



Business Performance of Government Assisted Small Scale Enterprises in Camarines Norte

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ABSTRACT

This research study determined the business performance of government assisted small scale enterprises (GASSE) in Camarines Norte. The study used descriptive-correlational method and survey questionnaire in data gathering with 32 respondents. Percentage technique, weighted average, Somer's delta and ranking were utilized.

The findings are as follows: 1) Majority of small-scale enterprises are sole-proprietorship; 2) Five percent or more in sales increase due to repeat purchases. Gross profit margin in terms of company's earnings covered the overhead costs, taxes and others. The cost of storing the product and product spoilage only accounts to two percent and 75 percent or more are loyal customers; 3) There is no significant relationship between the profile of the respondents and the business performance of the GASSE; 4) It revealed that the unreliable and unpredictable sources of suppliers is the main factor affecting their performance; 5) The proposed strategies was designed to address the key issues.

The SMEs may adapt the theoretical paradigm of this study to improve their business performance.

Keywords: Government assisted small scale enterprises, business performance, percentage technique, weighted average, Somer's Delta

INTRODUCTION

Measuring business performance in today's economic environment is a critical issue for academic and practicing managers. There are many studies that show the examination of relationship between factors and performance. The business environment of this new century has undertaken several changes, creating more and more complexity and uncertainty. In this changing environment, which characterizes the global economy today, firms face severe competitive pressure to do things better, faster and low-priced. They need to cope with a growing number of challenges arising from their environment, and also increase their ability to adapt. Nowadays, continuous performance is the objective of any firm. This is because it is only through performance that companies are able to experience development and make progress. Consequently, assessing and measuring business performance is of significant importance, since companies are constantly seeking effective and efficient results (Taoab and Issor, 2019).

Dresner (2009) defined business performance management as a set of performance management and analytic processes that enables the management of an organization's performance to achieve one or more preselected goals. He popularized "Business Intelligence" (BI) as an umbrella term to describe a set of concepts and methods to improve business decision-making by using fact-based support systems. Performance management builds on foundation of BI but marries it to the planning-and-control cycle of the enterprise with enterprise planning, consolidation, and modeling capabilities.

Moreover, business venture is the heart of economic growth. It plays a vital role in stabilizing great economy in a certain area. Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable

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distribution of national income and wealth. The MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Recognizing the significant contribution of this sector in economic growth and also in employment generation in our country. Government of India has taken good number of initiatives to develop the sector such as erstwhile definition of “Small Scale Industries” was enlarged by increasing investment ceiling in plants and machineries from Rupees One Crore and trading activities have taken in the ambit of MSMEs by enactment of Micro, Small and Medium Enterprises Development (MSMED) Act from October 2, 2006. The MSME sector is the second largest employment provider in our country and it is good vehicle to achieve inclusive and distributed growth. The Ministry of Micro, Small and Medium Enterprises envisions a vibrant MSME (Devikrishna, 2020).

In the Philippines, SMEs make significant contributions to the overall economy and the country's pursuit of economic development. Data show Filipino SMEs to make up more than 99 percent of all businesses in the country, provide more than two-thirds of the country's employment, and is responsible for almost one-third of the country's income (Philippine Department of Trade and Industry, 2003). Given their economic importance (others also highlight their social significance), Filipino SMEs are an interesting subject of study. Consequently, one would expect to find numerous studies on them.

Moreover, micro, small and medium enterprises (MSMEs) have a very important role in developing the Philippine economy. They help reduce poverty by creating jobs for the country's growing labor 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 its development, the sector still faces various constraints that prevent it from realizing its full growth and potential. To attain sustainable MSME growth, there is a need to improve the overall business environment, and more importantly, increase access to finance. This would require strong coordination among the national agencies and local government units in effectively implementing MSME-related policies (e.g., Magna Carta for MSMEs, Barangay Micro Business Enterprises Act or RA 9178), particularly on enhancing the provision of MSME credit and other finance services from financial institutions as well as nongovernment organizations engaged in MSME financing (SEPO, 2012).

One of the legal bases for the existence of small scale enterprises in the Philippines is the Republic Act 8289 also known as Magna Carta for Small Enterprises an Act to strengthen the promotion and development of and assistance to small and medium scale enterprises, amending for that purposes of RA 6977, Section 3 stated that Small and Medium Enterprises shall be defined 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, must have value falling under the following categories: (i) Micro enterprises is less than P1,500,000.00, (ii) Small enterprises is between P1,500,001.00 to P15,000,000.00 and (iii) Medium enterprises is between P15,000,001.00 to P60,000,000.00.

In addition, Gonzales (2018) in her article emphasized that the DTI is doubling efforts to help the country's MSMEs because they provide jobs and help drive the Philippine economy. 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. To ensure MSMEs continued growth, the MSME Development Council approved the MSME Development Plan 2017 to 2022. The plan aims to improve the local business climate and access to finance, technology, innovation and markets as well as enhance management and labor capacities.

Azuelo (2016) disclosed that SMEs or Public Enterprises in Daet, Camarines Norte that along human resource management, there is a need for continuing power capability trainings and conduct of monitoring activities in managing the operation of the public enterprise. The study further revealed that personnel movement only occurs on account of retirement, resignation, transfer and creation of new items. However, on financial resource management, the targeted incomes of public enterprises were not totally realized. Most of the disbursements of the public enterprises had exceeded the appropriation of the budgeted amount or the expenditures for the years.



