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Cost Management Practices and Common Problems Encountered by Selected Coffee Shops in Bangued, Abra

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ABSTRACT

This study explored the cost management practices, and common challenges faced by selected locally owned coffee shops in Bangued, Abra. Using a quantitative descriptive-correlational research design, the study aimed to assess the level of cost management practices across labor, food, and operational expenses, and to determine whether demographic factors influence these practices. A total of 52 respondents, including 12 owners/managers and 40 employees, participated through a validated self-made questionnaire.

Data were collected through a validated self-made questionnaire with three sections covering demographic profiles, cost management practices, and common problems across labor, food, and operational costs. The instrument demonstrated good to excellent reliability (Cronbach's α ranging from 0.765 to 0.853). Statistical analysis employed frequency distributions, weighted means, and chi-square tests.

Findings revealed that most respondents were young, male, and relatively new to the industry, with limited training exposure. Overall, coffee shops demonstrated very high effectiveness in managing costs, particularly in food cost control, followed by labor and operational costs. While demographic factors such as age, sex, education, and training hours showed no significant impact, years of service were found to correlate positively with food and operational cost management. Labor cost management, however, appeared unaffected by experience.

Despite strong cost management performance, coffee shops still encountered moderate challenges, especially in labor and operational expenses, largely due to the service-intensive nature of the business and reliance on equipment and utilities. Food and beverage costs posed fewer issues.

The study suggests that continuous training, energy-efficient practices, and leveraging employee experience may further enhance cost efficiency. Future research is encouraged to explore additional variables that may influence cost management outcomes such as ownership structure, managerial expertise, education, and diversity. Lastly, consider conducting cross-country or comparative studies to better understand how different ownership structures influence cost management practices and to improve the generalizability of the findings.

Keywords: cost management, coffee shops, labor costs, food costs, operational costs

INTRODUCTION

The food and beverage industry remains to be one of the most attractive sectors for startup entrepreneurs due to its relatively low barriers to entry, low to moderate initial capital requirements, and ease of establishment (Mun and Jang, 2017). Additionally, the industry benefits from consistent demand as food and beverages are basic human needs. Among the various types of food service establishments, coffee shops have emerged as particularly popular ventures. According to Azahra et al. (2024) Drinking coffee is deeply ingrained in many cultures around the world, it's beyond a morning ritual but becomes a social experience that brings people together. Today, coffee shops serve multiple functions beyond simply serving beverages. They have evolved into social hubs where people gather for different reasons such as business meetings, networking, socialization, and even provide quiet spaces where students can study. Moreover, coffee is one of the most widely consumed beverages globally, contributing significantly to the widespread popularity of coffee establishments (Tumanan & Lansangan, 2011). Increasing disposable incomes, changing lifestyles, and a rising coffee culture among consumers across the globe are contributing to the overall growth of the market.

While industry giants such as Starbucks have historically dominated the coffee market, recent years have witnessed a notable proliferation of small-scale and locally-owned coffee shops. This trend demonstrates both the enduring popularity of coffee culture and the perceived viability of coffee shop ventures as profitable investments, encouraging numerous entrepreneurs to enter this market segment.

This phenomenon has been particularly evident in Abra province, specifically in its capital, Bangued, where there has been a remarkable boom in the coffee shop industry in recent years. The emergence of numerous coffee establishments in this relatively small urban center presents an interesting case study for examining the operational dynamics of small-scale coffee businesses.

According to Zainol et. al (2023) Most food service restaurants are relatively small, and in many cases their management is often less experienced, which contributes to insufficient or weak control systems being exercised. Moreover, Lymar and Gumeniuk (2019) mentioned that one of the main reason most restaurants are not able to manage their finances and suffer losses is that they are not able to keep their restaurant costs in check. Restaurant Cost Control is essential as it allows to identify the area of expenses and take corrective and preventive measures to keep a healthy ratio between expenses and finances.

Given this context, the researcher was prompted to conduct this study to gain insights into the cost management practices employed by these coffee shops, as well as to identify the common challenges and problems these establishments encounter when operating in a small town or small-scale environment. Understanding these factors will contribute valuable knowledge to the existing literature on small business management and provide practical insights for current and prospective coffee shop entrepreneurs in similar settings.

Objective/Statement of the Problem

This study seeks to address the lack of information regarding how locally owned coffee shops in Bangued, Abra effectively manage their labor, food, and operational costs, and whether the profiles of owners and employees influence these cost management practices.

Specifically, it aims to answer the following questions:

1. What is the profile of the owners/managers and employees of locally owned coffee shops in Bangued, Abra?
2. What is the level of cost management practices employed by these coffee shops in terms of labor, food, and operational costs?
3. Is there a significant relationship between the respondents' profiles and their cost management practices?
4. What are the common challenges encountered in managing labor, food, and operational costs?

Hypothesis

H_0: There is no significant relationship between the profile of the respondents and the level of cost management practices of the locally owned restaurants in Abra.

Significance of the Study

This study provides valuable insights that can benefit the following stakeholders:

Owners and Managers of Coffee Shops: It provides a clearer understanding of areas needing improvement, including employee perspectives, enabling them to enhance their cost management practices and overall operations.

Local Government Unit: The findings can guide local authorities in supporting coffee shops more effectively, such as through organizing targeted seminars and training programs to improve business practices.

