

REVIEW ARTICLE

## SUSTAINABILITY OF MICRO BUSINESSES SECTOR IN SAN PABLO CITY, LAGUNA - A COMPARISON OF PRE, DURING AND POST PANDEMIC

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ABSTRACT

Micro Business is one of the most important sectors that plays a vital role in the growth and development of the economy. Due to the widespread presence of COVID-19 in the country, most businesses were affected. This study was conducted to determine the status of micro businesses in San Pablo City, Laguna, Philippines, from pre-pandemic through post-pandemic. Specifically, the study determined the status of micro businesses in terms of their working capital and loans, income, manpower, marketing, and management. The challenges encountered by the owners and how they sustain their businesses were also addressed in the study. The descriptive research design was utilized using a self-constructed questionnaire. The respondents were the owners of micro businesses in San Pablo City, Laguna, Philippines. Results showed that during the pandemic, most of the micro businesses are affected especially on their day-to-day operation. Exploring other opportunities and strategies on how to market products and services, like engagement in social media marketing and using working capital in a more efficient way, is recommended.

KEYWORDS

Micro Business, Sustainability of Micro Business, MSME, Pre-Pandemic, During and Post Pandemic, COVID-19

1. INTRODUCTION

In the Philippines, one of the most important sectors that plays a very important role in the growth and development of the economy are Micro Businesses. They create and provide more jobs to fellow Filipinos, and it helps the country in reducing poverty. They are also contributing an income to the government like paying their taxes, which the government uses in their projects such as public order and safety, infrastructure, education, and others. According to an article published by the Senate of

the Philippines, they serve as valuable partners to large enterprises as suppliers and providers of support services and they serve as breeding ground for new entrepreneurs and large corporations (Kumar 2008). It also attracts more foreign investors in the country because of their contribution to the economy. Based on the survey conducted by the PSA, out of 1,080,638 establishments that are registered and operational in the Philippines, 99.58% where MSME's (Figure 1). Micro Businesses constitute 90.54% (978,612) of total establishments.

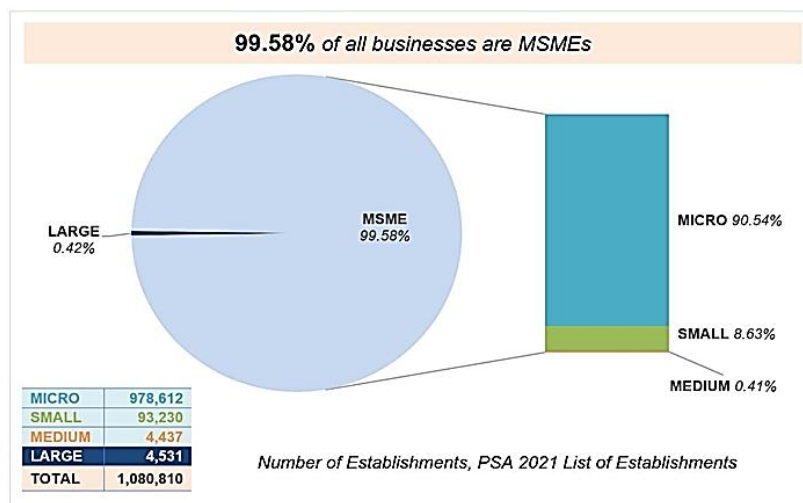



Figure 1: Number of Establishment (Source: PSA 2021 List of Establishment)