The SMEs being assisted by government agencies have been in operation for more than five years but their performance are still undisclosed due to confidentiality and personal reasons. Being assisted by government agencies, small businesses or the entrepreneur offers exceptional career opportunities to its employees, giving them a chance to stand out in the workplace. It allows greater exposure to widen an individual's skill set. SMEs stand apart from their larger counterparts because of their ability to help employees grow in a manner, which is unique and distinct from the kind of growth possible in companies that have a thousand or more employees.

Despite the crucial role of SMEs in economic prosperity and industrial development of any country and its community, this kind of enterprises have limited resources as well as operation capabilities, thus, they face a great number of challenges and threats from other organizational domestically as well as internationally. In this sense, the researcher's interest was directed at investigating the business performance of small-scale enterprises to help them identify the manner of their operations in terms of sales, profit, inventory turnover, and number of customers. This investigation also formulated the different strategies that can be executed and enabled other researchers and practitioners to clearly comprehend this field. Thus, this study was deemed relevant and important at this time of crisis in understanding how the government assisted small-scale enterprises are performing despite the challenges and threats they are facing.

METHODOLOGY

This part presents the research method employed in this study.

Methods of Research

Based on the research question formulated, this research utilized the descriptive-correlational method. According to Stranger (2011), this study was descriptive because of its goal to describe variables, specifically using survey research. However, it is correlational because it determines the logical relationship between two variables which are the profile of the respondents and the business performance of government assisted small scale enterprises in Camarines Norte.

Hence, an increase or decrease in one variable creates a like change in the other and that is positive correlational. However, two variables are statistically opposite where an increase in one of the variables creates an alternate effect or decrease in the other variable and that is negative correlational.

Description of the respondents

The total enumerated respondents of this study were the 32 small scale enterprises engaged in food industry that are being assisted by the Department of Trade and Industry (DTI) and Department of Labor and Employment (DOLE) from the year 2019 from its seven municipalities namely: Basud, Capalonga, Daet, Labo, Mercedes, Paracale and Vinzons. Respondents are of different types and years in business. However, managers or immediate supervisors were allowed to answer the survey questionnaire on behalf of the owners with their permission.

Data Gathering Procedure

The researcher developed a questionnaire based on the criteria set by the DOLE and DTI to gather the relevant data on the extent of business performance of assisted small scale enterprises in Camarines Norte. This research instrument was checked by the adviser and the members of the panel, and revisions were made accordingly.

Furthermore, the reliability test of the questionnaire was done by conducting a dry run to the 16 owners or managers of SMEs registered in the Business Master List 2019 of DTI and DOLE, but not receiving assistance from them to check the reliability of the survey questionnaire. Their responses were tabulated and subjected to Chronbach's Alpha. The value of 0.919 suggests that there is an internal consistency in the construction of the researcher-made questionnaire.

Moreover, letters were sent to different small scale business owners and managers to seek approval for the conduct of the survey. Upon approval, copies of the validated questionnaire were distributed personally and



informal interviews were conducted to gather relevant information, thus supporting the reliability of the research. The results were tabulated and statistically treated, analyzed, and interpreted. Online resources like manuals, journals and published and unpublished theses were used in the interpretation of data.

Statistical Treatment of Data

The study employed the following statistical treatment: Percentage technique, weighted average, Somer's Delta and ranking.

Percentage technique used to determine the attributes of the respondents profile, they were used as a descriptive means in relating the data to be gathered to the entire findings deduced for the part 1 of the study. Weighted average was used to determine the average of business performance and if there is a significant difference in the business performance in terms of sales, profit, inventory turnover and number of customers.

Further, Somer's Delta and Rank Biserial Correlation Coefficient were used to determine if there is a significant relationship between the profile and business performance of government assisted small scale enterprises in Camarines Norte. Rank Biserial Correlation Coefficient was used to determine the significant relationship between the type of organization and the business performance of government assisted small scale enterprises in Camarines Norte in terms of sales, profit, inventory turnover, and number of customers. Further, Somer's Delta was used to determine the significant relationship between the current capital, number of employees and number of years in operation to the business performance of government assisted small scale enterprises in Camarines Norte in terms of sales, profit, inventory turnover and number of customers. Finally, Ranking was used to determine the factors affecting the business performance of government assisted small scale enterprises in Camarines Norte.

RESULTS AND DISCUSSIONS

This part presents the result of the data analysis in response to the problem covered by this study.

Profile of the Respondents

Results in Table 1 to 4 presents the profile of the respondents. The variables include the type of organization, current capital, number of employees, and number of years in operation.

Type of Organization. Table 1 shows the distribution of respondents' total population from 32 of government assisted small scale enterprises in Camarines Norte in terms of type of organization. Majority of the respondents which is 30 or 93.8 percent were under sole proprietorship while the least percentage of the respondents which is two or 6.2 percent were under corporation type of business, respectively.

Table 1
Profile in terms of Type of Organization

Type of Organization	Frequency	Percentage (%)
Sole Proprietorship	30	93.8
Corporation	2	6.2
Total	32	100.0

It can be noticed that most of the businesses were under sole proprietorship because they are easy to form and require lower start-up capitalization, simple and affordable. It is also flexible, the owner can make changes as they want comes to start-up costs and taxes. Some of the businesses that can be formed in this type of business are freelance photographer, barber shops, beauty parlors, bakery, general merchandise, internet cafes and shops, catering services, among others which indeed typically requires lower start-up capital.

Current Capital. Table 2 presented the current capitalization of 32 government assisted small scale enterprises in Camarines Norte in terms of Current Capital. It shows that majority of the respondents which is 22 or 68.8 percent has a current capital of below P1,000,000.00 followed by seven or 21.9 percent ranging from P1,000,001.00 to P3,000,000.00, next is two or 6.3 percent ranging from P3,000,001.00 to P5,000,000.00, and the least percentage of the respondents which is one or 3.0 percent is from P9,000,001.00 and above.

