Relationship of Entrepreneurial Competencies and Financial Performance among Micro Enterprises in Southern Bukidnon: Basis for an Entrepreneurial Competence Program

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ABSTRACT

This study examined the relationship between entrepreneurial competencies and financial performance among micro-entrepreneurs in a local municipality in Southern Bukidnon, Philippines. Micro-enterprises play a dynamic role in local economic development, employment generation, and poverty reduction, making it essential to understand the competencies that contribute to their financial success. Specifically, the study assessed entrepreneurial competencies in terms of risk-taking, persistence, commitment to work contracts, information seeking, goal setting, and self-confidence, and evaluated financial performance based on profit, sales, and cash flow. The study sought to determine the extent to which entrepreneurial competencies influence the financial performance of micro-enterprises. Using a quantitative research design, data were collected from micro-entrepreneurs through an adapted survey questionnaire. Descriptive statistics were employed to determine the levels of entrepreneurial competencies and financial performance, while simple linear regression analysis was used to examine the effect of entrepreneurial competencies on financial performance. The use of these statistical techniques enabled a comprehensive assessment of the relationship between the study variables. The findings revealed that entrepreneurial competencies significantly and positively influence financial performance, as evidenced by the regression results ($p = .002$). Micro-entrepreneurs generally demonstrated favorable levels of entrepreneurial competencies and financial performance, suggesting that the possession of entrepreneurial skills contributes to improved business outcomes. These results emphasize the importance of strengthening entrepreneurial competencies as a means of improving business performance and financial outcomes. The study provides valuable insights for entrepreneurship development initiatives, highlighting the importance of sustaining and further strengthening existing entrepreneurial competencies through targeted training and capacity-building programs. Such initiatives may focus on enhancing the application and consistency of these competencies to further improve business performance, competitiveness, and long-term financial sustainability among micro-entrepreneurs.

Keywords: entrepreneurial competencies, financial performance, micro-entrepreneurs, entrepreneurship, business performance

INTRODUCTION

Entrepreneurship is widely recognized as a key driver of economic development, innovation, and employment generation. Through entrepreneurial activities, individuals create and manage businesses that contribute to wealth creation and community development. Central to entrepreneurial success are entrepreneurial competencies, which encompass the knowledge, skills, abilities, and personal attributes necessary to establish, sustain, and grow a business venture (Alagappar et al., 2023). These competencies enable entrepreneurs to identify opportunities, make informed decisions, adapt to changing market conditions, and effectively manage business operations. Financial performance, meanwhile, refers to the extent to which an enterprise utilizes its resources to achieve desirable financial outcomes, including profitability, sales growth, and cash flow generation (Jain & Shanmugam, 2022; Agarwal, 2022). The interaction between entrepreneurial competencies and financial performance is particularly significant among micro-enterprises, which serve as important contributors to economic development, especially in developing countries (Musara & Nieuwenhuizen, 2020).

Micro, small, and medium-sized enterprises (MSMEs) account for more than 90% of businesses worldwide and are recognized as major sources of employment, innovation, and economic growth (Mago & Modiba, 2022). In the Philippines, MSMEs continue to play a vital role in the national economy. According to the Department of Trade and Industry (DTI), based on data from the Philippine Statistics Authority (PSA), there were over one million registered business enterprises in 2021, of which the vast majority were classified as MSMEs, accounting for nearly the entire business population in the country. Among these, micro-enterprises comprise around nine in ten MSME establishments, highlighting their dominance within the country's business sector (Bonifacio et al., 2025). Despite their substantial contribution, many MSMEs face significant challenges related to survival and sustainability. Studies indicate that more than 70% of MSMEs struggle to remain viable and often fail within their first five years of operation (Imran et al., 2019). This situation stresses the importance of identifying factors that can strengthen business sustainability and improve financial outcomes.

The sustainability challenges encountered by MSMEs have drawn increasing attention to the role of the entrepreneur in shaping business outcomes. Beyond financial and market constraints, the ability of entrepreneurs to respond effectively to changing business conditions has emerged as a critical determinant of enterprise success. Intense market competition, limited innovation, inadequate risk-taking behavior, and insufficient managerial capabilities often hinder the growth and expansion of micro-enterprises. These challenges are evident in many local communities, where micro-businesses continue to encounter difficulties related to market access, resource constraints, and human capital development. Byukusenge et al. (2021) emphasized that one of the most critical challenges faced by entrepreneurs is transitioning their enterprises from maturity to long-term sustainability. In this context, entrepreneurial competencies become essential, as they enable business owners to navigate uncertainties, adapt to changing environments, and sustain business operations despite challenges (Mwangi, 2020).

Although entrepreneurial competencies are widely acknowledged as important determinants of business success, the manner in which specific competencies translate into favorable financial outcomes among micro-enterprises remains an important empirical concern. Micro-entrepreneurs often operate under conditions characterized by limited access to formal entrepreneurial education, training opportunities, financial resources, and market information, making them particularly vulnerable to market fluctuations and business risks (Yessoufou et al., 2021). Such conditions suggest that entrepreneurial competencies may manifest differently across micro-enterprises and may vary in their contribution to business performance. Consequently, examining the relationship between entrepreneurial competencies and financial performance provides a more contextualized understanding of the entrepreneurial capabilities that support business sustainability and growth.