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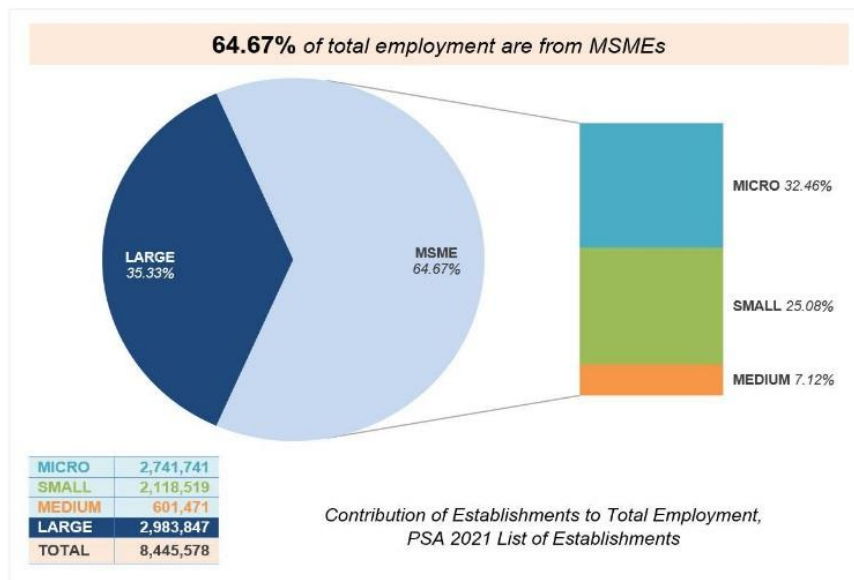


Figure 2: Contribution of Establishments to Total Employment (Source: PSA 2021 List of Establishment)

Together, MSMEs generated a total of 5,461,731 jobs or 64.67% of the country's total employment. The micro enterprises produced the biggest share (32.46%) (Figure 2).

As the COVID-19 Pandemic arises in the country, many businesses here in the country are affected including the Micro Businesses (Jain et al., 2023). Due to the limitations and restrictions ordered by the government, most of the Micro Businesses are closed. Only a few micro businesses are still operating like products that offer basic commodities such as food, water, etc. The impact of the pandemic period really affects most of the micro businesses, such as their working capital, their employees, and their income. Some of them are doing their best to survive this pandemic to avoid bankruptcy, others have no choice but to close their business.

In this research, it will focus on the micro businesses in selected barangays in San Pablo City, Laguna for the purpose of comparing their business status before (2019), during (2020), and after the pandemic (2021 onwards). It also includes what are the challenges that the micro businesses will face or encounter like their working capital, income, products and services, marketing, and their employees. In the end of this research, there are some recommendations for the micro businesses about sustainability. The researcher had the interest in finding out in comparing micro businesses to Pre, During and Post Pandemic and what action or steps that they are taking by the owners to sustain and survive their business despite the challenges they face.

This research study was conducted to answer the following research questions:

1. What was the status of micro businesses in San Pablo City, Laguna, Philippines during pre-pandemic through post-pandemic in terms of their working capital and loans, income, manpower, marketing, and management?
2. What are the level of challenges encountered by the micro businesses during the pandemic period?
3. How the businesses sustained?

This research composed of five parts. It starts with an introduction that discusses the background of the research and its objective. Second, it was followed by the discussion of the review of related literature which includes the statement of the problems. The third part presents the research methodology, which discusses research design, the study's locale and the respondents of the study, data gathering instrument, and data gathering procedures. The fourth part will be the results and discussion followed by the conclusion of the study. And lastly, the recommendations of the researcher.

## 2. LITERATURE REVIEW

Micro Business defined according to Section 3 of the Republic Act 9501 known as the "Magna Carta for Micro, Small and Medium Enterprises (MSMEs)", as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative,

partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated up to Php 3,000,000.00. Table 1 shows the classification of Micro Business by their asset size (Republic Act, 9501).

Table 1: MSME Classification	
Enterprise	By Asset Size
Micro	Up to Php 3,000,000.00
Small	Php 3,000,001 - Php 15,000,000.00
Medium	Php 15,000,001 - Php 100,000,000.00

Source: R.A 9501 Magna Carta for Micro, Small and Medium Enterprises (MSMEs)

According to the establishment category used by the Philippine Statistics Authority (PSA), Micro Business is defined as any business activity or enterprise engaged in industry, agri-business and/or services that has an employment size with 1 - 9 employees. In Table 2, it shows that the micro business has a classification based on their corresponding number of employees (Department of Trade and Industry, Republic of the Philippines, 2021).