Table 2
Profile in terms of Current Capital

Current Capital (Php)	Frequency	Percentage (%)
Below 1,000,000.00	22	68.8
1,000,001.00 to 3,000,000.00	7	21.9
3,000,001.00 to 5,000,000.00	2	6.3
9,000,001.00 and above	1	3.0
Total	32	100.0

The result depicts that majority of small scale enterprises has the current capital of below one million. This is supported with the results in Table 1 or type of organization; thus, majority of it was sole proprietorship that most of the capital of small scale businesses came from their personal savings, bank loans and other lending institutions. They started up from less than a million pesos because they are engaged in food industry businesses which is normally starting up from a minimal amount of capitalization. Some of the businesses are selling delicacies, candies, *pasalubong*, cakes, pastries, bread, coffee, and the like.

Number of Employees. Table 3 shows the percentage of number of employees constituting in a certain Small Scale Enterprises at the start of the business and at present. The data revealed that the enterprises comprised of 1 to 5 members has the highest frequency of 20 or 63 percent, followed by 6 to 10 members which is five or 16 percent, 11 to 25 members has a frequency of three or nine percent, 11 to 15 members has a frequency of two or six percent, and the lowest frequency depicted both from the range of 16 to 20 members and 26 members and above both have a frequency of one or three percent, respectively.

Table 3
Profile in terms of Number of Employees

Number of Employees	Frequency	Percentage (%)
1 – 5	20	62.5
6 – 10	5	15.6
11 – 15	2	6.3
16 – 20	1	3.1
21 – 25	3	9.4
26 and above	1	3.1
Total	32	100.0

Results of Table 3 coincides with the result of Table 1 that most of the sole proprietorship form of business can employ of one to five employees. It is because they have the ability to maximize their workforce as well as the time to meet the business targets for they are able to maintain limited number of employees in their business undertakings.

The result on the least number of employees are within 16 to 20 employees and 26 employees and above which coincides to the result of Table 1 wherein the two respondents which is in the corporation type of business

requires higher number of employees. Hence, as the number of employees is increasing so as to the type of organization changes where a corporation needs a number of employees; also as the company grows, it is imperative to hire more employees to be more sustainable and profitable.

Years of Operation. Table 4 shows the number of years in business operation. The results show that the businesses operates for the longest time is in the range from 3 – 5 years with a frequency of 13 or four percent. The record also shows that the businesses operating from 0 – 2 years has the lowest frequency of two or six percent.

Table 4
Profile in terms of Number of Years in Operation

Years of Operation	Frequency	Percentage (%)
0 – 2	2	6.2
3 – 5	13	40.6
6 – 8	4	12.5
9 – 11	3	9.4
12 and above	10	31.3
Total	32	100.0

It could be inferred from the data that those small scale enterprises that have been in operation in Camarines Norte for three to five years and had survived the first three trial years of operation; the ups and downs of the business and the length of their market foothold and a favorable rate of income return. One of the common ups and downs experience of businesses is the revenue. Some of their daily revenue jumps around quite a bit, and that can lead to some serious stress.

Moreover, continuous learning is also one of their problems. Business owners lack a curiosity for learning that expands beyond their industry leading to difficult times in their business. They are not investing as much in themselves as they should be. That is the reason why there is DTI, wherein coaching, workshops, and mentoring are their way to learn new skills.

Business Performance of Government Assisted Small Scale Enterprises in Camarines Norte

This part presents Tables 5 to 8 for the business performance of government assisted small scale enterprises in Camarines Norte along sales, profit, inventory turnover, and number of customers.

Sales. Table 5 shows that government assisted small scale enterprises often met their business performance in terms of sales. The result illustrates that the highest indicator in terms of sales with a mean score of 4.44 or interpreted as always met is the increase of five percent or more in sales due to repeat purchases.

The lowest indicator is monthly sales derived from qualified prospects and buyers is at an increasing rate of ten percent or above has the lowest mean score of 3.97 or interpreted as often met.

Table 5
Business Performance of Government Assisted Small Scale Enterprises
in Camarines Norte in terms of Sales

Indicators	WM	Adjectival Rating
1. The number of new leads, prospects, or customer inquiries identified every month is recorded at an increasing rate of 5% or more	4.00	OM
2. From the identified sales lead, 50% or more are considered qualified buyers who have shown definite interest level about the store's products or services	4.16	OM
3. An increase of 5% or more in sales due to repeat purchases	4.44	AM
4. Monthly sales derived from qualified prospects and buyers is at an increasing rate of 10% and above	3.97	OM
Average Weighted Mean	4.14	OM

Legend:

4.20 – 5.00	Always Met (AM)
3.40 – 4.19	Often Met (OM)
2.60 – 3.39	Sometimes Met (SoM)
1.80 – 2.59	Seldom Met (SeM)
1.00 – 1.79	Never Met (NM)

The result implies that an increase of five percent or more in sales due to repeat purchases is always met. Loyal customers tend to buy repeatedly because they are fond of eating delicacies, candies, bread and pastries as well as giving *pasalubongs* to their *kababayans* every time they are taking a vacation to their hometown. Further, it is because there is already build up good relationship between the business owners and customers which lead to becoming loyal customers. Also, it means that they are capable of responding to the needs and demands of the customers. It can be noticed that there is an increasing sales lead of five percent monthly and from that increase the qualified or considered as buyers who have shown their interest to the product or services is recorded in 50 percent or more.