Given these considerations, this study examines the relationship between entrepreneurial competencies and financial performance among micro-entrepreneurs. Specifically, it investigates how competencies such as risk-taking, persistence, commitment to work contracts, information seeking, goal setting, and self-confidence influence financial performance in terms of profit, sales, and cash flow. The findings are expected to contribute to the growing body of entrepreneurship literature while providing practical insights for entrepreneurship development initiatives. Furthermore, the results may serve as a basis for competency enhancement programs aimed at strengthening the capabilities of micro-entrepreneurs and improving the sustainability and financial success of their enterprises.

METHODOLOGY

This study employed a descriptive-correlational quantitative research design using a survey method to examine the relationship between entrepreneurial competencies and financial performance among micro-entrepreneurs. This design was considered appropriate as it allowed for the systematic collection of numerical data and the analysis of relationships between variables without manipulation, thereby capturing naturally occurring entrepreneurial conditions. The study was conducted in a first-class municipality in southern Bukidnon, Philippines, which is characterized by agricultural activities and a growing number of small-scale commercial enterprises such as retail stores, food vending, and service-based businesses.

The respondents consisted of micro-entrepreneurs actively engaged in these business activities, selected through purposive sampling to ensure that participants had direct experience relevant to the study objectives, while those not engaged in entrepreneurial activities or operating outside the locality were excluded. Data were gathered using a structured, adapted questionnaire composed of three sections covering demographic profile, entrepreneurial competencies (risk-taking, persistence, commitment to work contracts, information seeking, goal setting, and self-confidence), and financial performance (profit, sales, and cash flow), with all items measured using a 4-point Likert scale.

The instrument was validated by a panel of experts from higher education institution, and revisions were made based on their recommendations to improve clarity and relevance. A pilot test involving 35 micro-entrepreneurs was conducted, yielding a Cronbach's alpha of 0.915, which indicated excellent internal consistency. Prior to data collection, permissions were secured from relevant authorities, and informed consent was obtained from all respondents, emphasizing voluntary participation, confidentiality, and ethical compliance. Data collection was carried out using printed questionnaires, which were retrieved upon completion. Finally, data were analyzed using descriptive statistics such as frequency, percentage, mean, and standard deviation, while inferential analyses including Mann–Whitney U, Kruskal–Wallis, and simple linear regression were employed to examine group differences and determine the relationship between entrepreneurial competencies and financial performance.

RESULTS AND DISCUSSIONS

Table 1 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of risk-taking. The results show that all indicators obtained high mean ratings, reflecting a strong tendency toward risk-taking behavior among micro-entrepreneurs. The highest mean score (M = 3.93, SD = 0.26) indicates that respondents generally perceive themselves as competitive and willing to engage in business activities despite risks and challenges. In contrast, the lowest mean score (M = 3.73, SD = 0.66) was observed in the statement "The possibility of failure does not prevent me from exploring business opportunities," suggesting relatively lower confidence in pursuing opportunities when potential risks of failure are considered

Table 1. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Risk-Taking

Indicators	Mean	SD	Description
1. I carefully consider potential risks before making business decisions.	3.89	0.40	Highly Manifested
2. I take steps to minimize possible risks in my business decisions.	3.81	0.49	Highly Manifested
3. I am willing to accept lower short-term profits in order to pursue long-term growth.	3.93	0.26	Highly Manifested

4. The possibility of failure does not prevent me from exploring business opportunities.	3.73	0.66	Highly Manifested
5. I venture new products to make my business grow.	3.81	0.60	Highly Manifested
Overall	**3.83**	**0.25**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

Entrepreneurial decision-making is often shaped by market pressures and financial conditions. Handa (2025) notes that in highly competitive environments or periods of financial constraint, businesses may be compelled to prioritize profit-oriented strategies to ensure survival. In a related perspective, Gunawan (2024) emphasizes that entrepreneurial action inherently involves risk, as it requires the willingness to take bold decisions and commit resources under conditions of uncertainty—an attribute that characterizes most of the respondents in this study. These perspectives suggest that risk-taking is not merely an option but often a necessary response to dynamic business environments, and in some cases, a critical factor for business continuity.

Consistent with this, the present findings show that risk-taking among respondents is highly manifested, as reflected in the overall mean score of 3.83 (SD = 0.25). This indicates that micro-entrepreneurs generally demonstrate a strong inclination toward engaging in business opportunities despite associated uncertainties, reflecting a positive disposition toward calculated risk-taking in pursuit of potential gains (Kartik, 2023). The relatively low standard deviation further suggests a fairly consistent level of risk-taking behavior among respondents.

Additionally, the findings, in conjunction with existing literature, suggest that micro-entrepreneurs are not easily discouraged by lower profits or uncertainties. Instead, they tend to view modest earnings as part of long-term business sustainability, demonstrating resilience in the face of challenges. Moreover, the willingness to pursue new opportunities despite the possibility of failure underscores a proactive entrepreneurial mindset that supports continuous business engagement and growth.

Table 2 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of persistence. The results indicate that all indicators obtained high mean ratings, reflecting a strong level of persistence among micro-entrepreneurs. The highest mean score (M = 3.99, SD = 0.12) suggests that respondents consistently demonstrate motivation, resilience, and goal-directed behavior in overcoming business challenges and difficulties. On the other hand, the lowest mean score (M = 3.86, SD = 0.39) was observed in the item "I look for alternative solutions when my plan for the business fails," indicating a relatively lower but still highly manifested tendency toward adaptive problem-solving.