Potential Entrepreneurs: This study offers practical information on the cost management strategies employed by existing coffee shops, which can inform and guide future entrepreneurs planning to establish similar businesses.

Future Researchers: The study serves as a reference and foundation for conducting similar research on cost management practices in locally owned businesses or related fields.

REVIEW OF RELATED LITERATURE CONCEPTUAL FRAMEWORK

Effective cost management is an essential foundation for achieving operational efficiency and financial success across industries, including the restaurant sector. Pramanick, A., Sharma, S., & Slath, A. (2025). Cost management is a key aspect of enterprise management system; it is closely linked to economic benefits and is fundamental in improving organizational performance. Effective cost control requires thorough attention to every detail, as it enables enterprises to achieve their operational targets and production goals by precisely adjusting the expenses of their operational activities (Chang, 2024).

In a competitive and increasingly complex business environment, cost management has emerged as a pivotal strategy for achieving operational efficiency and sustaining profitability. Companies today face multifaceted pressures, from rising raw material costs and fluctuating market demands to the need for innovation and sustainable practices. By integrating cost management into overall business strategy, organizations can better control spending, streamline operations, and maximize financial outcomes (Kumar, 2024).

Cost cutting, in simple terms, refers to the act of reducing expenses to improve profitability. Various cost-cutting strategies include reducing the number of employees, limiting benefits, lowering raw material costs by ordering in bulk instead of small quantities, decreasing portion sizes, modifying standard recipes, and using substitutes. Additionally, it involves minimizing overhead expenses such as rent and utilities (Awasthi, Nain, & Roy, 2020).

As an important component of the world economy, the restaurant sector contributes much more than meals. It stimulates the growth of local business, draws tourists, and acts a hub for cultural exchange (Pramanick, A., Sharma, S., & Slath, A. 2025). In the restaurant industry, which is highly competitive and dynamic, cost control is crucial for maintaining profitability and financial sustainability. While established national and multi-chain foodservice operators employ strict food cost control procedures, less is known about the cost control practices of small, single-unit restaurants (Barnard, 2009). This is particularly important as increases in labor, food, and rent costs complicate cost management for many hospitality businesses (Alonso & Krajsic, 2014).

Cost Control strategy is an essential element of any food service operations planning. It is one of the several vital elements necessary for the operation to be able to effectively compete in the marketplace (Penaflor, 2023). Hence, effective cost management is crucial for its profitability and financial sustainability. Operational costs have been proven difficult to control especially for the emerging fast-casual restaurants because of many factors, among others include poor management systems, high levels of theft and the increasing economic crisis (Gumbo, 2023). Therefore, optimizing cost is significant in contemporary business operations, especially restaurants, since it is the foundation for maximizing profitability (Kankam-Kwarteng et al., 2019).

Restaurants need efficient cost management strategies due to highly competitive market conditions. A restaurant's overhead costs cover rent, utilities, maintenance, and the interplay between fixed and variable costs and are key to developing pricing strategies. high prime costs (food costs and salary expenses) could be a major concern for full-service restaurant businesses and cause lower profitability (Mun & Jang, 2018). Through careful monitoring and optimization of cost components, restaurants can secure competitive pricing, improve service standards, increase customer satisfaction, and ensure long-term business viability (Mun & Jang, 2018). The effective application of cost control measures, supported by modern technology and staff training, is essential for restaurants to thrive in a competitive market while maintaining profitability.

THEORETICAL FRAMEWORK

This study is anchored on the RBV theory that explains the importance of internal resources for achieving the sustainable competitive advantage (Barney, 1991). RBV Theory emphasizes that an internal analysis of the

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differences in resource of business even within the same industry can be a source of a sustainable competitive advantage A Business is said to have a competitive advantage when it can produce more economically and/or better satisfy customer needs. Further, Resource-Based View Theory explains the role of various resources, both tangible and intangible resources, in creating and maintaining a company's competitive advantage. (Mailani et al., 2024) In this study it investigates how locally owned coffee shops manage their internal resources specifically in terms of labor, food cost, and operational costs which are internal capabilities which are central to RBV and factors that affects competitive advantage.

Conceptual Framework

This study was guided by the model below.

