

Microfinance Lending Services Among Microentrepreneurs in San Jose City, Nueva Ecija

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ABSTRACT

This study described the influence of microfinance lending services on entrepreneurial outcomes, particularly business growth and profitability, among microentrepreneurs in San Jose City, Nueva Ecija. The study employed a quantitative descriptive-correlational research design and involved 150 active microfinance beneficiaries selected through simple random sampling. Data were gathered using a structured questionnaire and analyzed using descriptive statistics and appropriate inferential statistical techniques to determine the relationship between microfinance lending services and entrepreneurial outcomes and to examine the moderating effects of relevant business and microfinance-related factors.

The findings revealed that most of the respondents were aged 21–30 years old, were relatively well-educated—mostly college graduates—and had operated their businesses for 4–6 years, primarily within the retail and service sectors. Most respondents availed themselves of microloans amounting to more than ₱80,001, which were mainly utilized for business expansion and working capital. However, non-financial services such as training and mentorship were less frequently utilized by the respondents.

Furthermore, the study found a significant positive relationship between microfinance lending services and entrepreneurial outcomes ($r = .48, p < .001$), indicating that access to these services contributes positively to improvements in business assets, sales, and overall business stability. The duration of engagement with microfinance institutions was also identified as a significant factor, suggesting that longer institutional relationships increase the likelihood of improved business performance. Based on these findings, the study recommends that microfinance institutions strengthen the integration of non-financial support services, particularly financial literacy programs and business training, to promote the long-term sustainability and growth of microenterprises.

Keywords: Microfinance Lending Services, Entrepreneurial Outcomes, Micro-Entrepreneurs, Business Growth, Profitability, Financial Services

INTRODUCTION

Economic development across rural regions continues to be a global challenge, despite significant progress in technology, industrialization, and globalization. Many developing nations continue to face disparities between urban and rural growth, with the rural sector lagging behind in productivity, income levels, and access to essential services. While the global economy has become increasingly interconnected, enabling the flow of capital and investment, these benefits are often concentrated in urban centers, leaving rural populations in persistent poverty. This imbalance reveals a fundamental flaw in development trajectories—macro-level growth does not automatically translate into micro-level improvements in the welfare of rural communities. Economic theorists have long emphasized that sustainable development must reach the grassroots level, fostering equitable growth that enhances the capacity of local populations to generate income and participate in productive activities. At the heart of this imbalance is the issue of financial exclusion, a persistent barrier to inclusive development. In most developing economies, individuals and small business owners face significant challenges in accessing credit and other financial services. Traditional banking institutions often impose strict requirements such as collateral, credit history, and stable income—conditions that most low-

income or informal sector workers cannot meet. As a result, rural communities remain trapped in cycles of limited investment, low productivity, and income instability. Small and medium enterprises (SMEs), which are essential to economic growth and employment generation, face a disproportionately high rejection rate when applying for formal loans. According to the World Bank Group (2019), this financial exclusion prevents many entrepreneurs from expanding their businesses or investing in innovation, resulting in stagnant local economies. Thus, a growing body of research argues that addressing financial exclusion through targeted financial instruments is critical for achieving inclusive and sustainable development.

The concept of microfinance emerged from this context as a transformative approach to development. Microfinance, or microcredit, provides small-scale loans, savings facilities, and related financial services to individuals who are excluded from traditional banking systems. Microfinance lending services refer to the provision of small, accessible, and often collateral-free loans intended to support the economic activities of low-income individuals and micro-entrepreneurs. These services are designed to address financial exclusion by offering credit to those who are typically unable to access formal banking institutions due to limited income, inadequate documentation, or lack of collateral. Through microfinance programs, borrowers are able to obtain capital that can be used for startup needs, business expansion, inventory purchases, or operational expenses. Microfinance institutions (MFIs) play a crucial role in extending these lending services by adopting simplified loan procedures, flexible repayment schemes, and community-based lending approaches. Beyond providing credit, many MFIs also offer complementary financial services such as savings facilities, financial literacy training, and business development support, which aim to enhance the borrowers' financial management skills and improve the sustainability of their micro-enterprises. These features distinguish microfinance lending from traditional banking practices and make it a strategic tool for fostering entrepreneurship among marginalized groups.