Table 2. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Persistence

Indicators	**Mean**	**SD**	**Description**
1. I find ways to solve problems in my business when difficulties happen.	3.97	0.17	Highly Manifested
2. I continue to work on my business even when the situation is difficult.	3.99	0.12	Highly Manifested
3. I find ways to achieve my business goals even when faced with challenges.	3.96	0.20	Highly Manifested
4. I take responsibility for my decisions in running my	3.97	0.17	Highly Manifested

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business.			
5. I look for alternative solution when my plan for the business.	3.86	0.39	Highly Manifested
Overall	**3.95**	**0.12**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

Recent literature consistently emphasizes resilience as a core entrepreneurial attribute. Graham (2025) highlights that resilience enables entrepreneurs to recover from setbacks and maintain forward momentum despite adverse conditions. In a related view, Murphy (2019) further explain that entrepreneurial persistence is reflected in sustained motivation and continuous engagement in business activities even in the presence of challenges and failures. These studies collectively position persistence as a behavioral manifestation of resilience that supports long-term entrepreneurial continuity.

Consistent with these theoretical perspectives, the present findings indicate that persistence is highly manifested among micro-entrepreneurs, as reflected in an overall mean score of 3.95 (SD = 0.21). This suggests that respondents demonstrate a strong tendency to remain committed to their business activities despite uncertainties and operational difficulties. Such behavior reflects a stable motivational orientation that supports continued entrepreneurial effort under challenging conditions.

These findings imply that persistence functions as a stabilizing entrepreneurial competency that enables individuals to maintain engagement in business activities despite setbacks. Entrepreneurial persistence reflects an adaptive mindset where challenges are viewed as inherent aspects of business rather than deterrents to performance. This orientation suggests that sustained motivation and flexibility in adjusting strategies are essential mechanisms that allow micro-entrepreneurs to remain active and resilient in dynamic business environments.

Table 3 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of commitment to work contracts. The results show that all indicators obtained high mean ratings, reflecting a strong level of commitment among micro-entrepreneurs in honoring business agreements. The highest mean score (M = 3.97, SD = 0.17) indicates that respondents consistently perceive themselves as truthful and reliable in their dealings with customers, demonstrating a strong sense of integrity in business transactions. In contrast, the lowest mean score (M = 3.84, SD = 0.50) was observed in the statement "I make sure to meet agreements I have with my customers," suggesting a relatively lower, though still highly manifested, consistency in ensuring full compliance with customer agreements.

Table 3. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Commitment to the Work Contract

Indicators	**Mean**	**SD**	**Description**
1. I make sure to meet agreements I have with my customers.	3.84	0.50	Highly Manifested
2. When needed, I personally step in to finish the work for my business.	3.91	0.28	Highly Manifested
3. I make sure my customers are satisfied with my product/services.	3.97	0.17	Highly Manifested
4. I finish the work I agreed to do even if it requires extra effort.	3.91	0.37	Highly Manifested
5. I always keep my word in doing business with customers.	3.90	0.42	Highly Manifested

Overall	**3.91**	**0.25**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

Soomro (2024) emphasizes that business success is strongly influenced by market-oriented behavior, particularly through the systematic collection of market information and responsiveness to customer needs and preferences. In addition, Roy (2025) highlights that clear client contracts serve as a foundational element for establishing effective and sustainable working relationships. Complementarily, Zaremba (2025) explains that contractual commitment reflects the obligation to fulfill agreed terms, such as timely delivery of services or fulfillment of agreed payments, thereby reinforcing trust and accountability in business transactions.

In addition, with these theoretical viewpoints, the present findings reveal that commitment to work contracts is highly manifested among micro-entrepreneurs, as indicated by an overall mean score of 3.90 (SD = 0.34). This suggests that respondents demonstrate strong adherence to agreed terms and place significant importance on honoring business commitments. Such behavior reflects a high level of transactional discipline and relational responsibility in business engagements.

These findings implies that micro-entrepreneurs prioritize customer satisfaction by ensuring reliability, honoring agreements, and delivering products and services that meet client expectations. This commitment helps minimize misunderstandings, strengthens business relationships, and promotes smoother transactions. Consequently, adherence to contractual obligations emerges as a key behavioral foundation for maintaining trust and sustaining long-term customer relationships in micro-enterprise contexts.

Table 4 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of information seeking. The results indicate variation across indicators, although all were generally interpreted at a high level. The highest mean score (M = 3.79, SD = 0.54) suggests that respondents frequently and consistently engage in gathering business-related information, reflecting an active effort to acquire knowledge relevant to their entrepreneurial activities. In contrast, the lowest mean score (M = 3.43, SD = 0.75) was observed in the statement "I attend business forums to learn better ways of handling my business," indicating that participation in formal learning platforms such as business forums is less commonly practiced among respondents.

Table 4. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Information Seeking

Indicators	**Mean**	**SD**	**Description**
1. I seek information from ccustomers or other business owner to improve my business.	3.79	0.54	Highly Manifested
2. I research new ideas to improve my business.	3.77	0.49	Highly Manifested
3. I ask experts for advice when I face business problems.	3.56	0.79	Highly Manifested
4. I attend business forums to learn better ways of handling my business.	3.43	0.75	Highly Manifested
5. I look for information about market trends relevant to my business.	3.76	0.55	Highly Manifested
Overall	**3.66**	**0.45**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

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Information-seeking is a critical entrepreneurial competency that contributes to effective decision-making and business success. Buitrago (2022) highlights that information-seeking behavior is a vital component of entrepreneurial success, as it enables entrepreneurs to acquire relevant knowledge necessary for strategic actions. Similarly, Sariwulan et al. (2020) emphasize that structured opportunities for information access, including digital and professional networks, enhance entrepreneurs' capacity to obtain essential business knowledge. In addition, Santos (2020) reinforces the importance of understanding both information needs and systematic approaches to information search, suggesting that effective information utilization depends on both awareness and access strategies.

