INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN SOCIAL SCIENCE (IJRISS)
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VIII August 2026

Financial Literacy and Business Challenges among Food Cart Entrepreneurs

Roselyn A. Pedrosa, Mary Ann E. Pet, PhD (Research Advisor)*

Master in Business Administration, La Carlota City College, Philippines

DOI: https://doi.org/10.47772/IJRISS.2026.100800312

Received: 20 August 2026; Accepted: 25 August 2026; Published: 03 September 2026

ABSTRACT

This study determined the level of financial literacy and business challenges encountered by food cart entrepreneurs in one of the cities in Negros Occidental in 2026. Specifically, it assessed financial literacy in terms of budgeting, record-keeping, debt management, and saving and investment practices; determined business challenges in terms of financial, operational, marketing, and competition-related challenges; and examined the relationship between the two variables. A quantitative descriptive-correlational research design was employed with 186 registered food cart entrepreneurs selected through purposive sampling from a population of 348. Data were gathered using a validated and reliable 64-item researcher-made questionnaire and analyzed using frequency, percentage, mean, standard deviation, and Spearman's rho. Findings revealed a moderate level of financial literacy (M = 3.28), with record-keeping practices obtaining the highest mean, followed by budgeting, saving and investment, and debt management practices. The respondents also experienced an overall moderately serious level of business challenges (M = 3.24), with competition challenges obtaining the highest mean. Spearman's rho revealed a very weak positive but statistically non-significant relationship between financial literacy and business challenges ($\rho = .134$, $p = .069$). The findings indicate that financial literacy was not significantly associated with the business challenges encountered by food cart entrepreneurs and that other internal and external factors may contribute to these challenges.

Keywords: Financial literacy; business challenges; food cart entrepreneurs; financial management practices; microenterprise; small business

INTRODUCTION

Food cart entrepreneurship, as a form of microenterprise, can provide opportunities for self-employment, livelihood generation, and participation in local economic activity. Micro, small, and medium-sized enterprises (MSMEs) are recognized as important contributors to inclusive economic growth in Asia and the Pacific (Asian Development Bank [ADB], 2024). In the Philippines, MSMEs likewise account for the vast majority of registered business establishments and provide substantial employment opportunities (Department of Trade and Industry [DTI], 2024). Food cart businesses require entrepreneurs to make regular financial decisions involving budgeting, record-keeping, debt management, saving, and investment. These activities require practical financial knowledge and sound financial behavior to support the effective management of limited business resources.

Financial literacy encompasses financial knowledge, behavior, and attitudes that enable individuals to make informed financial decisions (Organisation for Economic Co-operation and Development [OECD], 2023c). For MSME owners and managers, financial literacy is particularly relevant because it can support financial decision-making, appropriate use of financial products and services, and sustainable management of business resources (OECD, 2023a). For food cart entrepreneurs, these competencies may be reflected in planning expenditures, maintaining financial records, managing financial obligations, and allocating funds for savings and business investment.

Food cart businesses, however, operate within a competitive and changing environment. Food cart entrepreneurs may encounter rising ingredient and packaging costs, fluctuating customer demand, changing consumer preferences, local regulatory requirements, supply constraints, and competition from other vendors and established food establishments. Research on food cart entrepreneurship in Bacolod City has also highlighted the importance of management practices in the operation of these enterprises (Subong-Espina et al., 2021). Similarly, research among street-food entrepreneurs in Sarawak found that financial literacy is relevant to financial practices and business decision-making (Morshidi & Latip, 2024).

Previous studies have examined financial literacy, financial management practices, and MSME performance and challenges. However, limited empirical evidence was identified concerning the relationship between financial literacy and the business challenges experienced specifically by food cart entrepreneurs in the study area. Recent literature reviews likewise indicate that research on financial literacy in MSMEs remains developing and continues to examine its dimensions and relationship with business outcomes (Rekha et al., 2024). Addressing this gap may provide useful evidence for government agencies, business-support organizations, and educational institutions in designing practical interventions such as bookkeeping assistance, financial-management training, and business support programs.

CONCEPTUAL FRAMEWORK

The study was guided by a financial-capability perspective in which financial literacy is viewed as an internal resource that can support entrepreneurs in making informed financial decisions and managing limited business resources. Financial literacy, operationalized in this study through budgeting, record-keeping, debt management, and saving and investment practices, is expected to influence how entrepreneurs plan, allocate, monitor, and protect business resources (Lusardi & Mitchell, 2023; OECD, 2023a, 2023c). Stronger financial-management practices may help entrepreneurs anticipate financial pressures, manage obligations, maintain adequate records, and allocate resources for continuing business operations. In this sense, financial literacy may be relevant to the extent and nature of business challenges encountered by food cart entrepreneurs.