In operational terms, microfinance services are commonly structured around three core components: microloans, micro savings, and micro insurance. Microloans, often referred to as microcredit, involve the provision of small, short-term, and typically collateral-free loans designed to finance income-generating activities, working capital, agricultural inputs, or small-scale trade. These loans are intentionally structured to match the repayment capacity of low-income borrowers, often through flexible installment schedules and community-based accountability mechanisms. Micro savings services, on the other hand, provide low-income individuals with secure and accessible savings facilities, enabling them to accumulate funds gradually for emergencies, business reinvestment, education, or household needs. Unlike traditional bank accounts that may require high maintaining balances, micro savings programs are tailored to accommodate small but regular deposits, thereby promoting financial discipline and resilience. Complementing these services is micro insurance, which offers affordable risk-protection products such as life, health, crop, or accident insurance. Micro insurance aims to shield vulnerable households from financial shocks that could otherwise erode business capital or push families deeper into poverty. Together, microloans, micro savings, and micro insurance form an integrated financial support system designed not only to provide capital but also to enhance economic security, stabilize household income, and strengthen the long-term sustainability of microenterprises in rural communities.

To grasp how microfinance services work, the modern economic research distinguishes between minimalist and maximalist approaches to microfinance delivery (Armendáriz & Morduch, 2010; Hermes & Lensink, 2011). In the minimalist approach, the financial intermediation function is the only one that is emphasized, namely the efficient disbursement and recovery of credit, while assuming that scarcity of capital is the main constraint on the survival of rural enterprises. On the other hand, the maximalist strategy encompasses a whole range of non-financial measures, including financial education, professional education, social capital development, etc., because credit is useless without managerial skills. Moreover, innovative credit methodologies that address information asymmetry and moral hazard without collateral are key to the delivery of these services. These encompass joint-liability group lending (in which social collateral and peer pressure replace physical assets) and individual relationship lending (in which character-based assessments and a process of loan graduation encourage repayment) (Karlan & Zinman, 2011; Mia et al., 2020). Microfinance institutions try to create a full-fledged financial ecosystem with designed credit and risk reducing saving and insurance in order to take care of the unpredictable cash flows of the informal economy.

Microfinance services are part of the landscape of micro-entrepreneurship, and the ultimate goal of these services is to drive business growth; but measuring and defining business growth in the microfinance paradigm requires a shift from traditional corporate measures of business growth. In the mainstream of corporate finance, the measure of growth is usually market share, formal equity value, and compounding net profits (Penrose, 1959). In the case of microfinance and informal micro-enterprises, however, growth is multidimensional and is constrained to a considerable degree and is primarily defined by business incremental expansion of enterprise capacity, business resilience, and survivalist-to-growth transitions (Bruton et al., 2013; Koomson et al., 2020). From an operational standpoint, business expansion occurs in microfinance services via different localised indicators including stabilization of working capital, inventory growth, accumulation of micro-assets, jobs created and socio-economic resilience.

Working capital stabilization and inventory expansion is the ability of an entrepreneur to buffer cash flow fluctuations, purchase bulk inventories at lower prices, and supply inventories regularly instead of depending on predatory informal lenders (Morduch, 1999). Micro-asset accumulation refers to the process of turning regular micro-profits or micro-savings into productive physical asset, such as a machine, a tool or a transport system, that provides a permanent boost to the enterprise's structural productive capacity (Ledgerwood, 1999). Employment creation signifies the exit of a business from a self-employed, individual operation to the production of livelihoods in the community through unpaid family workers and later through paid external workers or employees (Midgley, 2008). Last, socio-economic resilience and formality is the capacity of the micro-enterprise to respond to macro-economic or environmental shocks without significantly affecting the productive assets of the enterprise, and with incremental integration into local supply chains or formal registries (Samer et al., 2015). Microfinance as the engine of business growth, therefore, is not just about growing revenues, but about moving from an economically weak to an economically strong state, at the grassroots level.

Structural calibration of the size of microfinance loans is an important cross-over at which institutional risk management meets grassroots enterprise capability. The traditional "one size fits all" microcredit model is increasingly being called into doubt by empirical discourse, which is now moving toward recognition of a credit continuum. While microenterprises are able to cross the start-up phase, their needs for size require more and more capital to enable them to scale up profitably, rendering ad hoc credit ceilings less than an economic consideration and more of a structural constraint. When the amount of credit is not adequate to the actual absorptive capacity of the business, the resulting capital deficiency can make the business owner effectively a subsistence business. Institutional repayment conditions and socioeconomic characteristics of borrowers, including age and education, directly influence the quantity of credit that is needed, as Alhassan and Asiamah (2023) note. As a result, the question of whether loan thresholds are adequate or not is a matter of central importance, since the difference between the minimum amount of capital to allow emergency loans and the amount to allow for significant loans and extensions is the key to whether a credit cycle is a revolving debt trap or a true instrument for sustainable building-up of assets.