The present findings indicate that information-seeking is highly manifested among micro-entrepreneurs, as reflected in a mean score of 3.66 (SD = 0.45). This suggests that respondents demonstrate an adequate ability to locate and utilize relevant information needed for business operations. Such capability reflects an emerging competency that supports entrepreneurial adaptability in dynamic market environments. These findings suggest that information-seeking behavior plays a crucial role in enhancing entrepreneurial effectiveness by enabling access to relevant knowledge, improving responsiveness to market demands, and supporting informed decision-making. Strengthening this competency may therefore contribute to improved business adaptability and performance, particularly in contexts where access to formal information channels remains limited.

Table 5 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of goal setting. The results show that all indicators obtained high mean ratings, reflecting a strong manifestation of goal-setting behavior among micro-entrepreneurs. The highest mean score (M = 3.91, SD = 0.33) indicates that respondents consistently review and monitor their business goals, highlighting the importance they place on tracking progress as a mechanism for sustaining business direction and growth. In contrast, the lowest mean score (M = 3.70, SD = 0.55) was observed in the statement "I celebrate small wins when a goal is achieved," suggesting that recognizing incremental achievements is comparatively less practiced than other goal-setting behaviors such as planning and regular goal review.

Table 5. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Goal Setting

Indicators	Mean	SD	Description
1. I set clear goals to guide my business growth.	3.90	0.35	Highly Manifested
2. I regularly review my business goals to track progress.	3.91	0.33	Highly Manifested
3. I set short-term goals to guide my business.	3.90	0.30	Highly Manifested
4.I identify what I want my business to achieve.	3.74	0.47	Highly Manifested
5. I celebrate small wins when a goal is achieved.	3.70	0.55	Highly Manifested
Overall	**3.83**	**0.25**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

Goal setting is a fundamental characteristic of achievement-oriented entrepreneurship. Gonzaga (2019) emphasizes that entrepreneurs are expected to establish clear and specific goals as these guides strategic direction and ensure that effort is aligned with desired business outcomes. In addition, Wirda et al. (2022) and Aidara (2021) note that recognizing incremental achievements plays a critical role in sustaining motivation and strengthening entrepreneurial resilience. However, these studies also suggest that goal setting is sometimes less emphasized compared to planning and execution, despite its importance in guiding entrepreneurial action.

The present findings indicate that goal setting is highly manifested among micro-entrepreneurs, as reflected in an overall mean score of 3.83 (SD = 0.25). This suggests that respondents demonstrate a strong ability to define and pursue clear business objectives, which supports structured decision-making and goal-directed behavior in entrepreneurial activities. These findings imply that goal setting serves as a key entrepreneurial competency that positively contributes to business performance by providing direction, focus, and strategic clarity. Strengthening this competency may enhance entrepreneurs' ability to sustain competitiveness, improve managerial effectiveness, and adapt strategies in response to changing market conditions. Indeed, goal setting emerges as an essential mechanism for maintaining business continuity and supporting long-term entrepreneurial success.

Table 6 presents the mean scores and standard deviations of respondents' entrepreneurial competencies in terms of self-confidence. The results indicate that all indicators obtained high mean ratings, reflecting a strong level of self-confidence among micro-entrepreneurs. The highest mean score (M = 3.97, SD = 0.17) suggests that respondents are generally proactive, well-prepared, and willing to take calculated risks in managing their businesses. In contrast, the lowest mean score (M = 3.74, SD = 0.56) was observed in the statement "I am confident to try new ways of running my business even if they are different from usual practices," indicating relatively lower confidence when it comes to adopting unconventional or unfamiliar business approaches, implying that while self-confidence is strongly manifested among respondents, cautiousness still exists when facing changes that require deviation from established business practices.

Table 6. Micro-entrepreneur's Assessment of their Entrepreneurial Competencies in terms of Self confidence

Indicators	**Mean**	**SD**	**Description**
1. I am confident to try new ways of running my business even if they are different from usual practices.	3.74	0.56	Highly Manifested
2. I am confident that I can always learn new skills to improve my business.	3.94	0.23	Highly Manifested
3. I am capable of making decisions even under pressure.	3.87	0.34	Highly Manifested
4. I face business challenges without fear.	3.86	0.35	Highly Manifested
5. I am confident in leading my business to success.	3.97	0.17	Highly Manifested
Overall	**3.88**	**0.22**	**Highly Manifested**

Legend: 1.00-1.75 (Less Manifested), 1.76-2.50 (Manifested), 2.51-3.25 (Moderately Manifested), 3.26-4.00 (Highly Manifested)

Self-confidence is a central psychological attribute that strengthens entrepreneurial behavior and decision-making. Sharma (2023) describes self-confidence as a driving force that enables individuals to trust their abilities and pursue success despite uncertainties and challenges. In a related perspective, Harris (2019) explains that self-confidence enhances an entrepreneur's capacity to manage community-related situations and perform various business tasks with greater ease and effectiveness. Furthermore, Hossain et al. (2023) emphasize that individuals with higher levels of self-confidence are more likely to persist in entrepreneurial endeavors and achieve success, particularly when facing complex or uncertain business environments.

Consistent with these perspectives, the present findings indicate that self-confidence is highly manifested among micro-entrepreneurs, as reflected in an overall mean score of 3.88 (SD = 0.22). This suggests that respondents possess a strong belief in their abilities to manage business challenges and engage in entrepreneurial activities even under uncertain or unconventional conditions. Such confidence reflects an internalized capability that supports independent decision-making and proactive business engagement.