The framework also recognizes that business challenges are not determined by financial literacy alone. Food cart enterprises operate within external and organizational conditions such as competition, operating costs, customer demand, supply conditions, business location, access to credit, digital-payment adoption, and market conditions. Thus, financial literacy may contribute to an entrepreneur’s capacity to respond to challenges, while contextual factors may independently shape the severity of those challenges. From this perspective, effective financial management can be viewed as one potential contributor to enterprise continuity and sustainability, but sustainability itself was not directly measured in the present study.

Conceptually, the study therefore proposes the following relationship: Financial Literacy (budgeting, record-keeping, debt management, and saving and investment practices) → Business Challenges (financial, operational, marketing, and competition-related challenges) → potential implications for enterprise continuity and sustainability. Contextual factors may influence both financial-management practices and business challenges. The present study empirically tested only the association between financial literacy and business challenges; it did not test causal effects or the direct effect of financial literacy on enterprise sustainability.

Accordingly, this study sought to determine the level of financial literacy and business challenges among food cart entrepreneurs and to examine whether a significant relationship exists between the two variables. The study focused on four dimensions of financial literacy—budgeting, record-keeping, debt management, and saving and investment practices—and four dimensions of business challenges—financial, operational, marketing, and competition-related challenges.

METHODOLOGY

Research Design

The study employed a quantitative descriptive-correlational research design. The descriptive component assessed the respondents’ profile, financial literacy, and business challenges, while the correlational

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VIII August 2026

component examined the relationship between financial literacy and business challenges. The variables were observed without manipulation; therefore, the design does not establish causality (Creswell & Creswell, 2023).

Respondents and Sampling

The study involved 186 registered food cart entrepreneurs operating in one of the cities in Negros Occidental in 2026. Eligible respondents were owners or principal operators who had operated their businesses for at least six months and were directly involved in the financial management of their businesses. The target population consisted of 348 registered food cart entrepreneurs operating in the study area during 2026. These registered entrepreneurs constituted the population because they were actively operating food cart businesses and were officially registered with the appropriate local government office.

The sample size was determined using Slovin's formula with a 5% margin of error: $n = N / [1 + N(e^2)]$, where n is the sample size, N is the population size (348), and e is the margin of error (0.05). Substituting the values, $n = 348 / [1 + 348(0.05^2)] = 348 / 1.87 = 186.10$, or approximately 186 respondents. Thus, 186 served as the target number of respondents, from whom qualified participants were selected using purposive sampling based on the established inclusion criteria.

Purposive sampling was used because the study required respondents who met specific eligibility conditions—being an owner or principal operator, having operated the business for at least six months, and being directly involved in financial management. Although the sample size was statistically calculated, the use of purposive sampling means that the resulting sample was not selected through a probability mechanism. Therefore, the computed 186 should be understood as a target sample size rather than a basis for claiming probability-based representativeness. The findings are appropriately interpreted within the study population and comparable settings, and generalization to the wider population of food cart entrepreneurs should be made with caution.

The inclusion criterion of at least six months of operation means that respondents classified as having less than one year in business had approximately six to eleven months of business experience. Future studies may address the limitation of non-probability sampling by using probability-based procedures and by drawing respondents from several cities or provinces. Such designs would provide stronger evidence for population-level generalization.

Research Instrument

The study used a researcher-made 64-item questionnaire in English with Filipino (Tagalog) translations to facilitate respondents' understanding. In this study, financial literacy was operationalized through self-reported financial-management practices involving budgeting, record-keeping, debt management, and saving and investment. Part I covered the respondents' profile. Part II measured these four dimensions of financial literacy, while Part III assessed business challenges in terms of financial, operational, marketing, and competition-related challenges. Parts II and III used five-point Likert-type scales.

Five experts evaluated the questionnaire for relevance, clarity, and appropriateness. A pilot test involving 20 food cart entrepreneurs was conducted to assess internal consistency. Cronbach's alpha was .731 for the Financial Literacy scale and .957 for the Business Challenges scale, indicating acceptable and excellent internal consistency, respectively.