Table 2: MSME according to establishment category	
Enterprise	By Number of Employees
Micro	1 - 9 employees
Small	10 - 99 employees
Medium	100 - 199 employees

Source: Philippine Statistics Authority (PSA)

The above definitions shall be subject to review and adjustments by the Micro, Small and Medium Enterprises Development (MSMED) Council under Section 6 of this Act or upon recommendation of sectoral organizations concerned, taking into account inflation and other economic indicators. The Council may use other variables such as number of employees, equity capital and assets size. Micro businesses consist of different areas or industries like in agriculture, forestry and fishing, mining, and quarrying, manufacturing, public utilities, wholesale and retail, transport and storage, accommodation and food service, information, and communication, financial and insurance, real estate, professional activities, administrative and support service, education, human health and social work, arts, and entertainment industries. They are contributing very well to the economy of the country.

According to Senate Economic Planning Office (SEPO), Micro, small and medium enterprises (MSMEs) sectors have a very important role in developing the Philippine economy. They help reduce poverty by creating jobs for the country's growing labour force. They stimulate economic development in rural and far-flung areas. They serve as valuable partners

to large enterprises as suppliers and providers of support services. They serve as breeding ground for new entrepreneurs and large corporations. A vibrant MSME sector is thus an indication of a thriving and growing economy. Despite policies that aim to provide an enabling environment for MSME development, the sector still faces various constraints that prevent it from realizing its full growth and potential. These sectors provide significant contributions to the economic activity. As they operate and grow, they inject capital into the community which, in turn, help support other local businesses. Now, more than ever, consumers need to realize the impact that buying local has on communities and its people. Due to continuous grow of MSME in the Philippines, it was recognized by some organizations like the Association of Southeast Asian Nations (ASEAN), Asia Pacific Economic Cooperation (APEC) and the United Nations Development Programme (UNDP) (Senate Economic Planning Office, 2012).

In December 2019, some locals in Wuhan in the Province of Hubei in China shown symptoms of pneumonia of unknown cause, which catch the attention of other countries. The Chinese health authorities investigated to control the disease that includes the isolation and close monitoring of contacts. By January 7, 2020, the health authorities isolated 2019 novel coronavirus (2019-nCoV) from the patients in Wuhan according to (Wang et al., 2020). Eventually, the virus spreads from other countries that emerges World Health Organization to disseminate to the world some preventive measures on how to prevent transmission of the virus which includes travel restrictions.

The widespread of COVID-19 virus in the Philippines was started on January 21, 2020, when a female Chinese Tourist was arrived in the country from Wuhan, China. She was taken to the government hospital after experiencing mild cough last January 25, 2020 (Department of Health, Republic of the Philippines, 2020). On January 30, 2020, based on the tests and observations detected by PCR, she was identified as the first confirmed COVID-19 case in the country. Her symptoms were resolved and discharge from the hospital. Another patient shows symptoms such as fever, cough, and chills and he immediate transferred to hospital. After some PCR tests and swabs were conducted, on January 31, 2020, declared the patient as the second confirmed COVID-19 case in the country as stated by (Edrada et al., 2020). As the cases increases, on March 16, 2020, Former President Rodrigo R. Duterte declared enhanced community quarantine in the country to prevent COVID-19 from spreading and the President signed a proclamation (Proclamation No. 929) placing the Philippines under a state of calamity of six months due to COVID-19. Certain lockdowns were conducted in some areas depending on the number of cases, aiming for economic recovery according to (Chiu, 2021).

Social-distancing restrictions and health- and economic-driven demand shifts from COVID-19 are expected to shutter many small businesses and entrepreneurial ventures according to (Fairlie, 2020). During the pandemic there was an impact in the world economy that most of the businesses are affected including the micro businesses. The COVID-19 pandemic was an unprecedented challenge of the micro businesses, and they are typically disadvantage in their ability to captured opportunities (Belitski et al., 2022). In 2021, the economy in the country was shifted to the recovery stage. Businesses are trying to adjust in the environment and economic conditions. Micro businesses are evolving in a new normal that requires a more contactless procedures or implementations such as shifting to digital transformation or transactions (Shinozaki and Rao, 2021).

