

Small Business Performance in the New Normal in Baguio City

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ABSTRACT

This study endeavored to look into the performance of the small businesses in the new normal which was conducted in Porta Vaga, Baguio City, Philippines. Specifically, it sought to answer the following queries: (1) Level of agreement on the challenges encountered in the performance of small business in the new normal in Baguio City; (2) Level of effects of the new normal in the performance of small business in Baguio City; and (3) Level of effectiveness of strategies used to sustain the performance of small business in the new normal in Baguio City. The respondents were four (4) owners, nine (9) managers and seven (7) both owners and managers of small business with a total enumeration of twenty (20) in the said establishments. The study made use of the descriptive research design method with a questionnaire as the instrument for gathering the needed data. The salient findings of the study were the following: it was found out that the level of agreement on the challenges encountered in the performance of small business in the new normal in Baguio City is strongly agree; the level of effects of the new normal in the performance of the small business in Baguio city is very much effect; and, the level of effectiveness of the strategies used to sustain the performance of small business in the new normal in Baguio City is very much effective. Based on the results and findings of the study, the following conclusions were drawn: the owners and managers met and encountered different challenges in the operation of their business in the new normal; the owners and managers felt the adverse effect of the new normal in the operation of their business; and, the owners and managers observed that the strategies they employed to sustain the performance of their small business were very effective that resulted to positive and favorable outcomes.

Keywords: small business, performance, pandemic, Baguio City, challenges, effects, effectiveness, strategies

INTRODUCTION

As cited by Harel (2021) in his research entitled “The Impact of the COVID-19 on Small Business Performance and Innovation” stated that in December 2019, the global health crisis caused by the Corona Virus Disease 2019 (COVID-19) pandemic began in China (Akpan, et al., 2020; CDC 2020; Huan, et al., 2020; Ting et al., 2020), and has significantly altered people’s lives and business activities at the global, national, regional and local levels catching the world unaware and unprepared and causing significant havoc to business activities, with serious adverse effects on small businesses (Akpan, et al.; 2020b; Humpries et al., 2020).

Small businesses face higher risk of permanent closure. Small businesses are particularly vulnerable: they

tend to have fewer assets and limited cash reserves to cushion the lockdown-induced liquidity shortages. On the other hand, the epidemic and the resulting lockdown have accelerated and magnified the impact technology can have on some organizations' business models (Harel, 2021). Small businesses have also been able to utilize new techniques to adapt and improvise business models (Puddister & Small, 2020). Notable examples include personal training, tutoring and client consulting, using virtual video platforms like Zoom and restaurants that have turned to takeaway and delivery options backed by online meal order.

Economies around the world are reopening and businesses have made the necessary adjustments to the "new normal" for the post-COVID-19 period. But there are lots of adjustments and requirements that need to comply with: like testing employee, sanitation and other precautionary measures that come these additional costs/expenses, they are all worthy cents if it means keeping everyone healthy and safe from the coronavirus threat.

As pointed out by Horton (2024) in her updated article "The 4 Most Common Reasons a Small Business Fails", "a primary reason why small businesses fail is lack of funding or working capital. In most instances, a business owner is intimately aware of how much money is needed to keep operations running on a day-to-day basis including funding payroll; paying fixed and varied overhead expenses, such as rent and utilities; and ensuring that outside vendors are paid on time; however, owners of failing companies are less in tune with how much revenue is generated by sales of products or services. This disconnect leads to funding shortfalls that can quickly put a small business out of operation." But to help a small business manage common financing hurdles, business owners should establish a realistic budget for company operations and be willing to provide some capital from their coffers during the re-opening or expansion phase (Horton, 2024).

According to Legters (2020), "Looking beyond the current crisis-imposed moment, adopting future-forward technologies may seem like a distant priority, but it is precisely the new normal requires. 'Digital first' is an anchor truism of the new normal." He further pointed out that "Technology providers are making it easier for small businesses to adopt omnichannel solutions that consumers crave." In his article "Defining Traits of the New Normal on Small Business", Ruane (2022) mentioned "with this digital tools, many small businesses were able to transition and find new ways to get their jobs done through creative strategizing. That is a lesson that will last. The entire workforce, from leaders to workers, is a gaining a new sense of confidence in risk-taking." He further emphasized that "In the new normal, companies become more innovative first, by building an agile foundation.