Profit. Table 6 shows that government assisted small scale enterprises often met their business performance in terms of profit. The data revealed that the highest mean score of 4.19 is the gross profit margin in terms of company's earnings covered the overhead costs, taxes and others with an interpretation of often met. The indicator with the lowest mean score of 4.03 is the increasing gross revenue is at least 10 percent higher or more with an interpretation of often met.

Table 6
Business Performance of Government Assisted Small Scale Enterprises
in Camarines Norte in terms of Profit

Indicators	WM	Adjectival Rating
1. The increasing gross revenue is at least 10% higher or more	4.03	OM
2. The gross profit margin in terms of company's earnings covered the overhead costs, taxes and others	4.19	OM
3. The net income / net profit of the company is adequate with 10% or more increase from that of the previous years	4.06	OM
4. The company has the ability to pay an increase of 5% or more from its previous year's current liability	4.13	OM



Average Weighted Mean	4.10	OM
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Legend:	4.20 – 5.00	Always Met (AM)
	3.40 – 4.19	Often Met (OM)
	2.60 – 3.39	Sometimes Met (SoM)
	1.80 – 2.59	Seldom Met (SeM)
	1.00 – 1.79	Never Met (NM)

The profit margin is one of the most successful strategies in determining small scale enterprises' efficiency and competitiveness. This means that the output of the business is higher with the limited input it had. Thus, the highest result implies that the entrepreneurs managed well its operation that its gross profit margin can covered all the overhead costs, taxes and others which resulted of gaining more profit. Some of the overhead costs are rent, salaries and wages, office supplies, taxes and utilities and all of these are manageable because it can be noticed that majority of the respondents choose to operate their business in a small space in their house than to rent a commercial space as well as hiring relatives than others that lead to having higher profit at the same time lowering overhead costs. Hence, this affirms to the result of Table 5, a steady increase in sales results to profit; thus covering all their expenses.

Inventory Turnover. In Table 7, the data revealed that the highest mean score of 4.38 is the cost of storing the product and product spoilage only accounts to two percent or below with an interpretation of always met. The indicator with the lowest mean score of 4.06 is the fill rate has an increase of 10 percent or more on improving customer demand forecasting with an interpretation of often met.

Table 7
Business Performance of Government Assisted Small Scale Enterprises
in Camarines Norte in terms of Inventory Turnover

Indicators	W M	Adjectival Rating
1. The rate of turnover in terms of the amount of obsolete stocks were sold by 10% or more	4.25	AM
2. The fill rate has an increase of 10% or more on improving customer demand forecasting	4.06	OM
3. The average day to sell the product is 3 days to avoid overstocking and spoilage	4.13	OM
4. Cost of storing the product and product spoilage only accounts to 2% or below	4.38	AM
Average Weighted Mean	4.20	AM

Legend:	4.20 – 5.00	Always Met (AM)
	3.40 – 4.19	Often Met (OM)
	2.60 – 3.39	Sometimes Met (SoM)
	1.80 – 2.59	Seldom Met (SeM)
	1.00 – 1.79	Never Met (NM)

The highest result which is the cost of storing the product and product spoilage only accounts to two percent or below signifies that they have considerable amount of inventory. Moreover, small scale enterprises closely monitored perpetually their inventories for them not to lose or waste too much inventories. Some of the products that businesses have exact or minimal inventory are meats, vegetables, fruits of which they are easily get rotten or perished. Hence, it is important to evaluate the business' inventories on a regular basis to ensure that the company's stocks are still good for consumption or updated.

Number of Customers. In Table 8, the data revealed that the highest mean score of 4.63 is a rate of 75 percent or more are loyal customers that can be observed through positive attitudes reflected in the positive reviews and word-of-mouth among the customers with an interpretation of always met. The indicator with the lowest mean score of 3.81 is customer attrition rate is always at five percent or below of the total customer base with an interpretation of often met.

Table 8
Business Performance of Government Assisted Small Scale Enterprises
in Camarines Norte in terms of Number of Customers

Indicators	W M	Adjectiva l Rating
1. A rate of 75% or more are loyal customers that can be observed through positive attitudes reflected in the positive reviews and word-of-mouth among the customers	4. 63	AM
2. Customers from Word-of-Mouth (WOM) referrals are seen to be at an increasing rate of 5% or more	4. 38	AM
3. Customers with repeat purchases has an increase of 5% or more monthly	4. 50	AM
4. Customer attrition rate is always at 5% or below of the total customer base	3. 81	OM
Average Weighted Mean	4. 33	AM

Legend:

4.20 – 5.00	Always Met (AM)
3.40 – 4.19	Often Met (OM)
2.60 – 3.39	Sometimes Met (SoM)
1.80 – 2.59	Seldom Met (SeM)
1.00 – 1.79	Never Met (NM)

The highest result of a rate of 75 percent or more are loyal customers that can be observed through positive attitudes reflected in the positive reviews and word-of-mouth among the customers implies that they have the mechanism to monitor positive feedbacks from loyal customers; they have established better customer relations. Customers who feel comfortable going to the enterprises bringing questions and queries, knowing that their feedback will be taken seriously, builds strong customer-and-owners' relationship and creates a culture of transparency.

Significant Relationship between the Profile of Respondents and the Business Performance of Government Assisted Small Scale Enterprises in Camarines Norte

Table 9 presents the summary result of the test for significant relationship between the profile of the respondents and the business performance of government assisted small scale enterprises in Camarines Norte.

Results shows that there was no significant relationship between the profile of the respondents in terms of type of organization, current capital, number of employees and number of years of operation and their business performance of government assisted small scale enterprises in Camarines Norte which obtained respective p-Values greater than the alpha .05.