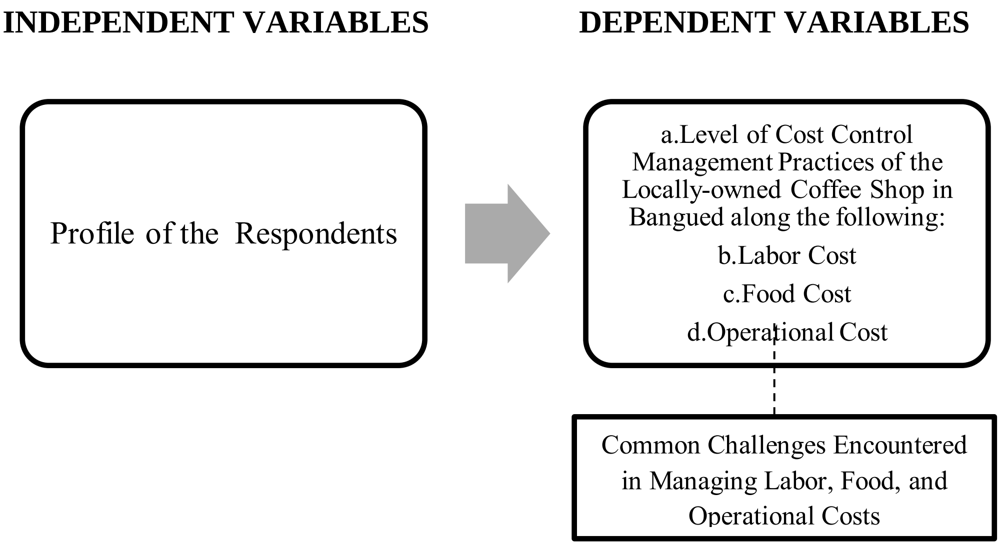

Figure 1. Research Paradigm

The paradigm shows the relationship between the independent and dependent variables of the study. The independent variables refer to the profile of the owner-managers and employees of locally owned coffee shops in Bangued, Abra. The dependent variables pertain to the level of cost management practices employed by these coffee shops, specifically in terms of labor, food, and operational costs. Furthermore, the study also identifies the common challenges encountered by these establishments.

METHODOLOGY

Research Design

This study employed a quantitative descriptive correlational research design. It is descriptive because it aims to determine the profile of respondents and the level of cost management practices, as well as the common challenges encountered by the locally owned coffee shops in Abra. It is correlational as it seeks to examine whether significant relationships exist between respondents' profiles and their cost management practices in the terms of labor, food, and operational costs.

Population and Sample

The respondents of this study were the owners and managers and their employees of locally owned coffee shops in Bangued, Abra. A total enumeration sampling technique was employed, including all 12 owners/managers and 40 employees, for a total of 52 respondents.

Research Limitations

This study employed a total enumeration and focused specifically on locally-owned coffee shops in Bangued, Abra. Due to geographic concentration of the sample, the findings may not be generalizable to coffee shops located in larger urban areas with different market conditions, customer preferences, and socio-political or regulatory environments.

Data Gathering Instrument

The researcher used a self-made questionnaire that was content validated by three experts to ensure its validity. The questionnaire consisted of three parts: the first part collected the demographic profile of the respondents; the second part assessed the level of cost management practices regarding labor, food, and operational costs; and the third part identified problems encountered in labor, food, and operational cost management. All the variables: labor, food, and operational costs were measured using a five-point Likert-scale, ranging from strongly agree to strongly disagree.

To assess the level of cost management practices implemented by the coffee shops, as perceived by the owner/manager and employees, as well as the common problems encountered by the coffee shops in terms of cost management practices the following scale, descriptive ratings, and overall interpretations were used:

Scale	Mean Range	Descriptive Rating	Overall Interpretation
5	4.50 – 5.00	Always (A)	Very High (VH)
4	3.50 – 4.49	Often (O)	High (H)
3	2.50 – 3.49	Sometimes (S)	Moderate (M)
2	1.50 – 2.49	Rarely (R)	Low (L)
1	1.00 – 1.49	Never (N)	Very Low (VL)

Following validation, the instrument underwent pilot testing to determine its reliability, yielding the following results:

On the level of Cost Management Practices along Labor, Food, and Operational Cost.

Dimension	Mean	SD	Cronbach's α	Interpretation
Labor Cost	3.93	0.696	0.852	Good
Food Cost	3.66	0.732	0.827	Good
Operational Cost	3.76	0.649	0.785	Acceptable

On the Common Challenges encountered by the locally owned coffee shops in Bangued, Abra.

Dimension	Mean	SD	Cronbach's α	Interpretation
Labor Cost	4.66	0.508	0.765	Acceptable
Food and Beverage Cost	4.41	0.653	0.837	Good
Operational Cost	4.01	0.717	0.853	Good

Data Gathering Procedures

The researcher first obtained a complete list of registered locally owned coffee shops in Abra from the Department of Trade and Industries (DTI). Permission was then sought from the owners/managers to conduct the study. Upon approval, the questionnaire was distributed, allowing ample time for owners, managers, and employees to respond. Respondents were informed about their rights; purpose of the study and participation was voluntary through informed consent. The questionnaires were personally retrieved by the researcher, then organized, tallied, and subjected to statistical analysis.

Statistical Treatment of Data

The researcher used frequency and percentage distributions to analyze respondents' profiles. Weighted means were employed to evaluate the level of cost management practices, and the common challenges faced. Chi-square Test was used to examine significant relationships between respondents' profiles and their cost management practices, enabling a scientific presentation, analysis, and interpretation of data.

