

Market seasonality and liquidity among banana growers in Panabo city: Implication for learning

Chico, Amelie L. 

UM Panabo College, Philippines (amelie_chico@umindanao.edu.ph)

Esparrago, Juliephel M.

UM Panabo College, Philippines (tatskie@gmail.com)

Canlobo, Bryan P.

UM Panabo College, Philippines (Jollos_gc@gmail.com)

Radin, Rena Grace F.

UM Panabo College, Philippines (renagraceradin@gmail.com)



ISSN: 2243-7703
Online ISSN: 2243-7711

OPEN ACCESS

Received: 24 August 2022

Revised: 11 September 2022

Accepted: 12 October 2022

Available Online: 12 October 2022

DOI: 10.5861/ijrse.2022.343

Abstract

This study aimed to determine the relationship between market seasonality and liquidity among banana growers in Panabo City. The independent variable of the study is market seasonality with the indicators of lean season and peak season. On the other hand, the dependent variable of this study was liquidity. The researchers used the descriptive correlation method in determining the relationship among two or more variables. The statistical treatment employed in the study were Mean and Pearson-r. The result of the computation using r-value is -0.10 associated with the probability value of 0.33 which is more than the alpha of 0.05. Thus, it was found out that there is no significant relationship between market seasonality and liquidity among banana growers in Panabo City. It implies that the market seasonality in terms of lean season and peak season has no impact of on liquidity. Therefore, market seasonality could not affect the liquidity of the banana growers in Panabo City.

Keywords: market seasonality, liquidity, banana growers

Market seasonality and liquidity among banana growers in Panabo city: Implication for learning

1. Introduction

Liquidity is the ability of an entity to pay its liabilities in a timely manner, as they come due for payment under their original payment terms. Having a large amount of cash and current assets on hand is considered evidence of a high level of liquidity. When applied to an individual asset, liquidity refers to the ability to convert the asset into cash on short notice and at a minimal discount. Having an active market with many buyers and sellers typically results in a high level of liquidity. In Australia, Australia's Griffin Banana the second largest supplier of banana in Western Australia announced the company will go into receivership after defaulting on \$22 million in interest payments due on \$475 million worth of bonds issued to U.S. investors. Management cited a "temporary liquidity shortage" as the reason for the delay in interest payments (Howard, 2010).

In Asia, Philippines is well known in the production of banana. However, the most crucial problem encountered by some business entity is in liquidity due to market seasonality of banana in the world market. There was improper control on financial resources because of the different season of banana to sell which affects the ability to pay its respective debts like short term debts. It was notified that it no longer had sufficient liquidity to service maturing deposits (Radas, 2006). In Panabo City, as per interview with one of the owners of the banana plantation Mr. Sherlou, it was revealed that one of the common problems of banana growers failed to cope obligations to poor conversion of current asset and financial problems especially in paying short term obligations as it come due. Thus, the researchers are encouraged to conduct the study to determine the relationship between market seasonality and liquidity among banana growers in Panabo City.

2. Method

Research Design – The researchers used descriptive-correlation method in investigating the research problem of this study. According to Creswell (2018), descriptive-correlation method determines the relationship among two or more variables and seeks to investigate the extent which one or more relationship or type existed. The study used descriptive that focuses on the current situation with the objective of finding new truth that may have different forms, new generalization and new causal relationship. In addition, to being descriptive the study is said to be correlation in design because there was an intent to establish the relationship between market seasonality and liquidity. It aimed to ascertain if there were significant relationships between two variables.

Research Subject – The respondents of this study were the selected managers or the owners of the Banana Growers in Panabo City. There are 15 managers/owners of the Banana Growers in Panabo, Davao del Norte who responded to our request for the completion of this research study. The researchers used convenient sampling technique.

Research Instrument – The researchers made questionnaires as the data gathering instrument on market seasonality and liquidity. The questionnaires were designed to solicit feedback, it consists of three parts namely: part one which pertains to the profile of the respondents, part two relates to the independent variable (Market Seasonality) with indicators: lean season and peak season and the part three is the dependent variable (Liquidity). The questionnaires were validated by expert validators for item validity. The respondent was asked to check each question on the given instrument with the choices that range from 1 to 5 for the part two and part three. The researchers distributed the questionnaires through face to face before the occurrence of the COVID-19 pandemic.

3. Results or finding

3.1 Level of Market Seasonality among Banana Growers in Panabo City

The level of Market Seasonality is measured in terms of Lean Season and Peak Season. The evaluation is based on 5 items question in each indicator relating to the Market Seasonality among selected Banana Growers in Panabo City. Shown in Table 1 presented is the level of Market Seasonality indicated by lean season with a mean of 4.13 and peak season with a mean of 3.41 among selected Banana Growers in Panabo City with the overall mean of 4.17 described as high. It means that Market Seasonality is being experienced. It implies that the banana growers have effective procedures and process in controlling financial resources. According to Radas & Shugan (2006), that almost every product in every industry in every country is seasonal, thus market seasonality dictates business strategy.