This crisis has proven that adaptability is a key element for operational function, survival and sustaining the good practices and strategies. And second, adopt a freestyle approach to research and development. And last, employees at all levels will have learned how to quickly pivot and try new approaches in performing their job, collaborating and accomplishing tasks and fully utilized the skills that they have to help the performance of the business." (Ruane, 2022).

"Small businesses everywhere are showing why they are still the backbone of the economy. Through determined resilience, innovative spirit and relentless optimism, small business are just holding ground, but moving forward with renewed purpose," Legters (2020) pointed out.

METHODOLOGY

This research employed the Quantitative Research Design utilizing the Descriptive Research Method. This design is a type of research that aims to obtain information to systematically describe a phenomenon, situation or population. More specifically, it helps to answer the what, when, where and how regarding the research problem, rather than the why (Mc Combes, 2019).

This study focused on the performance of small businesses in the new normal in Baguio City. It was conducted to the food businesses that are operating at the Porta Vaga Mall, Baguio City. The respondents were four (4) owners, nine (9) managers and seven (7) both owners and managers with a total enumeration of twenty (20) food businesses.

Sampling was not utilized since the total enumeration of the respondents was taken into consideration as discussed in the preceding paragraph.

The researcher used the questionnaire as the main data gathering instrument of this study. It contained three (3) parts that sought the answers of the three problems of the study: Part 1-Challenges Encountered in the Performance of Small Business in the New Normal; Part 2-Effects of the New Normal in the Performance of Small Business; and Part 3-Strategies Used to Sustain the Performance of Small Business in the New Normal. The data gathered was subjected to classification and tallying before these were interpreted. Using the 3-point Likert scale with the corresponding statistical limits (arbitrary ranges), descriptive equivalents to determine the responses in the following: Part I- 2.34-3.00 (Strongly Agree); 1.67-2.33 (Agree); 1.00-1.66 (Disagree); Part II- 2.34-3.00 (Very Much Effect); 1.67-2.33 (Much Effect); 1.00-1.66 (Least Effect); and Part III- 2.34-3.00 (Very Much Effective); 1.67-2.33 (Much Effective); 1.00-1.66 (Least Effective).

The survey questionnaire was personally distributed by the researcher to the intended respondents. The accomplished questionnaires were likewise retrieved by the researcher. The responses were classified, tallied, tabulated, analyzed and interpreted. As indicated in the preceding paragraph, the analysis was done through the computed weighted mean per indicator in each of the three parts of the questionnaire to answer each of the objectives. Further, the average weighted mean was computed to answer the three objectives of the study: the level of agreement of the respondents on the challenges encountered in the performance of small business in the new normal; the level of effects of the new normal in the performance of small business; and, the level of effectiveness of the strategies used to sustain the performance of small business in the new normal, respectively.

To ensure ethical considerations of this study, the researcher secured first the written permission to float the survey questionnaire from the Mall Operations Manager of Porta Vaga, Baguio City and to the respondents of the study. The respondents were assured that all information they provided would be treated in strict confidentiality, their identity was not divulged and their right to participate or withdraw from their participation was also emphasized. The responses to the questionnaire were presented in aggregate form and not as individual perceptions. All the materials, findings and information borrowed from other sources included in this study were properly cited and acknowledged.

RESULTS AND DISCUSSION

Level of Agreement on the Challenges Encountered in the Performance of Small Business in the New Normal in Baguio City

Table 1 presents the identified challenges encountered in the performance of small business in the new normal in Baguio City. The overall average weighted mean of 2.50 carrying a descriptive equivalent of “Strongly Agree” is indicative that the owners and managers of small business expressed a high level of agreement taking into consideration the different challenges they encountered. Ranked highest among the identified challenges with weighted mean of 2.80 (Strongly Agree) is “Additional Cost/Expense.” An increase in expenses and additional costs typically lead to decrease in profit. As pointed out by Meredith (2022), “When a business incurs expenses, this reduces the amount of profit reported in the income statement. However, the incurrence of an expense also impacts the balance sheet, which is where the ending balance of all classes of assets, liabilities and equity are reported.” Ranked second highest challenge is