Data Collection Procedure

Prior to data collection, the researcher secured the necessary permissions from the appropriate authorities and coordinated with the concerned local office and eligible food cart entrepreneurs. Qualified respondents were informed about the purpose of the study and the voluntary nature of participation. The questionnaire was administered to the identified respondents, retrieved after completion, checked for completeness, and encoded for statistical analysis.

Ethical Considerations

The study observed appropriate ethical and data-privacy procedures in the conduct of the research. Participation was voluntary, and respondents were informed of the purpose of the study and the intended use of the data. Confidentiality and anonymity were observed in the presentation of the results, and no personally identifying information was disclosed in the manuscript. Data were used solely for research purposes and were handled in accordance with applicable institutional requirements.

Statistical Analysis

Frequency and percentage were used to describe the respondents' profile in terms of age, sex, educational attainment, years in business, and type of food cart business. Mean and standard deviation were used to summarize the level of financial literacy and business challenges. Spearman's rank-order correlation coefficient (Spearman's rho) was used to determine whether a significant relationship existed between financial literacy and business challenges. The level of significance was set at $\alpha = .05$. The null hypothesis was not rejected when the p-value was greater than or equal to .05. The interpretation of financial literacy was based on the following mean-score ranges: 4.21–5.00 = Very High; 3.41–4.20 = High; 2.61–3.40 = Moderate; 1.81–2.60 = Low; and 1.00–1.80 = Very Low.

The interpretation of business challenges was based on the following mean-score ranges: 4.21–5.00 = Very Serious; 3.41–4.20 = Serious; 2.61–3.40 = Moderately Serious; 1.81–2.60 = Less Serious; and 1.00–1.80 = Not a Challenge.

RESULTS AND DISCUSSION

Profile of the Respondents

Table 1 presents the frequency and percentage distribution of the respondents according to age, sex, educational attainment, years in business, and type of food cart business.

Table 1. Frequency and Percentage Distribution of Respondents According to Profile

Profile/Category	f	%
Age: Below 20 years old	2	1.08
20–29 years old	55	29.57
30–39 years old	56	30.11
40–49 years old	61	32.80
50 years old and above	12	6.45
Total	186	100.00
Sex: Male	63	33.87
Female	123	66.13
Total	186	100.00
Educational Attainment: Elementary Level	16	8.60

High School Level	25	13.44
College Level	81	43.55
College Graduate	64	34.41
Total	186	100.00
Years in Business: Less than 1 year	11	5.91
1–3 years	45	24.19
4–6 years	101	54.30
7 years and above	29	15.59
Total	186	100.00
Type of Food Cart Business: Street Food/Snacks	90	48.39
Beverages	51	27.42
Meals/Viands	30	16.13
Local Delicacies/Desserts	15	8.06
Total	186	100.00

A total of 186 food cart entrepreneurs participated in the study. The largest age group was 40–49 years (61, 32.80%), followed by 30–39 years (56, 30.11%) and 20–29 years (55, 29.57%). In terms of sex, 123 respondents (66.13%) were female and 63 (33.87%) were male, indicating substantial female participation in food cart entrepreneurship. Regarding educational attainment, 81 respondents (43.55%) were at the college level and 64 (34.41%) were college graduates. In terms of business experience, 101 respondents (54.30%) had operated for 4–6 years. Street food and snack businesses represented the largest business category, with 90 respondents (48.39%). The profile indicates that the respondents generally had considerable business experience and relatively high educational exposure. These characteristics provide useful context for interpreting their financial practices and business challenges. However, educational attainment should not be treated as a direct measure of financial literacy because financial literacy involves specific financial knowledge, behavior, and decision-making abilities (Lusardi & Mitchell, 2023).

Level of Financial Literacy among Food Cart Entrepreneurs

Table 2 presents the respondents’ financial literacy in terms of budgeting, record-keeping, debt management, and saving and investment practices.

Table 2. Level of Financial Literacy among Food Cart Entrepreneurs

Dimension	M	SD	Interpretation
Budgeting Practices	3.30	0.18	Moderate
Record-keeping Practices	3.36	0.13	Moderate

Debt Management Practices	3.17	0.34	Moderate
Saving and Investment Practices	3.28	0.41	Moderate
Overall	3.28	—	Moderate

The respondents demonstrated an overall moderate level of financial literacy (M = 3.28). Record-keeping practices obtained the highest mean (M = 3.36, SD = 0.13), followed by budgeting practices (M = 3.30, SD = 0.18), saving and investment practices (M = 3.28, SD = 0.41), and debt management practices (M = 3.17, SD = 0.34). All four dimensions were within the moderate range.