Sustainability as defined a social goal pertaining to the ability of person to others over a long time (Kumar et al., 2023). It describes sustainability as having three dimensions or pillars such as environmental, economic, and social (Ben et al., 2019). It could continue or be continued for a long period

of time and the ability to be maintained at a certain rate or level. A sustainable business, or a green business, is an enterprise that has minimal negative impact or potentially a positive effect on the global or local environment, community, society, or economy—a business that strives to meet the triple bottom line. They cluster under different groupings and the whole is sometimes referred to as “green capitalism” (Balch, 2019). The sustainability of micro business was significantly related to its working capital management to determine whether the business was financial healthy or not (Corpuz and Bool, 2021).

### 3. METHODS

#### 3.1 Research Design

The research design for this study is descriptive method and utilized using a self-constructed questionnaire to determine the status of micro businesses from pre-pandemic through post-pandemic in terms of Working Capital and Loans, Income, Manpower, Marketing and Management and the level of challenges encountered by the owners and how sustainable the business are.

#### 3.2 Locale of the Study

This research was conducted in the City of San Pablo province of Laguna located at the Southern Luzon in the Philippines.

#### 3.3 Respondents of the Study

The respondents of the study are selected owners of micro businesses in San Pablo City, Laguna, Philippines.

#### 3.4 Instrument

The researcher used self – construct questionnaire as an instrument. It was carefully validated before conducting a survey to the respondents.

#### 3.5 Data Gathering Procedure

The researcher was asked permission to the respondents before conducting and serving the questionnaire to them. It was informed that the survey was conducted about the intended use. The research questionnaires were carefully collected, tallied, analysed, and interpreted very well using the weighted mean. The following weight of the value with their corresponding verbal interpretation.

Table 3: Weighted Mean with their Verbal Interpretation		
Weight	Numerical Scale	Verbal Interpretation
1	1.00 – 1.49	Strongly Disagree
2	1.50 – 2.49	Disagree
3	2.50 – 3.49	Neither Agree nor Disagree
4	3.50 – 4.49	Agree
5	4.50 – 5.00	Strongly Agree

### 4. DATA ANALYSIS

The following presented are the research findings conducted by the researcher based on the survey questionnaires.

What was the status of micro businesses in San Pablo City, Laguna, Philippines during pre-pandemic through post-pandemic in terms of their working capital and loans, income, manpower, marketing, and management?

Table 4: Pre-Pandemic Period		
Indicators	Mean	Verbal Interpretation
1. Working Capital and Loans. Is the business can fund its operation including payment of its obligation and loans?	4.60	Strongly Agree
2. Income. Is the business profitable?	4.80	Strongly Agree
3. Manpower. Is the employees pay for their services rendered?	4.53	Strongly Agree
4. Marketing. Is the supply of products that you offer enough to the demand of the customers?	4.73	Strongly Agree
5. Management. Is the operation of your business being properly manage despite of the challenges?	4.53	Strongly Agree
Weighted Mean	4.64	Strongly Agree

Table 4 shows that the respondents are strongly agree that their businesses are financially healthy or financial stable during the pre-pandemic period with a weighted mean of 4.64. Micro businesses working

capital and loans status was strongly agree (4.60), income (4.80), manpower (4.53), marketing (4.73), and management (4.53).

Table 5: During Pandemic Period		
Indicators	Mean	Verbal Interpretation
1. Working Capital and Loans. Is the business can fund its operation including payment of its obligation and loans?	1.27	Strongly Disagree
2. Income. Is the business profitable?	2.17	Disagree
3. Manpower. Is the employees pay for their services rendered?	1.10	Strongly Disagree
4. Marketing. Is the supply of products that you offer enough to the demand of the customers?	1.83	Disagree
5. Management. Is the operation of your business being properly manage despite of the challenges?	1.10	Strongly Disagree
Weighted Mean	1.49	Strongly Disagree

Table 5 shows that the respondents are affected by the pandemic as they strongly disagree that their businesses are financial healthy with a weighted mean of 1.49. The impact of the pandemic affects their working

capital and loans (1.27), income (2.17), manpower (1.10), marketing (1.83), and management (1.10). As compared to pre-pandemic period, their businesses drop so low.