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RESULTS AND DISCUSSION

Table 1. Profile of the Respondents

Age	Owner/Manager		Employees	
	Frequency	Percentage	Frequency	Percentage
21 to 30 years old	8	66.7%	38	95.0%
31 to 40 years old	2	16.7%	2	5.0%
41 to 50 years old	1	8.3%	-	-
51 years old and above	1	8.3%	-	-
Total	**12**	**100%**	**40**	**100%**
Sex	**Frequency**	**Percentage**	**Frequency**	**Percentage**
Female	5	41.7%	18	45.0%
Male	7	58.3%	22	55.0%
Total	**12**	**100%**	**40**	**100%**
Educational Attainment	**Frequency**	**Percentage**	**Frequency**	**Percentage**
College Graduate	9	75.0%	23	57.5%
Highschool Graduate	3	25.0%	17	42.5%
Total	**12**	**100%**	**40**	**100%**
Years in Service	**Frequency**	**Percentage**	**Frequency**	**Percentage**
5 years below	10	83.3%	39	97.5%
6 to 10 years	1	8.3%	-	-
16 years and above	1	8.3%	1	2.5%
Total	**12**	**100%**	**40**	**100%**
Hours of Relevant Training/Seminars	**Frequency**	**Percentage**	**Frequency**	**Percentage**
Less than 8 hours	4	33.3%	18	45.0%
17 to 24 hours	2	16.7%	2	5.0%
9 to 16 hours	5	41.7%	20	50.0%
25 hours or more	1	8.3%	-	-
Total	**12**	**100%**	**40**	**100%**

Age. The data reveal that the majority of the owners/managers are within the age group of 21 to 30 years old (66.7%). On the other hand, almost all employees are also in the 21 to 30 years old age group (95.0%), with only 5.0% falling within 31 to 40 years old.

Sex. In terms of sex distribution, 58.3% of owners/managers are male while 41.7% are female. Among employees, the distribution is more balanced with 55.0% male and 45.0% female.

Educational Attainment. Most of the owners/managers (75.0%) are college graduates, while the remaining 25.0% finished only high school. Among employees, 57.5% are college graduates, and 42.5% are high school graduates.

Years in Service. The majority of owners/managers (83.3%) have been in service for five years or below. Similarly, almost all employees (97.5%) have worked for five years or below, with only 2.5% having more than 16 years of service.

Hours of Relevant Training/Seminars. With regard to training, most owners/managers (41.7%) had attended 9 to 16 hours of relevant training, followed by 33.3% with less than 8 hours, 16.7% with 17 to 24 hours, and only 8.3% with 25 hours or more. For employees, the distribution is similar: 50.0% had 9 to 16 hours, 45.0% had less than 8 hours, and only 5.0% had 17 to 24 hours.

Table 2. Item Mean Rating of the Labor Cost Management Practices by Owner/Manager and Employees of Locally-owned Coffee Shops in Abra

LABOR COST	**Owner/Manager**		**Employee**		**As a Whole**	
	Mean	**DR**	**Mean**	**DR**	**Mean**	**DR**
1. The coffee shop trains employees to work in all areas of operation to save man power.	4.75	A	4.58	A	4.67	**VH**
2. The coffee shop uses a flexible work schedule to adjust to different levels of activity.	4.67	A	4.28	O	4.48	**H**
3. The coffee shop includes staff about adjustments to the schedule.	4.75	A	4.47	O	4.61	**VH**
4. The coffee shop creates a positive workplace to keep employees happy and reduce turnover.	4.92	A	4.70	A	4.81	**VH**
5. The coffee shop limits overtime hours to control labor expenses.	4.17	O	4.00	O	4.09	**H**
Sub Mean	**4.65**	**VH**	**4.41**	**H**	**4.53**	**VH**

Table 2 shows the item mean rating of the labor cost management practices of locally-owned coffee shops in Abra as assessed by both owners/managers and employees. Results reveal that the practices were generally rated **Very High**, with an overall mean of **4.53**. Specifically, both **owners/managers ($\bar{x}$ = 4.65)** interpreted as **"Very High"** and **employees ($\bar{x}$ = 4.41)** interpreted as **"High".** Both perceived that these practices were consistently implemented in their respective workplaces.

Among the indicators, Item 4, "*The coffee shop creates a positive workplace to keep employees happy and reduce turnover."* obtained the highest overall mean of **4.81**, interpreted as **"Very high".** This implies that the locally owned coffee shops' give strong emphasis on maintaining a supportive and motivating work environment, which is critical in reducing employee turnover. According to Awasthi et al. (2020) when people leave organization, their skills and experience is also lost, and it's very difficult to restore. Therefore, it is necessary to retain minimum manpower to keep operations smooth and continuous.

On the other hand, item 5, *"The coffee shop limits overtime hours to control labor expenses."* received the lowest overall mean rating of **4.09**, which is interpreted as **"*High*".** This indicates that while overtime control is practiced, it is not as strongly implemented compared to other strategies. Choi et al. (2009) explained that in labor scheduling, restaurant managers often face two main challenges: overstaffing which increases labor costs and understaffing which leads to lost business opportunities.

Table 3. Item Mean Rating of the Food Cost Management Practices by Owner/Manager and Employees of Locally-owned Coffee Shops in Abra

FOOD AND BEVERAGE COST	**Owner/Manager**		**Employee**		**As a Whole**	
	Mean	**DR**	**Mean**	**DR**	**Mean**	**DR**
1. The coffee shop uses the FIFO (First-In, First-Out) method to manage inventory.	4.83	A	4.67	A	4.75	**VH**
2. The coffee shop uses standardized recipes to control portion sizes and costs.	4.75	A	4.83	A	4.79	**VH**
3. The coffee shop trains staff on proper measuring techniques to reduce product waste.	4.92	A	4.70	A	4.81	**VH**
4. The coffee shop negotiates volume discounts with suppliers for frequently used ingredients.	4.50	A	4.22	O	4.36	**H**
5. The coffee shop conducts regular inventory counts to track food and beverage usage.	4.83	A	4.70	A	4.77	**VH**
Sub Mean	**4.77**	**VH**	**4.62**	**VH**	**4.70**	**VH**

Table 3 shows the item mean rating of the food cost management practices of locally-owned coffee shops in Abra as assessed by both owners/managers and employees. The findings indicate that these practices were implemented at a "**Very High**" level, with an overall mean of **4.70.** Specifically, **owners/managers ($\bar{x}$ = 4.77)** rated the practices slightly higher than **employees ($\bar{x}$ = 4.62**), but both groups consistently affirmed strong application of food cost control measures. According to Barnard 2009, identifying and allocating direct raw material is a best practice for ensuring profitability in the food service operations.