These findings suggest that self-confidence functions as a critical entrepreneurial competency that enables individuals to act decisively, persist in the face of challenges, and maintain forward momentum in business operations. In the absence of self-confidence, entrepreneurial intention and performance may be constrained by hesitation, uncertainty, and fear of failure, thereby limiting business growth and sustainability.

Table 7 presents the mean scores and standard deviations of respondents' financial performance in terms of profit. The results indicate variation across indicators, although all were generally interpreted within the moderate to high range. The highest mean score (M = 3.60, SD = 0.75) suggests that respondents generally perceive their businesses as often profitable and experiencing gradual growth. In contrast, the lowest mean score (M = 3.20, SD = 0.84) was observed in the statement "My profit for this month is higher than last month," indicating that while some micro-entrepreneurs experience increasing profits, the consistency of monthly profit growth varies across respondents. Overall, the findings imply that profitability among micro-enterprises is present but not uniformly experienced, reflecting differences in business conditions and financial performance trends.

Table 7. Micro-entrepreneurs Assessment of their Financial Performance in terms of Profit

Indicators	Mean	SD	Description
1. The business makes a profit for this year.	3.60	0.75	Highly Evident
2. My profit for this month is higher than last month.	3.20	0.84	Moderately Evident
3. My profit for this year is higher than last year.	3.24	0.82	Moderately Evident
4. My business is doing well, covering its expenses and earning enough profit.	3.54	0.79	Highly Evident
5. My business makes increasing profit over the years.	3.34	0.85	Highly Evident
Overall	**3.38**	**0.62**	**Highly Evident**

Legend: 1.00-1.75 (Less Evident), 1.76-2.50 (Evident), 2.51-3.25 (Moderately Evident), 3.26 -4.00 (Highly Evident)

Literature underlines the importance of financial capability in enhancing the profitability and sustainability of micro-enterprises as deemed by Francisco (2024) stating that financial literacy and resource management skills directly influence entrepreneurs' ability to achieve stable profitability and sustain business operations over time. Similarly, Lamatao and Sanchez (2025) suggest that effective financial management practices contribute to the maintenance of regular earnings and support gradual business growth. In addition, Aguilar (2023) emphasizes that sound cash management and budgeting practices enable micro-enterprises to stabilize profitability despite fluctuations in market conditions. Collectively, these studies highlight the critical role of financial management competencies in promoting favorable business outcomes.

Consistently, the present findings reveal that profit among micro-enterprises is highly evident, as reflected in an overall mean score of 3.38 (SD = 0.62). This suggests that micro-entrepreneurs generally experience favorable levels of profitability, indicating that business operations are sufficiently generating income across most respondents. However, the standard deviation value of 0.62 indicates a moderate level of dispersion, suggesting that while profitability is generally present, there are observable differences in the extent of profit experienced by individual enterprises. This implies that some micro-entrepreneurs attain relatively higher profit levels, while others report more moderate outcomes, reflecting variations in business conditions, financial practices, and market performance.

In light of these findings, strengthening financial management capabilities may further enhance the profitability and long-term viability of micro-enterprises. When entrepreneurs systematically monitor business performance, manage expenses effectively, and ensure that revenues consistently exceed operational costs, they are more likely to achieve sustained financial improvement. Moreover, sound financial planning enables micro-entrepreneurs to better navigate irregular income patterns and fluctuating costs commonly experienced in small-scale enterprises, thereby reinforcing business resilience and supporting long-term growth. These practices may help reduce variations in profitability outcomes and promote more stable financial performance across micro-enterprises.

Table 8 presents the mean scores and standard deviations of respondents' financial performance in terms of sales. The results indicate variation across indicators, although all were generally interpreted within the moderate to high range. The highest mean score was observed in the item "The number of products or services sold has increased over time," suggesting that respondents generally experience positive sales growth and an expanding customer base over time. In contrast, the lowest mean score (M = 3.17, SD = 0.83) was recorded in one of the sales indicators, indicating that while sales improvement is generally present among micro-entrepreneurs, the consistency and magnitude of sales growth may vary across enterprises, implying further that sales performance is evident but not uniform, reflecting differences in market conditions, customer demand, and business strategies among respondents.

Table 8. Micro-entrepreneurs Assessment of their Financial Performance in terms of Sales

Indicators	**Mean**	**SD**	**Description**
1. This enterprise makes higher sales for this year.	3.20	0.85	Moderately Evident
2. Sales for this month are higher than the last month.	3.17	0.83	Moderately Evident
3. Sales for this year are higher than the last year.	3.20	0.87	Moderately Evident
4. The business attracted more customers than previous months.	3.25	0.75	Moderately Evident
5. The number of products or services sold has increased over time.	3.23	0.58	Moderately Evident
Overall	**3.21**	**0.66**	**Moderately Evident**

Legend: 1.00-1.75 (Less Evident), 1.76-2.50 (Evident), 2.51-3.25 (Moderately Evident), 3.26 -4.00 (Highly Evident)

Sales performance is a critical indicator of business growth and sustainability among micro-enterprises. Surio (2023) demonstrated that strategic business actions, particularly those aimed at improving product visibility and market reach, contribute to sustained increases in sales volume among locally produced goods. At the macro level, data from the Philippine Statistics Authority indicate that micro, small, and medium enterprises comprise the vast majority of registered businesses in the Philippines and make substantial contributions to the national economy, suggesting the capacity of many enterprises to maintain and expand their customer base over time (Cacnio, 2025). Moreover, Shopify (2025) emphasizes that monitoring key performance indicators, such as sales volume and customer acquisition, enables entrepreneurs to evaluate business performance and identify opportunities for growth. Collectively, these studies underscore the importance of sales management practices in achieving sustained business performance.