The findings suggest that respondents practice essential financial-management activities but may benefit from further strengthening, particularly in debt management. The result is consistent with the broader literature emphasizing that financial literacy involves the practical application of financial knowledge and behavior in managing resources and financial decisions (OECD, 2023a, 2023c). Research on MSME financial literacy likewise indicates that the topic encompasses multiple dimensions of financial knowledge and behavior relevant to business outcomes (Rekha et al., 2024).

Level of Business Challenges Encountered by Food Cart Entrepreneurs

Table 3 presents the level of business challenges encountered by the respondents.

Table 3. Level of Business Challenges Encountered by Food Cart Entrepreneurs

Dimension	M	SD	Interpretation
Financial Challenges	3.14	0.62	Moderately Serious
Operational Challenges	3.28	0.47	Moderately Serious
Marketing Challenges	3.24	0.64	Moderately Serious
Competition Challenges	3.29	0.40	Moderately Serious
Overall	3.24	—	Moderately Serious

The respondents experienced an overall moderately serious level of business challenges (M = 3.24). Competition challenges obtained the highest mean (M = 3.29, SD = 0.40), followed by operational challenges (M = 3.28, SD = 0.47), marketing challenges (M = 3.24, SD = 0.64), and financial challenges (M = 3.14, SD = 0.62).

The findings indicate that competition and day-to-day operations are important concerns for food cart entrepreneurs. The relatively high competition rating may reflect the difficulty of attracting and retaining customers in markets where similar products are readily available. Operational challenges may also arise from managing supplies, food preparation, staffing, and other routine activities. The broader SME literature similarly identifies inflation, input-cost pressures, changing market conditions, supply disruptions, and resource constraints as challenges for smaller enterprises (OECD, 2023b).

Relationship between Financial Literacy and Business Challenges

Table 4 presents the relationship between financial literacy and business challenges encountered by food cart entrepreneurs.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VIII August 2026

Table 4. Relationship between Financial Literacy and Business Challenges Encountered among Food Cart Entrepreneurs

Variables	ρ	p	Decision	Interpretation
Financial Literacy vs. Business Challenges	.134	.069	Fail to reject H_0	Not Significant

The results show a very weak positive relationship between financial literacy and business challenges (ρ = .134, p = .069). Because the p-value is greater than the .05 level of significance, the null hypothesis was not rejected. Thus, the study did not find a statistically significant relationship between financial literacy and the overall business challenges experienced by the respondents.

The very small magnitude of the correlation indicates that financial literacy alone does not sufficiently explain variation in the business challenges encountered by food cart entrepreneurs. Business challenges may also be influenced by factors such as operating costs, customer demand, business location, competition, supply conditions, and changing market conditions. This interpretation is consistent with the broader MSME literature, which recognizes that business outcomes and constraints arise from both internal capabilities and external market conditions (OECD, 2023b).

The finding does not diminish the importance of financial literacy. Financial knowledge and sound financial practices can support better resource allocation and financial decision-making. However, the present results suggest that interventions focused only on financial literacy may not be sufficient to address the broader challenges faced by food cart entrepreneurs. This finding also complements previous food-cart research that identified financial management practices as important operational concerns (Prado & Domingo, 2024).

CONCLUSION

The study found that the food cart entrepreneurs demonstrated a moderate level of financial literacy (M = 3.28), with record-keeping practices obtaining the highest mean and debt management practices obtaining the lowest. The respondents also experienced an overall moderately serious level of business challenges (M = 3.24), with competition challenges obtaining the highest mean. Spearman's rho showed a very weak positive but statistically non-significant relationship between financial literacy and business challenges (ρ = .134, p = .069). Therefore, the null hypothesis was not rejected.

The findings indicate that financial literacy, as operationalized through the financial-management practices assessed in this study, was not significantly associated with the overall business challenges experienced by the respondents. This result does not invalidate the conceptual expectation that financial-management capability may support enterprise continuity; rather, it suggests that financial literacy alone may be insufficient to explain the challenges encountered by food cart entrepreneurs. Consistent with the conceptual framework, business challenges may also reflect contextual and organizational conditions that were not directly measured in this study. Enterprise sustainability should therefore be understood as a potential implication of effective resource management, not as a directly tested outcome of the present study.