Among the indicators, item 3, which states *"The coffee shop trains staff on proper measuring techniques to reduce product waste."* obtained the highest mean 4.81, which falls under **"Very High"**. This implies that the locally owned coffee shops' places great importance on minimizing waste through proper handling and accurate measurement of ingredients. Okumus (2019) emphasizes in his study that food waste continues to be a vital concern in the hospitality industry, often occurs during the preparation stage because of the staff errors. He further suggested that employee training is one of the key strategies in reducing food waste.

Meanwhile, item 4, which states "*The coffee shop negotiates volume discounts with suppliers for frequently used ingredients."* obtained the lowest overall mean of **4.36**, though still rated as "**High".** This suggests that while supplier negotiation is practiced, it is not as strongly practiced as compared to other methods of controlling food and beverage costs. Awasthi et al. (2020) mentioned in their study that changing supplier is better option instead of compromising on quality or quantity of food.

Table 4. Item Mean Rating of the Operational Cost Management Practices by Owner/Manager and Employees of Locally owned Coffee Shops in Abra

OPERATING EXPENSE COST	**Owner/Manager**		**Employee**		**As a Whole**	
	Mean	**DR**	**Mean**	**DR**	**Mean**	**DR**
1. The coffee shop uses energy-efficient appliances to reduce electricity consumption and lower utility bills.	4.42	O	3.98	O	4.20	**H**
2. The coffee shop tracks and reviews all utility expenses regularly and implements cost saving practices.	4.67	A	4.28	O	4.48	**H**
3. The coffee shop conducts preventive maintenance on equipment to avoid costly repairs.	4.33	O	4.35	O	4.34	**H**
4. The coffee shop provides regular training to staff on the correct and safe use of equipment to prevent damage, ensure operational efficiency, and extend the equipment's lifespan.	4.75	A	4.60	O	4.68	**VH**
5. The coffee shop uses digital tools and technology to cut costs, save on paper and printing, and make daily operations more efficient.	4.33	O	4.28	O	4.31	**H**
Sub Mean	**4.50**	**VH**	**4.30**	**H**	**4.40**	**H**

Table 4 shows the item mean rating of the operational cost management practices of locally-owned coffee shops in Abra as assessed by both owners/managers and employees. The results indicate that these practices were implemented at a **High** level, with an overall mean of **4.40. Owners/managers ($\bar{x}$ = 4.50)** rated the practices slightly higher than **employees ($\bar{x}$ = 4.30**), but both groups affirmed that operational cost control strategies are consistently observed in their establishments. According to Karvounidi et. al. (2024) As sustainability and eco-friendly practices are highly valued in the contemporary tourism and hospitality industry, there is an increasing consumer demand for eco-friendly products and services.

Among the indicators, the highest mean rating was obtained by item 4, *"The coffee shop provides regular training to staff on the correct and safe use of equipment to prevent damage, ensure operational"* as evidenced by mean score of **4.68** with a descriptive rating of **"Very High"**. This suggests that the locally owned coffee shops' conducts trainings on proper equipment handling as a means of reducing unnecessary expenses and prolong the lifespan of their equipment. According to Karvounidi et. al. (2024) Proper maintenance is essential for preventing equipment failure and avoiding additional costs from energy loss. Predictive maintenance is a strategic approach used in various industries

On the other hand, item 1, which states *"The coffee shop uses energy-efficient appliances to reduce electricity consumption and lower utility bills."* received the lowest overall mean of **4.20,** interpreted as **"High"**. This

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indicates that while the use of energy-efficient appliances is being implemented, it is not as fully maximized compared to other operational strategies. The integration of energy-saving technologies and energy-efficient lighting, can significantly reduce energy consumption, lower operating costs, and enhance environmental sustainability (Uzoigwe & Kongolo, 2024).

Table 5. Summary of Labor, Food, and Operational Cost Management Practices in Locally-owned Coffee Shops in Abra

	Owner/Manager		**Employee**		**As a Whole**	
	Mean	**DR**	**Mean**	**DR**	**Mean**	**DR**
LABOR COST	4.65	VH	4.41	H	4.53	VH
FOOD COST	4.77	VH	4.62	VH	4.70	VH
OPERATIONAL COST	4.50	VH	4.30	H	4.40	H
Overall Mean	**4.64**	**VH**	**4.44**	**H**	**4.54**	**VH**

Table 5 presents the summary of labor, food, and operational cost management practices of locally-owned coffee shops in Abra as assessed by both owners/managers and employees. The overall mean rating of **4.54** indicates that these practices were carried out at a **"Very High"** level, and that the locally owned coffee shops implements effective cost management practices in terms of food, labor and other operational costs.

