market Price, as unstable prices for sugar, coconut, rice, and other raw materials disrupt consistent pricing; and Encountering Limitations, including limited capital, lack of financial tools, and restricted supplier options. These subcategories illustrate that cost challenges stem from both economic conditions and structural constraints in small-scale business operations.

7. How do kakanin business owners address the challenges in costing practices?

The responses they provided fit into the Responses to Costing Challenges category. They use Price Monitoring to keep an eye on ingredient prices and change their buying and pricing choices based on what they see. They also use Cost-Based Pricing, which means changing prices when the cost of ingredients or overhead goes up. Lastly, they use Quality-Based Pricing, which means they keep the taste and quality of their kakanin so that customers will pay their prices even when the market changes. These answers show that vendors deal with problems by making practical changes to keep their businesses profitable.

6. Conclusion

Based on the results, small-scale kakanin business owners in Pagadian City describe and apply their costing management practices through practical, flexible, and experience-driven methods that allow them to operate effectively despite limited resources. They compute direct and indirect costs using a mix of estimation, itemized calculation, simple recordkeeping, and basic digital tools; set selling prices through mark-ups, competitor benchmarking, and market considerations; control production costs by monitoring inventory, regulating production, portioning products, and purchasing strategically; and evaluate profitability through profit calculations, income tracking, and experiential judgment. Although challenged by inflation, fluctuating market prices, and operational limitations, they respond through price monitoring, cost-based pricing, and maintaining product quality. Overall, the findings show that kakanin vendors rely on informal yet functional costing practices that support daily decision-making and sustain their businesses, effectively answering the central question on how they describe and apply their costing management practices.

7. Recommendations

Based on the findings of this study, the following recommendations may help improve current practices:

1. Business owners could join training sessions on financial management to better understand costing, budgeting, and pricing strategies. This might allow them to manage their finances more effectively and improve their daily operations.
2. Adapting digital tools for inventory tracking and financial management may help increase accuracy in recording expenses and pricing, leading to more informed business decisions.
3. Financial institutions and local government agencies could consider offering financial literacy workshops or providing access to microloans for small-scale businesses. Such support may help them manage cash flow more effectively and invest in improved financial practices.
4. Future researchers could explore how technology adoption, such as cloud-based accounting or inventory management software, can help small-scale food businesses like kakanin vendors improve their financial decision-making and operational efficiency.

By considering these recommendations, kakanin vendors in Pagadian City may strengthen their financial practices, enhance profitability, and ensure the long-term sustainability of their businesses. This research contributes valuable insights into the financial management practices of small food enterprises and provides practical solutions for overcoming common challenges in the industry.

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