“Insufficient Funds” with a weighted mean of 2.60 interpreted as “Strongly Agree.” Horton (2024) emphasized that “the primary reason why small businesses fail is lack of funding or working capital.” Ranked third highest challenge is “Customer Dissatisfaction” with an obtained weighted mean of 2.55 with a descriptive equivalent as “Strongly Agree.” In her article “Customer Dissatisfaction: A guide to handling unhappy customers”, Lahey (2023) enumerated six causes of customer dissatisfaction: 1) poor customer service; 2) product quality and performance; 3) incomplete customer data; 4) subpar customer service; 5) lack of personalization; and 6) unmet expectations. Ranked lowest with a weighted mean of 2.25 (Agree) is “Inconsistent Supplier.” As Linsley (2019) pointed out, “poor and inconsistent supplier performances costs the organization in terms of money, time and reputation, can raise the risk of customer churn and even threatens the organization’s viability.” Oberlo (2019) agreed that “suppliers have a hugely important role in every stage of the product or service cycle.” However, ranked second lowest is “Employees Dissatisfaction” obtaining a weighted mean of 2.35 interpreted as “Strongly Agree.” There are eight reasons for job satisfaction among employees according to Boatman (n.d.): 1) lack of appreciation; 2) being or feeling underpaid; 3) inadequate management; 4) limited career growth prospects; 5) lack of training development options; 6) workplace relationships; 7) work-life balance; and 8) job isn’t interesting or meaningful.

Table 1. The Level of Agreement on the Challenges Encountered in the Performance Of Small Business in the New Normal in Baguio City (N=20)

Indicators	Level of Agreement			TWP	WM	DE	R
	3(SA)	2(A)	1(D)				
Challenges Encountered							
1.Insufficient Funds	13	6	1	52	2.60	SA	2
2.Inconsistent Supplier	9	7	4	45	2.25	A	7
3.Change of Demand	9	11	0	49	2.45	SA	5
4.Customer Dissatisfaction	11	9	0	51	2.55	SA	3
5. Employee’s Dissatisfaction	10	8	1	47	2.35	SA	6
6.Additonal Cost/Expenses	16	4	0	56	2.80	SA	1
7.Threats for New Improved Competition	10	10	0	50	2.50	SA	4
Average Weighted Mean					2.50	SA	

Legend:

Scale Points	Statistical Limits	Descriptive Equivalent	Symbol
3	2.34-3.00	Strongly Agree	SA
2	1.67-2.33	Agree	A
1	1.00-1.66	Disagree	D

Level of Effects of the New Normal in the Performance of Small Business in Baguio City

Table 2 presents the different effects of the new normal in the performance of small business in Baguio City. The average weighted mean of 2.62 interpreted as “Very Much Effect” implies that the owners and managers admit the great effects of the new normal in the performance

of their small business. Going over the weighted means of the effects shows that “Reduction of Employees” (2.85) ranked the highest. The reduction of employees in a company may appear minor, but it often causes a ripple effect in an organization where employees work together to achieve a common goal. “Most voluntary turnover is caused by people seeking – in no particular order – more money, more benefits, an improved work-life balance, more opportunities to progress in their careers, time to address personal issues

like health problems or relocations, increased flexibility or to escape a toxic or ineffective manager or workplace’, Holliday (2021) emphasized. Ranked the lowest with a weighted mean of 2.40 is “Loss of Key Customers.” In her article “6 Reasons Why Your Small Business is Losing Customers,” Lundin (2023) enumerated six reasons why the loss of customers: “1. Poor customer service experience; 2. Your product or service failed to meet expectations; 3. You didn’t show the value; 4. Your business is inconsistent; 5. You don’t learn from your mistakes; and 6. Your sales tactics are out-of-date.”

Table 2. Level of the Effects of the New Normal in the Performance of Small Business in Baguio City (N=20)

Indicators	Level of Effects			TWP	WM	DE	R
	3 (VME)	2 (ME)	1 (LE)				
1.Change in Revenue	16	4	0	56	2.80	VME	2
2.Reduction of Employees	17	3	0	57	2.85	VME	1
3.Lack of Sales	15	4	1	54	2.70	VME	3
4.Lack of Supply	12	5	3	49	2.45	VME	7
5.Lack of Customer Demand	13	6	1	52	2.60	VME	5
6.Restrictions on Products and Customers	13	7	0	53	2.65	VME	4
7.Business Model Changes	11	8	1	50	2.50	VME	6
8.Loss of Key Customers	9	10	1	48	2.40	VME	8
Average Weighted Mean					2.62	VME	