Table 9
Test for Significant Relationship Between the Profile and the Business
Performance of Government Assisted Small Scale
Enterprises in Camarines Norte

Indicators	Type of Organization		Current Capital		Number of Employees		Number of Years in Operation	
	Test Statistic	p value	Test Statistic	p value	Test Statistic	p value	Test Statistic	p value
Sales	$r_{tb} = -0.054$	0.768	$D = -0.136$	0.474	$D = 0.223$	0.126	$D = 0.055$	0.708
Profit	$r_{tb} = -0.072$	0.697	$D = -0.214$	0.217	$D = 0.058$	0.698	$D = 0.033$	0.826
Inventory Turn-over	$r_{tb} = -0.156$	0.394	$D = -0.037$	0.829	$D = 0.068$	0.632	$D = 0.105$	0.462
Number of Customers	$r_{tb} = -0.18$	0.324	$D = -0.239$	0.154	$D = 0.021$	0.878	$D = 0.209$	0.099

The table shows that there is no significant relationship between the type of organization profile of the respondents and the business performance of government assisted small scale enterprises in Camarines Norte with Rank Biserial Correlation Coefficient of $r_{tb} = -0.054$, $r_{tb} = -0.072$, $r_{tb} = -0.156$ and $r_{tb} = -0.18$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively. As to the relationship between current capital profile and business performance, the table shows a Somers' delta values of $D = -0.136$, $D = -0.214$, $D = -0.037$ and $D = -0.239$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively.

Relationship was also determined between the number of employees profile and business performance. The SPSS output upon running the Somers' delta resulted to values of $D = -0.223$, $D = 0.058$, $D = 0.068$ and $D = 0.021$, for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively. As to the relationship between the number of years in operation profile and business performance, Table 9 shows correlation coefficients $D = 0.055$, $D = 0.033$, $D = 0.105$, and $D = 0.209$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively.

The Somers' correlation and Rank Biserial correlation coefficients presented in Table 9 suggests an acceptance of the null hypothesis that there is no significant relationship between the profile of the respondents and business performance of government assisted small scale enterprises in Camarines Norte. All the p values are also greater than the level of significance 0.05, thus the data on the table further confirms that the given correlation coefficients Somers' D and Rank Biserial r_{tb} were not statistically significant.

The type of organization, current capital, number of employees and number of years of operation cannot be considered as contributory factors for the performance of the business since the business' operation may depend on technological advancement, improving the quality of their products / service to earn customer loyalty, enhance customer value and capitalization by applying the concept of financial leverage, working on available resources, maximizing its capacity to avoid idle time and wastage of resources and managerial capabilities of management.

Factors Affecting the Business Performance of Government assisted Small Scale Enterprises in Camarines Norte

Government assisted small scale enterprises face lots of challenges in their day to day activities that may affect their business performance. As such, Table 10 shows the factors affecting their business performance; thus, respondents ranked these factors from highest to lowest. Data revealed that unreliable or unpredictable sources of suppliers is the main factor affecting their business performance which is followed by higher cost of overhead expenses that leads to lower profit, and tied at third rank are threats of new entrants and lack of access to financial institution.

Moreover, inadequate knowledge and skills in business operations and inability to shift the process from manual to mechanical are lowest in rank.

Table 10
Factors Affecting the Business Performance of Government Assisted
Small Scale Enterprises in Camarines Norte

Factors	Frequency	Rank
1 Threats of new entrants	14	3.5
2 Inadequate infrastructure	10	7.0
3 Lack of access to financial institution	14	3.5
4 Lack of access to market information	7	10.0
5 Shifting customer preferences and behavior	8	9.0
6 Unreliable or unpredictable sources of suppliers	24	1.0
7 Constraints in marketing or promoting the products	10	7.0
8 Difficulties in complying with government regulations	11	5.0
9 Inadequate knowledge and skills in business operations	2	12.0
10 Higher cost of overhead expenses that leads to lower Profit	16	2.0
11 Human resources constraints such as lack of human resources	10	7.0
12 Constraints to have an established name or brand of the products	6	11.0
13 Others, inability to shift the process from manual to mechanical	1	13.0

The respondents' primary factor affecting their business performance is the unreliable or unpredictable sources of suppliers. According to some SMEs, some suppliers promised them prompt delivery on agreed date but failed to deliver due to some circumstances like weather conditions, road checkpoints, and unavailability of products from their distributors. Some of main products that commonly have problems is pork meat, it is because of our current situation wherein the Philippines is under control because of the African Swine Fever (ASF). In addition, vegetables coming from other areas like Baguio causes minor delays leading to major holdups down the line and poor service. Hence, the company will be place at risk of losing customers because of these instances. Thus, it will increase unsatisfied customers.

Higher cost of overhead expenses that leads to lower profit comes the second factor affecting business performances. Rent expense eats big part of the overhead expenses to all SME's, followed by utility expenses such as electricity, water, and internet connections and salaries and benefits of their employees.; with this, it is important for SMEs budgeting skills and in determining how much they must charge for its products or services to make a profit.

Inability to shift the process from manual to mechanical is the least of their concerns. It only means that the company has the ability to adapt easily the shifting process. In this fast-changing business environment wherein every activities happens in a snap of a finger, adapting and accepting the change will be beneficial not only to business but to all its stakeholders. Based on the survey conducted, businesses does not need to mechanize their production process because aside from it will incur additional expenses, human can still do the process even without the help of any machine. An example of those businesses are those engaged in making delicacies or pasalubong, puto, cookies, miswa noodles, turmeric and the like.