Table 6: Post-Pandemic Period		
Indicators	Mean	Verbal Interpretation
1. Working Capital and Loans. Is the business can fund its operation including payment of its obligation and loans?	3.63	Agree
2. Income. Is the business profitable?	4.00	Agree
3. Manpower. Is the employees pay for their services rendered?	2.77	Neither Agree nor Disagree
4. Marketing. Is the supply of products that you offer enough to the demand of the customers?	4.77	Strongly Agree
5. Management. Is the operation of your business being properly manage despite of the challenges?	3.83	Agree
Weighted Mean	3.80	Agree

Table 6 shows that the respondents agree that their businesses are financially healthy with a weighted mean of 3.80. Their business shows a sign that they are on recovery stage as their working capital and loans

(3.63), income (4.00), manpower (2.77), marketing (4.77), and management (3.83). As compared to pandemic period, it shows that the businesses are rising slowly.

4.1 What are the level of challenges encountered by the micro businesses during the pandemic period?

Table 7: Level of Challenges Encountered by the Micro Businesses		
Challenges Encountered	Mean	Verbal Interpretation
1. Lack of Customers	3.93	Agree
2. Salary of Employee/s	3.73	Agree
3. Supplier of Products	2.87	Neither Agree nor Disagree
4. Repayment of Loans from Financial Institutions	4.63	Strongly Agree
5. Utility Expenses and Rent	4.77	Strongly Agree
6. Lack of Working Capital	4.57	Strongly Agree
Weighted Mean	4.90	Strongly Agree

As shown in Table 7, the level of challenges encountered by the respondents are high as the strongly agree with the weighted mean of 4.90. Utility Expenses and Rent was at the top of the level of challenges

with 4.77, followed by Repayment of Loans from Financial Institutions (4.63), Lack of Working Capital (4.57), Lack of Customers (3.93), Salary of Employee/s (3.73), and Supplier of Products at the bottom with 2.87.

4.2 How the businesses sustained?

Table 8: How the businesses sustained?		
Ways on How Business Sustain	Mean	Verbal Interpretation
1. Additional Capital from their own savings	2.73	Neither Agree nor Disagree
2. Borrowings from Financial Institutions	4.73	Strongly Agree
3. Additional products or services offered	3.73	Agree
4. Engaging in Online Marketing	4.87	Strongly Agree
5. Expansion of Operation	2.63	Neither Agree nor Disagree
Weighted Mean	3.74	Agree

In Table 8, shows the respondents are agree on how the businesses sustained with a weighted mean of 3.74. Engaging in online marketing was at the top with a weighted mean of 4.87, followed by borrowings from financial institutions (4.73), additional products or services offered (3.73), additional capital form their own savings (2.73), and lastly expansion of operation (2.63).

## 5. CONCLUSION

This study showed the comparison of the status of micro businesses in San Pablo City, Laguna during pre-pandemic, during pandemic, and post-pandemic period. It also determined the level of challenges encountered by the micro businesses. The findings show that during the pandemic period, micro businesses are critically affected in terms of their working capital and loans, income, manpower, marketing, and management. As they compared during the pre-pandemic period, it was a way to far on their status before but during the post-pandemic, it shows the sign of recovery of their business. One of the reasons was that the COVID-19 restrictions uplifts in the country that includes travel restrictions, capacity in a business establishment, physical distancing, etc that really helps the micro businesses to recover from the pandemic.

The owners sustained their business to survive. It is important for them to find solutions that will help the micro businesses be recovered from the pandemic period. The creativeness of the owners with their solutions really helped them in sustaining their business. Micro businesses should give an attention by the Government in recovering their businesses and give significance because micro businesses are the one of the contributors in growing up the economy of the country and provide more jobs to others. This research has some limitations that focuses on the status during the Pre-Pandemic through the Post-Pandemic and considered other topics for future researchers.

## RECOMMENDATION

Based on the findings of the research, the researcher suggests or recommend the following:

1. Working Capital Management must be observed and how to utilize the working capital more efficiently.
2. Exploring other opportunities and strategies on how to market products and services like engagement in social media marketing.

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