Furthermore, the present findings reveal that sales performance among micro-enterprises is moderately evident, as reflected in an overall mean score of 3.34 (SD = 0.66). This suggests that respondents generally experience stable sales activities and regular customer transactions; however, the level of sales performance is not uniform across all enterprises. The standard deviation value of 0.66 indicates a moderate level of dispersion, implying that respondents' sales experiences are relatively varied, with some micro-enterprises reporting stronger sales growth while others experience more moderate or fluctuating sales outcomes. Such differences may be attributed to disparities in market access, customer retention strategies, and the ability to respond to changing consumer preferences.

Ultimately, these findings imply that sustained sales growth is influenced by entrepreneurs' capacity to adapt to customer needs, strengthen market engagement, and implement effective promotional strategies, including digital marketing initiatives. As sales constitute a primary source of business revenue, improving sales performance is essential not only for enhancing profitability but also for nurturing stronger customer relationships and ensuring the long-term sustainability of micro-enterprises

Table 9 presents the mean scores and standard deviations of respondents' financial performance in terms of cash flow. The results indicate variation across indicators, although all were generally interpreted within the moderate to high range. The highest mean score (M = 3.54, SD = 0.72) was observed in the item "The business consistently has enough cash to cover daily expenses," suggesting that respondents generally experience sufficient cash inflows to support routine business operations and maintain daily financial obligations. In contrast, the lowest mean score (M = 3.21, SD = 0.85) was recorded in the item "For this month, my business income is more than what was expected," indicating that while cash flow is generally adequate, there are fluctuations in the extent to which income expectations are consistently met or exceeded. This imply that cash flow among micro-enterprises is generally stable but varies across respondents in terms of predictability and consistency.

Table 9. Micro-entrepreneurs Assessment of their Financial Performance in terms of Cash Flow

Indicators	**Mean**	**SD**	**Description**
1. My business has more income coming in this year.	3.25	0.89	Moderately Evident
2. For this month, my business income is more than what was expected.	3.18	0.85	Moderately Evident
3. I am able to maintain enough money throughout the year.	3.31	0.78	Highly Evident
4. The business consistently has enough cash to cover daily expenses.	3.30	0.72	Highly Evident
5. I considered seeking financial advice to improve my cash flow.	3.17	0.93	Moderately Evident
Overall	**3.24**	**0.62**	**Moderately Evident**

Legend: 1.00-1.75 (Less Evident), 1.76-2.50 (Evident), 2.51-3.25 (Moderately Evident), 3.26 -4.00 (Highly Evident)

Cash flow management is a fundamental determinant of financial stability and business sustainability among micro-enterprises. Dolorso (2023) found that effective cash flow management is among the most widely practiced financial activities of micro-enterprises in the Philippines, contributing significantly to financial stability and increasing the likelihood of business survival and growth in competitive markets. Similarly, Manalo (2025) emphasized that maintaining sufficient cash to cover daily operational expenses is a critical financial practice commonly observed among micro-entrepreneurs. In addition, Nieves et al. (2025) reported that sound cash flow management positively influences the financial outcomes of micro-enterprises, underscoring the importance of proper cash management in sustaining business operations and facilitating long-term growth. Conversely, studies on micro-business operations suggest that many enterprises generate relatively modest and fluctuating revenues due to limited customer bases and inconsistent sales patterns, thereby exposing them to greater financial vulnerability (Micro-Business Owners' Inventory Management Practices, 2025). Collectively, these studies highlight the essential role of cash flow management in ensuring business continuity and financial resilience.

In addition, the present findings reveal that positive cash flow is moderately evident among micro-enterprises, as reflected in an overall mean score of 3.24 (SD = 0.83). This suggests that while respondents generally maintain adequate cash inflows to support business operations, there are noticeable differences in the consistency and stability of cash flow across enterprises. The relatively high standard deviation, which is also reflected across most indicators, indicates a wide dispersion of responses, implying that cash flow experiences among micro-entrepreneurs are not uniform. Some respondents report stable and sufficient cash positions, while others experience more fluctuating or less predictable cash inflows. Such variability may be attributed to differences in sales performance, financial management practices, and the ability to control and allocate operational expenses effectively.

Further, these findings imply that effective cash flow management remains crucial for maintaining liquidity, meeting short-term obligations, and enhancing the financial resilience of micro-enterprises. Strengthening financial management practices related to cash monitoring, budgeting, and expense control may therefore help reduce variability in cash flow outcomes and support more stable and sustainable business operations over time.

Table 10 reveals that there is no significant difference in respondents' entrepreneurial competencies when grouped according to age, $\chi^2(4, N = 70) = 6.72$, $p = .151$. Although the mean rank results indicate that respondents in the older age groups (51–60 years and 60 years and above) obtained slightly higher scores compared to younger groups, the differences observed were not statistically significant. This suggests that entrepreneurial competencies are relatively consistent across different age categories, indicating that age does not meaningfully influence the level of entrepreneurial competencies among the respondents.