Proposed Strategies to Improve the Business Performance of Government Assisted Small-Scale Enterprises

Small scale enterprises plays a vital role in the economy and it is important that the owners are well equipped with the adequate knowledge and skills on how to sustain the success of their business. This can be attained through effective operation and performance of their business. Efficient business performance will result to improved sales, profits, inventory turnover and number of customers, thereby improving the performance of their business.

Nevertheless, there are factors encountered by government assisted small scale enterprises (GASSE) that affect their business performance. Majority of the small scale enterprises have good business performance, however, there are still problems encountered that remained undetected with their existing practices in their operation in their organization.

The proposed strategies are not only based on the factors affecting the business performance of GASSE as shown in Table 10. It is also based on what the respondents consider to improve their business performance as government assisted small scale enterprises. These strategies can be utilized to observe and weigh what improvements they still need and what government still need to think through to help these small scale enterprises.

The strategies aims to provide guidelines to both government and government assisted small scale enterprises on how they can work together in improve the latter's business performance such as increasing patronage of local consumers, profiling of suppliers, updating and educating GASSE about the latest business trends, techniques and methodologies, providing additional working capital in terms of financial aid, providing monthly visitation and consulting services, reducing transaction cost, facilitating partnership to other entities, improving marketing and advertising strategy, showcasing their products and services in different platforms and supplying needed number of human resources. The researcher came up with the proposed strategies as shown in Table 11 to better help enhance the business performance of GASSE. This was designed based on the result of the survey conducted and in consideration of the findings of the study. Table 11, the proposed strategies to improve the business performance of government assisted small scale enterprises in Camarines Norte is presented on the next page.

Table 11
Proposed Strategies to Improve the Business Performance of
Government Assisted Small Scale Enterprise

Key Issues	Strategy	Objectives	Implementing Guidelines	Expected Outcomes
Deficiency in product Innovation, marketing strategy, lack of knowledge in business leading to lower sales and profit	Conducting quarterly business seminars for GASSE about:			
	a. The latest trends, techniques and methodologies in the business industry	To update and educate GASSE owners about the latest business trends, techniques and methodologies and guide them on how they will apply those	Coordinate with GS Extension Service Office and present the proposal about the quarterly business seminars. Once approved, this will be coordinated with DTI-Camarines Norte, then immediate preparation and planning will be done including the venue,	A more knowledgeable and well guided GASSE owners about the latest business trends, techniques and methodologies that can help their daily



		in their business operations and decisions	materials and speakers. it will be assumed that speakers of the business seminars are credible, experience and knowledgeable about the topics presented	business operations and decisions
	b. Effective establishment and management of Online business	To educate about the proper establishment and management of online business.		Improvement on GASSEs customer reach
	c. Product and production process development and innovation	To educate and develop the skills of GASSE owner and its production employees on how they can develop and innovate their product and production so that they are able to meet shifting customer preferences and behavior		A well-developed and innovative product of GASSE that can meet the shifting customer preferences and behavior
Implementation of the programs and strategies to increase profit and resolve issues in the performance of the businesses	Offers monthly visitation and free business consultations or advisory services to SSMEs which provides solutions to business problems issues they face	To provide monthly visitation and consultancy services to SMEs which includes enhancement of business strategy, process analysis, risk management, etc.	Submission and presentation of Proposal to the Provincial Government of DTI of Camarines Norte regarding the offering of free consultation services and monthly visitation to SMEs. After it has been approved; planning and preparation will be conducted outright in order for the implementation to begin as early as possible.	The monthly consultation services to SMEs will result to a well-improved and well-guided business operations like the problem on excessive overhead expense. Spending can be resolved by making flexible and efficient overhead budget that consequently help SME to increase their profit and a strategy on how SME can deal with industry competition specifically the threats of new entrants.



Key Issues	Strategy	Objectives	Implementing Guidelines	Expected Outcomes
Unreliable or unpredictable sources of suppliers	Profiling of Suppliers	To help GASSE find suppliers of their products that is predictable, reliable and credible.	Coordinate with DTI to verify and prepare careful profiling of suppliers considering its background, credibility and quality of its service	A well-protected GASSE against unpredictable and unreliable suppliers
Higher cost of overhead expenses that leads to lower profit	Lowering Overhead Costs and Increasing Profit	To help GASSE lowered their overhead cost and increasing profit without sacrificing the quality of service and products	Verify all the overhead costs and identify each one by one to which the enterprise can reduce the costs	Higher Profit due to lower Overhead Costs
Threats of New Entrants	Creating alliance between the different municipalities in the province that will pave way for easy entrants, expansion and establishment of physical store in different municipalities all throughout the province and enhancing advertising competitiveness	To facilitate partnership to different municipality; To help reach and cater the needs of customer in different places of the province; and To increase accessibility to market information and to increase competitiveness in terms of marketing and advertising	Build strong relationships with key stakeholders. Coordinate and create a partnership to different municipalities of the province and negotiate to credible ads agency that employs marketing and advertising strategy	A well-established partnership between GASSE and the different municipality in the province. Additionally, create an innovative marketing and advertising strategy to be competitive
Lack of Access to Financial Institution	Supplementing Financial-aid to GASSE in Camarines Norte such as cash loan and cash aid and giving them a chance to access registered financial institutions loan program	To provide additional working capital to the GASSE in Camarines Norte that will serve as financial aid in terms of purchasing additional supplies, upgrade of production equipment and	In terms of cash loans. The financial institutions granting the loans shall make revisions on the loan policy and make it easier on the part of the borrower to apply for the cash loan program. In terms of financial cash aid. The agency granting the aid must conduct careful profiling on whose GASSE in Camarines Norte needed	A more sustained and well-protected GASSE in which continuity and expansion of business operations are made possible which includes purchase of supplies, upgrade of equipment and expansion of business and production area