When comparing among the three, food cost management practices obtained the highest overall mean of **4.70**, interpreted as **"Very High".** This suggests that coffee shops place great importance on effectively controlling food-related expenses, particularly through inventory monitoring, recipe standardization, and waste reduction to ensure profitability. According to Mun and Jang (2017), Food costs are the foremost and largest portion of expenses for a restaurant business. Given the critical role of food cost in profit maximization, it is imperative that food costs be diligently monitored and maintained in operations (Barnard, 2009).

Labor cost management practices followed with an overall mean of **4.53 (*Very High*),** showing that strategies such as staff training, flexible scheduling, and employee involvement are strongly observed. Meanwhile, operational cost management practices received the lowest overall mean of **4.40**, though still rated as **"High."** This implies that while practices such as preventive maintenance, utility tracking, and staff training on equipment use are implemented, there is slightly less consistency compared to food and labor cost controls.

Comparing the perspectives of the two groups, owners/managers consistently provided higher ratings ($\bar{x}$= 4.64) than employees ($\bar{x}$ = 4.44). This suggests that while both groups perceive cost management practices as being implemented very highly, owners/managers tend to practice these more than their employees. This may be because they are directly responsible for overseeing operations and are more concerned about overall financial performance of their business and its long-term success.

Table 6. Relationship Between the Profile and the Level of Cost Management Practices of the Locally Restaurants in Bangued, Abra.

Variables (Profile)	**Satisfaction Indicator**	**Chi-square Test**	**Df**	**p-value**	**Critical Value (α=0.05)**	**Decision**
Age	Labor Cost	4.7	12	0.967	21.026	Insignificant; Ho: Accepted
	Food Cost	1.61	9	0.996	16.919	Insignificant; Ho: Accepted
	Operational Cost	5.64	12	0.933	21.026	Insignificant; Ho: Accepted
Sex	Labor Cost	4.12	4	0.389	9.488	Insignificant; Ho: Accepted
	Food Cost	3.35	3	0.34	7.815	Insignificant; Ho: Accepted
	Operational Cost	2.7	4	0.61	9.488	Insignificant; Ho: Accepted
Educational Attainment	Labor Cost	2.32	8	0.97	15.507	Insignificant; Ho: Accepted
	Food Cost	6.08	6	0.414	12.592	Insignificant; Ho: Accepted

	Operational Cost	3.08	8	0.929	15.507	Insignificant; Ho: Accepted
Years in Service	Labor Cost	13.4	8	0.099	15.507	Insignificant; Ho: Accepted
	Food Cost	25.8	6	<0.001	12.592	Significant; Ho: Rejected
	Operational Cost	26.9	8	<0.001	15.507	Significant; Ho: Rejected
Hours of Relevant Trainings/Seminars	Labor Cost	6.03	12	0.914	21.026	Insignificant; Ho: Accepted
	Food Cost	6.94	9	0.643	16.919	Insignificant; Ho: Accepted
	Operational Cost	6.87	12	0.866	21.026	Insignificant; Ho: Accepted

Table 6 presents the relationship between the profile of respondents and the level of cost management practices of locally-owned restaurants in Bangued, Abra. The results of the Chi-square test reveal that most profile variables, such as age, sex, educational attainment, and hours of relevant trainings/seminars, yielded insignificant results across labor, food, and operational costs, as the computed p-values were greater than the 0.05 level of significance. This indicates that these characteristics do not significantly influence the cost management practices of the respondents.

For years in service, however, a different result was observed. While its relationship with labor cost was found to be insignificant ($p = 0.099 > 0.05$), its relationship with both food cost ($\chi^2 = 25.8$, $p < 0.001$) and operational cost ($\chi^2 = 26.9$, $p < 0.001$) was significant. The null hypothesis was therefore rejected in these cases. This finding suggests that employees' length of service has a direct influence on their ability to manage food and operational costs effectively. Those with longer years of service may have gained more practical knowledge and experience, enabling them to implement cost-saving strategies more efficiently.

The significant relationship between years in service and food and operational cost management aligns with organizational theory wherein organizations learn regardless of whether they apply systematic learning approaches by changing or modifying their mental models, rules, processes or knowledge, maintaining or improving their performance and learning from their past experiences (Basten & Haamann, 2018).

Table 7. Mean Ratings of Common Labor Cost Related Problems in Locally Owned Coffee Shops in Abra

LABOR COST	**Mean**	**SD**	**DR**
1. The coffee shop experiences high labor costs due to overstaffing.	2.69	1.25	**Sometimes**
2. The coffee shop experiences difficulty maintaining consistent staffing levels due to seasonal fluctuations in business.	2.58	1.07	**Rarely**
3. The coffee shop experiences labor shortages due to high competition in the area.	2.60	1.29	**Sometimes**
4. Competition with other businesses increases wage expectations in our area.	2.67	1.31	**Sometimes**
5. Training new employees requires significant time and adds to overall labor costs.	3.06	1.18	**Sometimes**
Sub Mean	**2.72**	**1.03**	**Moderate**

Table 7 presents the mean ratings of common labor cost-related problems encountered by locally-owned coffee shops in Abra. The overall sub-mean of **2.72** indicates that these problems were experienced only sometimes, suggesting that while labor issues exist, they are not consistently severe across establishments.