IMPLICATIONS AND RECOMMENDATIONS

Based on the findings, the following recommendations are offered:

- Food cart entrepreneurs may strengthen debt-management practices through simple repayment schedules, cash-flow monitoring, and periodic review of outstanding obligations.
- Business-support agencies and local government units may provide practical training in bookkeeping, budgeting, debt management, pricing, and cash-flow management designed specifically for micro food businesses.

- Entrepreneurship programs may include marketing, customer-retention, product differentiation, and competition-management strategies because competition and operational challenges were among the most highly rated concerns.
- Financial literacy programs should be complemented by interventions addressing external business conditions, including market access, supply management, business location, and access to appropriate financing.
- Future researchers may examine additional predictors and contextual variables, including financial inclusion, entrepreneurial experience, access to credit, business location, digital-payment adoption, business performance, capital structure, pricing practices, and market conditions. Probability sampling and larger multi-city or multi-province samples may improve representativeness and generalizability. Mixed-method designs may also be used to combine quantitative relationships with qualitative accounts of why entrepreneurs experience particular challenges, while longitudinal studies may examine how financial-management practices and business challenges change over time and how these changes relate to enterprise continuity and sustainability.

LIMITATIONS OF THE STUDY

The study has several limitations. First, although Slovin's formula produced a target sample size of 186, purposive sampling was used to identify qualified respondents; consequently, the calculated sample size should not be interpreted as establishing probability-based representativeness, and generalizability is limited. Second, the study was conducted in one city, which may limit applicability to food cart entrepreneurs in other locations. Third, the measures were based on self-reported responses and may therefore be affected by recall or social-desirability bias. Fourth, the cross-sectional descriptive-correlational design identifies association rather than causation. Fifth, potentially important variables such as financial inclusion, entrepreneurial experience, access to credit, business location, digital-payment adoption, business performance, and market conditions were not included in the analysis. Finally, enterprise sustainability was discussed as a potential implication of financial-management capability but was not directly measured. These limitations should be considered when interpreting and applying the findings.

REFERENCES

1. Asian Development Bank. (2024). *Asia small and medium-sized enterprise monitor 2024: Designing an MSME ecosystem for resilient growth in Asia and the Pacific*. https://doi.org/10.22617/SGP240536-2
2. Creswell, J. W., & Creswell, J. D. (2023). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications.
3. Department of Trade and Industry. (2024). *2024 Philippine MSME statistics*. Department of Trade and Industry.
4. Lusardi, A., & Mitchell, O. S. (2023). The importance of financial literacy: Opening a new field. *Journal of Economic Perspectives, 37*(4), 137–154. https://doi.org/10.1257/jep.37.4.137
5. Morshidi, U. N., & Latip, M. (2024). From pots to profits: Financial literacy among street food entrepreneurs in Sarawak. *ASEAN Entrepreneurship Journal, 10*(2), 32–46.
6. Organisation for Economic Co-operation and Development. (2023a). *Financial literacy and digitalisation for MSMEs in South East Europe*. OECD. https://www.oecd.org/en/publications/financial-literacy-and-digitalisation-for-msmes-in-south-east-europe_b63091ad-en.html
7. Organisation for Economic Co-operation and Development. (2023b). *OECD SME and entrepreneurship outlook 2023*. OECD Publishing. https://doi.org/10.1787/342b8564-en
8. Organisation for Economic Co-operation and Development. (2023c). *OECD/INFE 2023 international survey of adult financial literacy*. OECD Publishing. https://doi.org/10.1787/56003a32-en
9. Prado, J. P. B., & Domingo, A. V. (2024). Financial management practices and challenges among food cart businesses in Nueva Ecija, Philippines: Insights and implications. *World Journal of Advanced Research and Reviews, 23*(2), 1070–1078. https://doi.org/10.30574/wjarr.2024.23.2.2451

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VIII August 2026

10. Rekha, I. S., Sriram, K. V., & Hungund, S. (2024). MSME/SME financial literacy: A systematic literature review and bibliometric analysis. *Journal of the Knowledge Economy*. https://doi.org/10.1007/s13132-024-02472-0
11. Subong-Espina, R. J., Hernando, C. M. D., Plameras, R. Y., & Betia, M. A. P. G. (2021). Food cart entrepreneurship in Bacolod City, Philippines. *Philippine Journal of Social Sciences and Humanities, 26*, 33–48.