		expansion of business and production area	most the financial aid in order to avoid unequal partition of the aid.	
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The proposed strategies aim to provide guidelines to both government and government assisted small scale enterprises on how they can work together in improve the latter's business performance such as increasing patronage of local consumers, profiling of suppliers, updating and educating GASSE about the latest business trends, techniques and methodologies, providing additional working capital in terms of financial aid, providing monthly visitation and consulting services, reducing transaction cost, facilitating partnership to other entities, improving marketing and advertising strategy, showcasing their products and services in different platforms and supplying needed number of human resources.

The deficiency in product innovation, marketing strategy, lack of knowledge in business leading to lower sales and profit can be overcome if there is a proper coordination with the graduate school extension services office and the Department of Trade and Industry wherein they will present some proposal about quarterly business seminars. The resource speakers of the seminars are credible, well-experienced and knowledgeable. By then, GASSE will be more knowledgeable and well guided about the latest business trends, techniques and methodologies that can help their daily business operations and decisions.

Further, the best way to achieve this level of strategic continuity is by moving through the entire cycle on a regular basis. Continuous reviews allows the business to detect successes and failures early on. Hence, monthly visitation to the GASSE and free business consultations is highly recommended. It will result to a well-improved and well-guided business operation like the problem on excessive overhead expense. Spending can be resolved by making flexible and efficient overhead budget that consequently help SME to increase their profit and strategy on how SME can deal with industry competition specifically the threats of new entrants.

The supplier profiling solutions help players in the consumer goods manufacturing space focus on profiling and identifying the potential suppliers in the market based on their strengths and weaknesses. It also helps the clients' measure the supplier's performance based on various factors. Also, it can protect GASSE against unpredictable and unreliable suppliers.

Moreover, higher cost of overhead expenses can be lessen through verification of all overhead costs and identify each one by one to which the enterprise can reduce the costs. By then, higher profit can be achieve.

Further, creating alliance between the different municipalities in the province and building strong relationships with key stakeholders, deepening connections with their current customer base and making their products more accessible can pave way the threats of new entrants. A well-established partnership between GASSE and the different municipality is expected so that it can create an innovative marketing and advertising strategy to be competitive.

Lastly, lack of access to financial institutions is no more an issue because some government agencies are providing cash loans. It helps to provide additional working capital to GASSE in terms of purchasing additional supplies, upgrading of production equipment and expansion of business and production area. A more sustained and well-protected GASSE is expected to which there is continuity and expansion of business operations that are made possible.

FINDINGS

The findings of the study are summarized as follows:

1. On the profile of the respondents in terms of type of organization, majority of small-scale enterprises are sole-proprietorship with a frequency of 30 or 93.8 percent of the total population while the lowest are corporation with two frequency or 6.2 percent of the total population.



Moreover, small scale enterprises that has the highest percentage of current capital for the operation of the business are those in the range of below 1,000,000.00 with a frequency of 22 or 68.8 percent while the lowest current capital is those in the range of 9,000,001.00 which posted a frequency of one or 3.0 percent.

Furthermore, enterprises comprised of 1 to 5 members has the highest frequency of 20 or 62.5 percent while the lowest percentage depicted 16 to 20 members and 26 members and above with both frequency of one or 3.1 percent.

Lastly, businesses operate for the longest time is in the range from 3 to 5 years with a frequency of 13 or 40.6 percent and it also shows that the businesses operating from 0 to 2 years has the lowest frequency of two or 6.3 percent.

2. On the business performance of government assisted small scale enterprises in terms of sales, the data revealed that the highest indicator in terms of sales with a mean score of 4.44 or interpreted as always met is the increase of five percent or more in sales due to repeat purchases while monthly sales derived from qualified prospects and buyers is at an increasing rate of 10 percent or above has the lowest mean score of 3.97 or interpreted as often met.

In terms of profit, data revealed that the highest mean score of 4.19 is the gross profit margin in terms of company's earnings covered the overhead costs, taxes and others with an interpretation of often met. The indicator with the lowest mean score of 4.03 is the increasing gross revenue is at least 10% higher or more with an interpretation of often met.

Moreover, in terms of inventory turnover, the highest mean score of 4.38 is the cost of storing the product and product spoilage only accounts to two percent or below with an interpretation of always met while the indicator with the lowest mean score of 4.06 is the fill rate has an increase of 10 percent or more on improving customer demand forecasting with an interpretation of often met.

Lastly, in terms of number of customers, data revealed that the highest mean score of 4.63 is a rate of 75 percent or more are loyal customers that can be observed through positive attitudes reflected in the positive reviews and word-of-mouth among the customers with an interpretation of always met whereas the indicator with the lowest mean score of 3.81 is customer attrition rate is always at five percent or below of the total customer base with an interpretation of often met.

3. On significant relationship between the profile of the respondents and the business performance of GASSE in Camarines Norte, data revealed that there is no significant relationship between the type of organization profile of the respondents and the business performance of GASSE in Camarines Norte with Rank Biserial Correlation Coefficient of $r_{rb} = -0.054$, $r_{rb} = -0.072$, $r_{rb} = -0.156$ and $r_{rb} = -0.18$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively.