Among the indicators, item 5, *"Training new employees requires significant time and adds to overall labor costs."* Obtained the highest mean **($\bar{x}$ = 3.06)** with a descriptive rating of **Sometimes**. This implies that although hiring and training are essential, they place additional strain on labor expenses.

On the other hand, the least experienced problem was item 2,"*The coffee shop experiences difficulty maintaining consistent staffing levels due to seasonal fluctuations in business."* **($\bar{x}$ = 2.58)** with a descriptive rating of **"Rarely"**. This suggests that seasonal demand does not pose a significant challenge for most coffee shops, possibly because flexible scheduling practices are already in place, and the fact that most of these establishments are small-scale, requiring only a few staff members; thus, finding or retaining manpower is not a major concern.

Overall, the results show that labor cost-related problems occur occasionally but are not highly prevalent and major issue among locally-owned coffee shops in Abra. The primary concern is the cost and effort of training

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new employees, while issues such as seasonal staffing challenges are less significant. According to Yandrasevich (2011) Investing in capable and responsible staff is necessary for the success of the company. Continuous training and employee empowerment continue to be necessary along with strong supervision to help build employee loyalty and increased productivity. Such investment therefore lowers labor costs, which results in a more competitive and efficient team environment.

Table 8. Mean Ratings of Common Food Cost Related Problems in Locally-Owned Coffee Shops in Abra

FOOD AND BEVERAGE COST	**Mean**	**SD**	**DR**
1. The coffee shop has trouble maintaining consistent food costs due to fluctuating supplier prices.	2.83	1.20	**Sometimes**
2. The coffee shop faces high food and beverage costs due to frequent spoilage.	2.40	1.21	**Rarely**
3. The coffee shop experiences inconsistent portion sizes, which results in increased food and beverage expenses.	2.21	1.21	**Rarely**
4. The coffee shop encounters theft or pilferage of ingredients, which contributes to rising food and beverage costs.	2.00	1.27	**Rarely**
5. The coffee shop has ineffective forecasting methods, resulting in excess preparation and product waste.	2.13	1.25	**Rarely**
Sub Mean	**2.32**	**1.08**	**Low**

Table 8 presents the mean ratings of common food cost-related problems encountered by locally-owned coffee shops in Abra. Among the listed issues, the most common concern was item 1, "*The coffee shop has trouble maintaining consistent food costs due to fluctuating supplier prices.*" with a mean of **2.83** with a descriptive rating of **"Sometimes"**.

On the other hand, item 4, which states *"The coffee shop encounters theft or pilferage of ingredients, which contributes to rising food and beverage costs."* Obtained the lowest mean of **2.32** with a descriptive rating of **"Rarely",** this indicates that theft is rarely experienced by the coffee shops.

According to Lymar and Gumeniuk (2019) Food cost is one of the biggest expenses in running a restaurant. Therefore, monitoring and controlling food costs can help a manager make better decisions and maximize profits. Moreover, he noted that a restaurant manager can implement strategies such as sales forecasting, goal setting, menu engineering, staff training, employee meal policies, theft prevention, and inventory management to effectively manage and keep food cost at low level.

Table 9. Mean Ratings of Operational Cost Related Problems in Locally Owned Coffee Shops in Abra

OPERATING COST	**Mean**	**SD**	**DR**
1. The coffee shop experiences high utility expenses, including electricity, water, and gas.	3.13	1.14	**Sometimes**
2. The coffee shop experiences frequent repairs and equipment breakdowns, leading to rising maintenance expenses.	2.60	1.01	**Sometimes**
3. The coffee shop lacks energy-saving equipment, which contributes to higher electricity bills.	2.67	1.17	**Sometimes**
4. The coffee shop deliveries and transportation costs increase their operating expenses	2.35	1.12	**Rarely**
5. The coffee shop spends too much on office and store supplies.	2.60	1.09	**Sometimes**
Sub Mean	**2.67**	**0.95**	**Moderate**

Table 9 presents the mean ratings of operational cost-related problems encountered by locally owned coffee shops in Abra. The results reveal that the most pressing issue is item 1, ***"The coffee shop experiences high utility expenses, including electricity, water, and gas."*** which obtained the highest mean of **3.13** with a descriptive rating of **"Sometimes"**.

Meanwhile, item 4, *"The coffee shop deliveries and transportation costs increase their operating expenses"* were rated lower, with a mean of **2.35** with a descriptive rating of **"Rarely"**. This might be because most of the coffee shop does not offer delivery services, or when it comes to ordering their raw materials they follow or do routine ordering to manage their transportation cost.

Overall, the sub-mean of **2.67** with a descriptive rating of **"Sometimes"** indicates that operational cost-related problems are encountered on an occasional basis by the locally owned coffee shop in Abra, with utilities and energy inefficiencies emerging as the most common concerns. According to Gumbo and Sukdeo (2024) Operational costs have been proven difficult to control because of many factors including poor management systems, theft, and the increasing economic crisis. Furthermore, they emphasized that monitoring energy consumption and other expenses such as rentals, marketing, and tax expenses can prove to be helpful in lowering utility costs.

Table 10. Summary Table on the Common Problems encountered by Locally-owned Coffee Shops in Abra in terms of Labor, Food and Beverage, and Operational Cost.