Table 10**.** Test of Difference in the Entrepreneurial Competencies when Respondents are grouped according to Sex

Sex Differences	**N**	**Mean Rank**	***U***	***W***	***Z***	***P-value***	***INTERPRETATION α= .05***
Female	55	33.30	291.000	1831.000	-1.744	.081	Not Significant
Male	15	43.57					

Significant if p-value is <.05

Legend: H_0 is rejected if significant, H_0 is failed to reject if not significant

Marlow (2021) similarly found no statistically significant differences between men and women in the development of entrepreneurial competencies. Together, these findings suggest that entrepreneurial competencies are not gender-dependent, as both male and female entrepreneurs demonstrate comparable capabilities that are essential for business success. In this context, the results reinforce the view that entrepreneurial competence is a skill-based attribute rather than a gender-specific trait. Moreover, although women have historically been underrepresented in entrepreneurial activities, the findings highlight their equal capacity to lead and succeed in business ventures, demonstrating that entrepreneurial effectiveness is not constrained by gender but is instead shaped by skills, experience, and opportunity (Diaz, 2022).

Table 11 reveals that respondents in the older age groups (51–60 years and 60 years and above) obtained slightly higher mean ranks; however, these differences were not statistically significant, indicating that entrepreneurial competencies do not significantly vary across age groups. A similar pattern was observed in terms of educational attainment, where respondents with college degrees and those with lower educational backgrounds exhibited comparable levels of entrepreneurial competencies, suggesting that formal education does not significantly differentiate competency levels among micro-entrepreneurs. In contrast, a significant difference was observed in relation to sales group classification, indicating that entrepreneurs with higher sales levels tend to demonstrate stronger entrepreneurial competencies compared to those with lower sales performance. Furthermore, the data also revealed a significant difference in entrepreneurial competencies based on the level of experience in managing a business, suggesting that longer exposure to entrepreneurial practice contributes to higher competency development.

Table 11**.** Test of Difference in the Entrepreneurial Competencies when Respondents are grouped according to age, educational attainment, estimated sales per month, and number of years of experience managing a business

Demographic Profile		**N**	**Mean Rank**	**X^2**	**Df**	**P- value**	**Interpretation**
Age	18-30 y.o	4	18.13	6.721	4	.151	Not Significant
	31-40 y.o	20	31.90				
	41-50y.o	24	34.48				
	51-60 y.o	12	43.25				
	>60y.o	10	42.80				
Educational Attainment	Elementary Level	1	26.00	1.903	5	.862	Not Significant
	Elementary Graduate	2	44.75				
	High School Level	13	35.62				
	High School Graduate	13	38.96				
	College Level	18	31.17				
	College Graduate	23	36.48				
Estimated sales per month	10,000 below	15	28.20	16.118	4	.003	Significant
	10,000 to 20,000	21	37.55				
	20,000 to 30,000	23	28.61				
	30,000 to 40,000	6	56.33				
	40,000 up	5	55.50				
Number of Years of Experience managing a business	1-3 years	9	22.72	12.437	5	.029	Significant
	3-6 years	19	35.66				
	6-9 years	10	39.25				
	9-12 years	9	36.28				
	12-15 years	3	7.67				
	over 15 years	20	43.05				

The results reveal that there are no significant differences in the level of entrepreneurial competencies among micro-entrepreneurs when grouped according to selected demographic profiles. In terms of age, the findings indicate no statistically significant variation, suggesting that entrepreneurial competencies are relatively consistent across age groups. This is supported by the studies of Domingo et al. (2023) and Garcia et al. (2021), which similarly found that age does not significantly influence the development of entrepreneurial competencies. These findings imply that entrepreneurial capability is not age-dependent but is more closely associated with the acquisition of knowledge and skills developed through experience and practice over time.

Similarly, no significant difference was found when respondents were grouped according to educational attainment, as reflected in $\chi^2(5, N = 70) = 1.90, p = .862$. This finding aligns with Crespí et al. (2022), who emphasized that educational attainment does not necessarily determine entrepreneurial competence. Likewise, Alkaabi and Senghore (2024) noted that experiential and practice-based learning often plays a more critical role in developing entrepreneurial skills than formal academic preparation. This suggests that while education may provide foundational knowledge, it does not automatically translate into higher entrepreneurial capability.

In contrast, a significant difference was observed in entrepreneurial competencies when respondents were grouped according to estimated monthly sales, $\chi^2(4, N = 70) = 16.12, p = .003$. This finding indicates that entrepreneurs with higher sales levels tend to demonstrate stronger entrepreneurial competencies compared to those with lower sales performance. This is consistent with the studies of Triose (2020) and Wijaya and Rahmayanti (2023), which highlight the positive relationship between entrepreneurial competence and business performance. Ferreras-Mendez (2021) further emphasized that sales performance reflects the practical application of entrepreneurial skills, thereby influencing overall business outcomes.

Moreover, significant differences were also observed in relation to years of experience in managing a business. Studies by Zuluaga et al. (2025) and Egere et al. (2025) similarly found that experienced entrepreneurs tend to exhibit higher levels of entrepreneurial competencies compared to those with limited experience. This suggests that sustained engagement in business operations contributes to the gradual development and refinement of entrepreneurial skills. Overall, the findings highlight that while age and education may not significantly differentiate entrepreneurial competencies, both sales performance and business experience play a crucial role in shaping and strengthening these competencies over time.

Table 12 presents the results of a simple linear regression analysis examining the effect of entrepreneurial competencies on financial performance. The model was found to be statistically significant, $F(1, 68) = 10.27$, $p = .002$, indicating that entrepreneurial competencies significantly influence the financial performance of micro-entrepreneurs. This suggests that higher levels of entrepreneurial competencies are associated with improved financial outcomes among the respondents.