Table 1

Level of market seasonality among selected banana growers in Panabo city in terms of lean and peak season

Lean Season		Mean	Descriptive Equivalent
The Banana growers' business is...			
1.	managing finance and limit of its expenses.	4.53	Very high
2.	reducing hours and days to lower salaries of workers	4.13	High
3.	evaluating each business' channels and branching out new ones.	4.00	High
4.	taking time for an inventory of products performance and offers, to show commitment and improvement	3.93	High
5.	carrying out maintenance that is going to enable the Seasonal business to continue to thrive	4.13	High
		Mean	4.93
			High
Peak Season		Mean	Descriptive Equivalent
The Banana growers' business is...			
1.	getting a plan for load testing, shipment tests and associate training.	3.87	High
2.	uncovering the needs of load testing, staff training and shipment testing to ensure that the business is adequately prepared.		
3.	ensuring that all employees are informed of the company's key priorities	4.40	High
4.	empowering employees with knowledge that represent business in the best light	4.00	High
5.	bearing a staff strategy to keep organization running smoothly throughout the year.	3.67	High
		Mean	3.41
			High
		Over-all Mean	4.17
			High

Legend: 4.21- 5.00: Very High, 3.41- 4.20: High, 2.61- 3.40: Neutral, 1.81- 2.60: Low, 1.00- 1.80: Very Low.

The first indicator is lean season with the mean of 4.13 described as high. Its means that market seasonality is being experienced. It implies that the banana growers are doing their best to come up with the best plan for their business. According to Auer (2015) that with a little bit of creative problem solving and some attention to particulars (i.e. developing overall marketing strategy for the next peak season) during the lean season, seasonal-business owners can keep business healthy and profitable.

Further, the highest item is number 1 with the mean of 4.53 described as very high respectively of *managing finance and limit of its expenses*. It means that market seasonality is always experienced. It indicates that the banana growers' businesses are did well during lean season in financial planning and decision making to attain what is in the plan before making an action. While the lowest item is number 1 with the mean of 3.93, described as high in *taking time for an inventory of products performance and offers, to show commitment and improvement*. It indicates that banana growers should find ways to grow, sending out surveys or getting customer feedback. Thus, they will enhance their business strategy and start exploring new possibilities that could further evolve the range of goods.

The remaining items are 2, 5 and 3 with the mean of 4.13, 4.07 and 4.00 respectively described as high of *reducing hours and days to lower salaries of workers, carrying out maintenance that enable the seasonal*

business to continue to thrive, evaluating each business' channels and branching out new ones.

The second indicator is peak season with the mean of 3.41 described as high. It means that market seasonality is being experienced. It implies that banana growers have ensures the year-round employees to possess a meaningful during the lean season and empowering employees with knowledge will represent the business in the best light. According to Kuria (2013), that peak season is the crucial “make-or-break” portion of every business year. In addition, peak season result depends on one key element: having a well-trained, efficient and willing-to-please staff.

The highest item is number 1 with the mean of 4.93 described as very high in *getting plan for load testing, shipment test and associate training*. It means that market seasonality is always experienced. It indicates that banana growers in getting a plan in place for load testing, shipment tests and associate training will give business entity the edge during retail’s most important time of the year. While the lowest item is number 5 with the mean of 3.67 described as high in *bearing a staffing strategy to keep organization running smoothly throughout the year*. It indicates that the banana growers should rendered a staff training, it can help to outline the type of people want to work in a firm and what do engage and retain them.

The remaining items are item number 3 with the mean of 4.40 described as very high in *ensuring that all employees are informed of the company’s key priorities*, followed by item number 4.00 described as high in *empowers employee with knowledge will represent the business in the best light* and the last is item number 2 described as high of *uncovering the needs of load testing, staff training and shipment test to ensure that a firm is adequately ready*.

3.2 Level of liquidity among selected banana growers in Panabo city in terms of liquidity

Presented in Table 2, is the level of Liquidity which is evaluated based on 10 items question among selected Banana Growers in Panabo City with the overall mean of 4.05 described as high. It means that the liquidity of the banana growers is satisfactory. It implies that banana owners are implementing effective control in meeting their obligation on time. According to Pereira (2010), that liquidity is important for both individuals and companies. Banks are important for both groups providing financial intermediation between those who need cash and those who can offer it, thus keeping the cash flowing. Finally, understanding of a company’s own liquidity helps investors avoid those that might run into trouble in the near future. Moreover, as shown in Table 3, Item 4 and 7 obtained the highest mean of 4.20 respectively described as *maintains liquidity in day-to-day business operation and examines the balance sheet to measure financial obligations*.

Table 2

Level of liquidity among selected banana growers in Panabo City

The banana growers' business is...	Mean	Descriptive Equivalent
1. converting quickly the assets into cash without incurring a considerable loss.	4.00	High
2. paying debts on time.	4.13	High
3. ensuring appropriate sufficient fund of financial resources is necessary	3.67	High
4. examining the balance sheet to measure financial obligation	4.20	High
5. monitoring the cash flows of the business	4.00	High
6. collecting receivables in short period of time	4.07	High
7. Performance appraisal policy	4.38	High
8. Promotion policy	4.50	High
9. Physical job security	4.50	High
10. Training and development	4.53	High
Over-all Mean	4.47	High

Legend: 4.21- 5.00: Very High, 3.41- 4.20: High, 2.61- 3.40: Neutral, 1.81- 2.60: Low, 1.00- 1.80: Very Low.