Legend:

Scale Points	Statistical Limits	Descriptive Equivalent	Symbol
3	2.34-3.00	Very Much Effect	VME
2	1.67-2.33	Much Effect	ME
1	1.00-1.66	Least Effect	LE

Level of Effectiveness of Strategies Used to Sustain the Performance of Small Business in the New Normal in Baguio City

Table 3 presents the levels of effectiveness of the different strategies used to sustain the performance of small business in the new normal in Baguio City. Since the average weighted mean of 2.36 falls within the statistical limit of 2.34-3.00 as shown in the legend below the said table, it is hereby interpreted as “very much effective.” This implies that while there were high effects of the new normal, the owners and managers found out that the strategies they used to sustain the performance of their small business resulted in positive and favorable outcomes. Going over the weighted means of the strategies used, the owners and managers claimed that the most effective strategy is “Collaborating with Other Businesses” with a weighted mean of 2.70, the highest of the different strategies. Humphrey (2021) in her article “8 Reasons to Consider Collaborating with Another Small Business” emphasized that “Collaboration is a great tool for business, regardless of their industry or size. Typically, it refers to organizations working together to solve problems and achieve goals that seem to be out of reach when working alone.” The second “very much effective” strategy is “Innovation”. Tornatzky, et al. (1990) claimed that “Innovation has become a necessity for all contemporary enterprises that want to survive in a world characterized by competition, technological change

and recurring crises”. And the third “very much effective” strategy is “Networks and Connections” with a weighted mean of 2.60. Printleaf (2021) emphasized that “Networking and connections have always been an integral part of business stewardship. Creating connections with others in your industry, with your neighbors and consumers is essential to business success.” The strategy considered lowest on effectiveness is “Keep Top Talent/Release Irrelevant Manpower” with a weighted mean of 1.90 interpreted only as “much effect.”

Table 3. Level of Effectiveness of Strategies Used to Sustain the Performance of Small Business in the New Normal in Baguio City (N=20)

Indicators	Level of Effectiveness			TWP	WM	DE	R
	3 (VME)	2 (ME)	1 (LE)				
1.Innovation	13	7	0	53	2.65	VME	2
2.Reach Out to Suppliers	6	12	2	44	2.20	ME	6
3.Reach Out to Customers	5	13	2	43	2.15	ME	7
4.Networks and Connections	13	6	1	52	2.60	VME	3
5.Collaboration with Other Businesses	14	6	0	54	2.70	VME	1
6. Social Media Posting	11	8	1	50	2.50	VME	4
7.Keep Top Talent/Release Irrelevant Manpower	3	12	5	38	1.90	ME	8

Legend:

Scale Points	Statistical Limits	Descriptive Equivalent	Symbol
3	2.34-3.00	Very Much Effective	VME
2	1.67-2.33	Much Effective	ME
1	1.00-1.66	Least Effective	LE

CONCLUSIONS AND RECOMMENDATIONS

This study was conducted primarily to look into the status of the performance of small business in the new normal in Porta Vaga Mall, Baguio City, Philippines. Specifically, it sought to answer the following queries: (1) the level of agreement on the challenges encountered in the performance of small business in the new normal in Baguio City; (2) the level of the effects of the new normal in the performance of small business in Baguio City; and (3) the level of effectiveness of the strategies used to sustain the performance of small business in the new normal in Baguio City.

This study revealed that: (1) the owners and managers manifested a very high level of agreement that there were different challenges they encountered in the performance of their small business in the new normal; (2) the owners and managers admitted there were great effects of the new normal in the performance of their small business; and (3) the owners and managers believed that the strategies they used to sustain the performance of their small business were very highly effective thus resulting to favorable and positive outcomes.

Therefore, it is incumbent upon the owners and managers of small business (1) to have strong, dynamic and innovative capabilities in identifying and meeting the challenges brought about by the new normal; (2) to

always have contingency plan and be heads-on and flexible in the performance of their small business so that they can immediately address the effects of the new normal; and (3) to continue enhancing the effective strategies they employ specifically in building networks with other businesses that can help sustain the performance of their small business in the new normal.

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