Table 12. Simple Linear Regression Results for Entrepreneurial Competencies

Model	**Unstandardized B Coefficients**	**Std. Error B**	**Standardized Beta Coefficients**	**t**	**p-value**
1 (Constant)	-1.595	1.550		-1.03	.307
Entrepreneurial Competency	1.291	.403	.362	3.21	.002

Model Summary: *$R = .362$, $R^2 = .131$, $F(1, 68) = 10.27$, $p = .002$*

Dependent Variable: *Financial Performance*

Note. *$p < .05$ indicates statistical significance.*

The unstandardized coefficient ($B = 1.291$) indicates that for every one-unit increase in entrepreneurial competency, financial performance increases by approximately 1.29 units. This finding implies that micro-entrepreneurs who demonstrate higher levels of risk-taking, persistence, information seeking, commitment to work contracts, self-confidence, and goal orientation are more likely to achieve improved outcomes in terms of profit, sales, and cash flow. Consequently, entrepreneurial competencies serve as a critical internal capability that translates behavioral and cognitive strengths into measurable financial gains.

In addition, the standardized coefficient ($\beta = .362$) reflects a moderate positive relationship between entrepreneurial competencies and financial performance, suggesting that improvements in entrepreneurial capability are meaningfully associated with better financial outcomes. This strengthens the view that entrepreneurial competencies are not merely supportive attributes but essential determinants of business performance among micro-enterprises. Meanwhile, the constant term ($B = -1.595$) is not statistically significant ($p = .307$), indicating that it does not meaningfully contribute to the predictive model. Conceptually, it represents the expected level of financial performance when entrepreneurial competency is absent, further emphasizing the foundational role of competencies in driving financial outcomes.

These findings are consistent with the studies of Rahayu et al. (2025) and Kewaiy et al. (2021), which affirm that entrepreneurial competency has a significant positive effect on MSME financial performance. This reinforces the notion that as entrepreneurial competencies improve, so does the capacity of micro-enterprises to generate sustainable financial returns. Furthermore, Maravilla and Flores (2025) highlight the mediating role of entrepreneurial resilience, suggesting that competencies not only directly enhance financial performance but also strengthen the entrepreneur's ability to withstand challenges, adapt to uncertainty, and sustain business continuity. This indicates that entrepreneurial competency functions both as a performance driver and as a resilience-building mechanism within micro-enterprise contexts.

Beyond statistical significance, the findings accentuate the practical importance of developing entrepreneurial competencies as a strategic pathway for improving micro-enterprise sustainability. Enhancing skills in opportunity recognition, decision-making, financial discipline, and adaptive problem-solving can strengthen both operational efficiency and financial stability. In this regard, targeted interventions such as competency-based training programs, mentorship initiatives, and resilience-building workshops are essential to equip micro-entrepreneurs with the capabilities needed to navigate dynamic market conditions. Ultimately, strengthening entrepreneurial competencies emerges as a key strategy for enhancing the competitiveness, sustainability, and long-term financial performance of MSMEs in local economic settings

CONCLUSION

This study examined the relationship between entrepreneurial competencies and financial performance among micro-entrepreneurs in a local municipality in Southern Bukidnon, Philippines using a descriptive quantitative research design supported by statistical analysis. The study assessed entrepreneurial competencies in terms of risk-taking, persistence, commitment to work contracts, information seeking, goal setting, and self-confidence, alongside financial performance measured through profit, sales, and cash flow. In addition, simple linear regression analysis was employed to determine the extent of the relationship and influence between entrepreneurial competencies and financial performance. Generally, the findings provide meaningful insights into the entrepreneurial capabilities of micro-entrepreneurs and their implications for business performance and sustainability.

The results reveal that micro-entrepreneurs generally exhibit favorable levels of entrepreneurial competencies across the indicators. Moreover, the findings suggest that respondents demonstrate strong resilience in sustaining business operations, maintaining customer commitments, and making decisions under uncertain and challenging conditions. Such competencies reflect their dedication, adaptability, and proactive engagement in managing micro-enterprises.

In terms of financial performance, respondents generally demonstrated moderate to high levels across profit, sales, and cash flow indicators. This suggests that micro-entrepreneurs are capable of sustaining income-generating activities and maintaining operational continuity, although variations remain in financial consistency and growth. Challenges in financial planning, record-keeping, and strategic decision-making may still influence the stability and long-term improvement of financial outcomes, underscoring the need for strengthened financial management practices.

Importantly, the results of the simple linear regression analysis revealed a statistically significant positive relationship between entrepreneurial competencies and financial performance. This indicates that improvements in entrepreneurial competencies are associated with better financial outcomes among micro-entrepreneurs. Collectively, these findings affirm that while entrepreneurial competencies are generally well-developed among respondents, their enhancement remains essential in strengthening business performance and sustainability.

Accordingly, the study highlights the importance of continuous capacity development through an Entrepreneurial Competence Development Program aimed at sustaining and further enhancing existing entrepreneurial competencies through targeted, needs-based, and practice-oriented training interventions. Rather than addressing gaps, such initiatives may focus on the continuous refinement and optimization of entrepreneurial skills to ensure their consistent application in business practice and to further strengthen performance outcomes. Moreover, sustained collaboration among key stakeholders such as the Department of Trade and Industry (DTI), Local Government Units (LGUs), and academic institutions is essential to ensure the effective design, implementation, and institutional support of these initiatives. Through a coordinated multi-sectoral approach, these efforts can help reinforce entrepreneurial capacity, enhance competitiveness, and promote the long-term sustainability and resilience of micro-enterprises.

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