	Mean	**SD**	**DR**
Labor Cost	2.72	1.25	Moderate
Food Cost	2.32	1.07	Low
Operational Cost	2.67	1.29	Moderate
Overall Mean	**2.57**	**1.03**	**Moderate**

The summary results reveal that **labor cost-related** problems obtained the highest mean score of **2.72** with a descriptive rating of **"Moderate"**, indicating that issues such as overstaffing, wage competition, and the high cost of training employees are relatively frequent challenges faced by the locally owned coffee shops' in Abra. **Operational cost-related problems** followed with a mean of **2.67** with a descriptive rating of **"Moderate",** suggesting that high utility expenses, equipment breakdowns, and supply costs occasionally strain business operations.

On the other hand, **food and beverage** cost-related problems had a lower mean of **2.32** with a descriptive rating of **"Low"**, implying that while fluctuations in supplier prices and issues of spoilage or waste exist, they are not as persistent as labor and operating costs.

The overall mean of **2.57** with a descriptive rating of **"Moderate"** signifies that locally-owned coffee shops in Abra do experience cost-related challenges, but not at an extreme or critical level. These findings imply that while financial constraints exist, they are still manageable. However, if left unaddressed, these problems especially in labor and operational costs may escalate and significantly affect profitability. Thus, owners should prioritize efficient labor management, adopt energy-saving equipment, and strengthen cost-control strategies to sustain competitiveness, gain more profit, and ensure long term business sustainability and success.

CONCLUSION

Based on the findings of the study, the following conclusions were drawn:

1. Most of the coffee shop owners, managers, and employees in Abra are young (aged 21–30), male, and relatively new to the industry, with five years or less of experience. While owners and managers tend to be college graduates, many employees have only completed high school. Training and seminars are limited, with the majority of the respondents attending just only 9–16 hours of relevant seminars.
2. The findings reveal that overall, the coffee shops in Abra are doing a very excellent job in managing their cost, with an overall mean of 4.54 described as "Very High". Meaning to say that the coffee shops use strategies to reduces cost effectively such as recipe standardization, inventory monitoring, and fostering positive workplace culture. Among the three areas, food cost management was rated the highest ($\bar{x}$ = 4.70), followed by labor cost ($\bar{x}$ = 4.53), while operational cost ranked lowest ($\bar{x}$ = 4.40), While all areas are rated highly, operational efficiency, particularly in energy-saving measures, could need more attention than the other areas.
3. Most socio-demographic variables such as age, sex, educational attainment, and training hours do not significantly affect cost management practices in locally owned coffee shops in Abra. This suggests that effective cost management is more about practical application than personal demographics. However,

years in service showed a significant relationship with food and operational cost management, indicating that experience plays a crucial role in cost-saving measures. Experienced staff tend to be better at minimizing waste, spotting quality issues early, and using resources wisely. Interestingly, experience doesn't seem to influence labor cost management, likely due to unpredictable factors such as employees absenteeism, seasonal demand, and human factors such as motivation.

4. The study reveals that locally owned coffee shops in Abra face moderate cost-related challenges with an overall mean of ($\bar{x}$ = 2.57) described as "Moderate". Labor costs present the greatest concern with an overall mean of ($\bar{x}$ = 2.72) described as “Moderate” primarily due to the given service-intensive nature of the hospitality or food and beverage industry. Operational costs come in second with an overall mean of ($\bar{x}$ = 2.67) with a descriptive rating of “Moderate”, reflecting the reality that coffee shops depend heavily on equipment, utilities, and supplies that can be unpredictable in terms of both cost and reliability. Food and beverage costs rank lowest in terms of problems ($\bar{x}$ = 2.32) with descriptive rating of “Low”. This suggests that the locally owned coffee shops are doing well in managing ingredients, inventory, and waste.

RECOMMENDATIONS

In light of the conclusions, the following recommendations are hereby presented:

1. The locally owned coffee shops are encourage to invest in continuous training programs and seminars to strengthen employees’ skills and to enhance their competency, boost confidence, to contribute to a more efficient operation.
2. The locally owned coffee shops may look into energy-efficient technologies, appliances, equipment, as well as stricter utility monitoring, and broader adoption of digital tools to help reduce operational expenses.
3. The coffee shop owner/manager might find value in leveraging the expertise of long-serving employees by involving them in decision-making, mentoring newer staff, and helping develop best practices for cost control.
4. Coffee shop owner/manager may look into installing energy-efficient equipment to lower utility costs, establishing cross-training programs to maintain flexible staffing levels, sourcing affordable yet quality raw materials, and implementing robust inventory management systems.
5. The coffee shop owner/manager may consider Benchmarking against industry standards to gain insights and ideas for improvement.
6. To the future researchers to consider expanding the geographical scope to include coffee shops across multiple provinces or urban areas with varying economic development level and market dynamics.
7. To future researcher are encouraged to examine additional variables that may influence cost management practices such as ownership structure, education specifically in business or hospitality, managerial expertise, culture and diversity to provide a more nuanced understanding how governance moderates ownership monitoring and shape cost management outcomes.
8. Future researchers are likewise encouraged to conduct cross country studies or comparison with businesses that have different ownership structures. Doing so would enhance the generalizability of the findings of the study and could provide a deeper insight into how ownership structures influences cost management practices.

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