As to the relationship between current capital profile and business performance, data shows a Somers' delta values of $D = -0.136$, $D = -0.214$, $D = -0.037$ and $D = -0.239$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively. Relationship was also determined between the number of employees profile and business performance. Somers' delta resulted to values of $D = 0.223$, $D = 0.058$, $D = 0.068$ and $D = 0.021$, for business performance in terms of sales, profit, inventory turnover and number of customers, respectively. As to the relationship between the number of years in operation profile and business performance, data shows correlation coefficients of $D = 0.055$, $D = 0.033$, $D = 0.105$, and $D = 0.209$ for business performance in terms of sales, profit, inventory turn-over and number of customers, respectively.

Thus, the findings suggests an acceptance of the null hypothesis that there is no significant relationship between the profile of the respondents and business performance of government assisted small scale enterprises in Camarines Norte.

4. On the factors affecting the business performance of government assisted small scale enterprises, the respondents ranked these factors and revealed that unreliable or unpredictable sources of suppliers is their main or top problem with a frequency of 24, which is followed by higher cost of overhead expenses that leads to lower



profit with a frequency of 16, and tied at third rank are threats of new entrants, and lack of access to financial institution with both frequency of 14. Moreover, inability to shift the process from manual to mechanical are lowest in rank with a frequency of 1.

5. A proposed strategies was designed to address key issues identified such as unreliable and unpredictable sources of suppliers, higher cost of overhead costs that leads to lower profit, threats of new entrants and lack of access to financial institution. This was designed based on the result of the survey conducted and in consideration of the findings of the study to better help enhance the business performance of government assisted small scale enterprises.

CONCLUSIONS

Based on the findings, the following conclusions were drawn:

1. Majority of the respondents were under sole proprietorship type of organization, with below P1,000,000 current capital, employs one to five employees and have been operating the business for three to five years.
2. The business performance of government assisted small scale enterprises in terms of sales and profit is often met while in terms of inventory turnover and number of customers is always met. Government small scale enterprises has an always increase in sales due to repeat purchases of their loyal customers; hence, it can be noticed that majority of their customers are loyal that can be observed through positive attitudes reflected in the positive reviews and word-of-mouth of their customers.
3. There is no significant relationship between the profile of the respondents in terms of type of organization, current capital, number of employees, and number of years in operation and the business performance of government assisted small scale enterprises in Camarines Norte in terms of sales, profit, inventory turnover and number of customers.
4. The most common factors affecting the business performance of government assisted small scale enterprises in Camarines Norte were unreliable or unpredictable sources of suppliers, higher cost of overhead costs that leads to lower profit, threats of new entrants and lack of access to financial institutions.
5. The proposed strategies was generated to address the key issues identified in the study and to better help the government assisted small scale enterprises improve their business performance.

Recommendations

Considering the findings and conclusions of the study, the following recommendations are hereby made.

1. In order for government assisted small scale enterprises (GASSE) to overcome the deficiency in product innovation, marketing strategy, lack of knowledge in business operation leading to lower profit and sales, they may coordinate with CNSC - GS Extension Service Office to update and educate GASSSE about the latest business trends, techniques and methodologies and guide them on how they will apply those in their business operations and decisions. It can be done if they will present the proposal about the quarterly business seminars. It is a great help for GASSE to know the latest trend, techniques and methodologies in the business industry.
2. Government Assisted Small Scale Enterprises (GASSE) may submit and present proposal to DTI-CN regarding the offering of free consultation services and monthly visitation to SMEs. It can result to a well-improved and well-guided business operations.
3. Government Assisted Small Scale Enterprises may conduct careful profiling suppliers' analysis by considering its background, credibility and quality of products offered or services rendered for them to be protected against unpredictable and unreliable suppliers.



4. Government Assisted Small Scale Enterprises may verify all the overhead costs and identify each one by one to which the enterprise can lower their overhead costs to gain higher profits without sacrificing the quality of their products and services.
5. Government Assisted Small Scale Enterprises may invest aggressively in promotion. The promotion efforts should be directed at brand recognition, deepening connections with their current customer base and making their products accessible to as many potential buyers as possible. Moreover, having good standing relationships with key influencers, regulators, media, customer groups and others can go a long way when trying to deter the attacks of new entrants. Furthermore, coordinating and creating a partnership to different municipalities of the province and negotiate to credible ads agency that employs marketing and advertising strategies is one way to become more competitive.
6. Access to finance through banks and other finance providers seems to be limited. In general, small scale enterprises are usually managed by entrepreneurs who lack financial knowledge but banks when deciding on credit applications, rely heavily on financial information, which is provided by these entrepreneurs. Government agencies or financial institutions may make revisions on the loan policy for the borrower to easily apply for the cash loan program. Moreover, agencies granting loan must conduct careful profiling of GASSE to identify who needed the most the financial aid in order to avoid unequal distribution of the aid.
7. The proposed strategies may be participated by all government assisted small scale enterprises who wants to improve their business performance. The interventions, with the coordination and collaboration to government agencies, such as Department of Trade and Industry – Camarines Norte (DTI-CN), Provincial Government of Camarines Norte, Board of Investments (BOI), and Department of Labor and Employment (DOLE) may be presented to successfully implement the strategies may be pursued.
8. The sample size and including enterprises from multiple industries and additional provinces to improve the external validity of the findings. Future research should incorporate objective business performance indicators, including revenue growth, profit margins, return on investment, and business survival rates, to complement perception-based assessments. A more comprehensive conceptual framework incorporating entrepreneurial competencies, innovation, access to finance, digital adoption, and market conditions would provide a deeper understanding of business performance determinants.
9. Future researchers may replicate this study by considering non-government assisted enterprises in the municipalities in Camarines Norte.

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