It means that liquidity is satisfactory. It indicates that the banana growers' liquidity is evident. While item number 3 got the lowest mean of 3.67, described as high of ensuring appropriate sufficient fund of financial resources is necessary. It indicates that the banana growers should have a strategy of understanding their asset's

current market value by conducting inventory on their assets. The remaining items are item number 2, 9, 6, 10, 1, 5 and 8 with a mean of 4.13, 4.13, 4.07, 4.07, 4.00, 4.00 and 4.00 respectively described as pays on debt on time, focuses on liquid assets which are more reliable, collects receivable in short period of time, provides financial freedom in the form of buying power, quickly convert assets into cash without incurring a considerable loss and achieves acceptable solvency and profitable standards.

3.3 Significant relationship between market seasonality and liquidity among selected banana growers

Table 3 shows the significant relationship between Market Seasonality and Liquidity. The result of the computation using the r-value is -0.10 associated with the significant value of 0.33 of P-value which is more than the alpha of 0.05. Thus, the null hypothesis (HO) is accepted. It can be stated therefore that there is no significant relationship between market seasonality and liquidity among selected banana growers in Panabo City. This implies that the Market Seasonality has no influence on Liquidity. In other words, Market Seasonality could not affect the Liquidity of the Banana Growers in Panabo City. According to Goyenko (2009), that market seasonality is not the only factor that affects the liquidity but there are some factors that may influence such as financial control through poor financial planning. This is contrary on the theory of Auer (2015) that market seasonality through lean season and peak season can affect the liquidity of a business entity.

Table 3

Significant relationship between market seasonality and liquidity among selected banana growers

	Variables Descriptive Correlated Mean Equivalent	r-value	t-value	P-value	Decision on Ho
Market Seasonality	4.17 High	-0.10	1.02	0.33	Ho is Accepted
Liquidity	4.05 High				

Legend: 4.21- 5.00: Very High, 3.41- 4.20: High, 2.61- 3.40: Neutral, 1.81- 2.60: Low, 1.00- 1.80: Very Low.

4. Conclusion

The level of Market Seasonality is high. It is believed that the owners/managers gained so much and interpreted it as experienced. It is also reflected that the Banana growers is satisfied and may increase their liquidity into a very high level in order to sustain and consider other factors to elevate financial performance of the organization. Moreover, it is appropriate to have more strategies for business owners (banana growers) should ensure that all employees are informed of the company's key priorities especially as it relates to peak season. It helps to maintain a year-long marketing and education strategy to keep business a continuous path of growth and development. Business owners of the banana growers may enhance their marketing strategy, take time for an inventory of business' products performance and offers. To show a commitment on improvement and finding new ways to grow. Start exploring new revenue possibilities that can keep business healthy and profitable during lean season.

5. References

- Auer, B. (2015). Superstitious seasonality in precious metals markets? Evidence from GARCH models with time-varying skewness and kurtosis. *Applied Economics*, 47, 1-16.
<https://doi.org/10.1080/00036846.2015.1011308>
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: qualitative, quantitative, and mixed methods approaches*. Fifth edition. Los Angeles, SAGE.
- Eljelly, A. (2004). Liquidity profitability tradeoff: An empirical investigation in an emerging market. *International Journal of Commerce and Management*, 14(2).
- Goyenko R. Y., Holden C. W., & Trzcinka C. (2009). Do liquidity measures liquidity journal of financial economics. *Journal of Finance Economics*, 92(2), 153-181.
<https://doi.org/10.1016/j.jfineco.2008.06.002>

- Howard, J. L., & McKeever, D. B. (2014). U.S. Forest Products Annual Market Review and Prospects, 2010-2014. USDA Forest Service, Forest Products Laboratory, Research Note, FPL-RN-0331.
- Ismal R. (2010). The management of liquidity risk in Islamic banks: The case of Indonesia. Durham Theses, Durham University.
- Kuria, A. M., & Riro, G. K. (2013). Stock Market Anomalies: A study of seasonal effects on average returns of Nairobi Securities Exchange. *Research Journal of Finance and Accounting*, 4(7).
- Lopez, D. S., & Sanchez, A. G., (2015). Destination competitiveness, the environment and sustainability. Cabi Publisher.
- Pereira, J. P., & Zhang, H. H. (2010). Stock returns and the volatility of liquidity. *The Journal of Financial and Quantitative Analysis*, 45(4), 1077-1110.
- Radas, S., & Shugan, S. M. (2006). Managing service demand: Shifting and bundling. Services and seasonal demand. *Journal of Services Research*, 1(1), 47-64.
- Wagner, J., & Mokhtari, M. (2000). The moderating effect of seasonality on household apparel expenditure. *The Journal of Consumer Affairs*, 34(2), 314-329.
- White, A. (2007). Financial analysis of an agricultural business-liquidity & solvency. *Virginia Cooperative Extension*. Virginia State University.