One of the features of informal micro-entrepreneurship is the porous line between subsistence and sustainability of the enterprise. In this framework, loan use is not necessarily confined within the narrow commercial shell, but rather entrepreneurs regularly move between different uses of capital with fluidity between, such as using a loan for inventory purchases and then using a portion of it to cover immediate household needs (e.g., education or medical costs). This blending of funds has a basic impact on the effectiveness of the frequencies of repayment. Strict, short-term payment plans (like weekly or bi-weekly payments) are typically encouraged by institutions for fiscal discipline and to reduce default rates but can create significant cash-flow inefficiencies for businesses with seasonal or retail operations. Offering borrowers flexibility in their structure, such as the ability to miss payments periodically, has direct links to better business performance, without causing an insurer to take on any fundamental risk, Barboni and Agarwal (2018) argue. The rigid structure of the repayment schedule can be a significant problem if the entrepreneur is unable to invest funds into the business in order to acquire new inventory but is constrained to make loan repayments instead.

These microfinance lending services allow small business owners to make investments that would boost their productivity, product quality, or market access. The effectiveness of these services will vary among borrowers, however, due to differences in education, experience, gender and household income, and other factors, which may affect the ways borrowers use the loans and the value borrowers derive from these services. This highlights the need for assessing the direct impact of microfinance lending as well as the moderation effect of profile variables on the impact of the microfinance lending. The core of its approach is that access to a small amount of credit can enable people to be entrepreneurs or involved in income-generating activities, thereby moving them and their communities out of the poverty trap. The most important thing is that microfinance is based on the assumption that the poor are bankable, meaning that they can become self-sufficient economic agents, if they have the right financial access and discipline. Microfinance is not just a financial product, it is a tool for social empowerment, fostering self-reliance, gender equality, and community resilience, as Banerjee et al. (2023) explains.

In Southeast Asia, microfinance programs have become integral to national strategies for inclusive growth (United Nations Economic and Social Commission for Asia and the Pacific [UNESCAP], 2021). They aim not only to provide financial capital but also to promote entrepreneurial development and strengthen community resilience. Yet, the region continues to face structural issues—uneven access between urban and rural areas, gender disparities in credit availability, and limited post-loan support for microenterprises (Asian Development Bank [ADB], 2020). This has led researchers to emphasize the need for localized studies that examine microfinance outcomes beyond repayment performance, focusing instead on how such programs shape livelihoods, business growth, and social inclusion (FinDev Gateway, 2024).

While the advantages of spreading financial inclusion are undeniable, today's development frameworks are equally realistic that increased capital is merely the prerequisite for enterprise transformation. This has begun a paradigm shift from "Credit-Only" to "Credit-Plus" development models, in which it is assumed that the productive capacity of financial capital is multiplied in a geometric ratio when combined with human capital development. Non-financial interventions, such as financial education programs, basic book-keeping courses and mentoring through formal channels, are all the necessary triggers that can turn simple borrowing into smart investments. The importance of capital injection and its potential to reach its optimal strategic execution is not realized unless coupled with systematic human capital development, as Juma and Bwana (2025) demonstrated, because training has a direct impact on the final net margin. If the microfinance institution faces an institutional mismatch – one that distributes credit well, but fails to effectively utilize critical training mechanisms, a costly knowledge gap arises. Basic risk-management skills are often lacking among entrepreneurially minded people, who may then find themselves involved in cumbersome loan applications and management of funds, making it important to tackle this training gap so that financial inclusion does not lead to stagnating profits and fragility.

One province that illustrates this paradox is Nueva Ecija, known as the “Rice Granary of the Philippines.” The province is agriculturally rich, yet many rural communities within it continue to face economic insecurity. In the municipality of San Jose City, located in northern Nueva Ecija, many residents still depend on farming, grain trading, and a growing number of informal microenterprises for their livelihood. Access to traditional credit remains limited, and many entrepreneurs rely on microfinance institutions (MFIs) and cooperatives for financial support. These microfinance programs are designed to promote local development by providing capital for small businesses, supporting agricultural activities, and enhancing household welfare. Ideally, such programs should lead to employment generation, increased income, and improved community infrastructure. However, anecdotal evidence in San Jose City presents a more complex picture—some beneficiaries manage to expand their enterprises and successfully repay their loans, while others face repayment difficulties and business closures. These mixed outcomes mirror global debates regarding the true efficacy of microfinance as a sustainable development strategy.

The contrasting experiences of microfinance clients in San Jose City highlight the need for localized empirical research that examines the actual influence of microfinance on entrepreneurial and developmental outcomes. Previous studies on microfinance in the country have primarily focused on national or regional assessments, often analyzing repayment performance, outreach scale, or institutional sustainability (Karlan et al., 2015).

What remains understudied are the nuanced, community-specific effects of microfinance—how it impacts the business growth of micro entrepreneurs, improves household income, and contributes to community development. Furthermore, limited attention has been given to the lived experiences of borrowers, their challenges in managing credit, and the socio-cultural dynamics that affect their success or failure.

This research therefore aimed to fill this gap by examining the influence of microfinance lending services on entrepreneurial outcomes in San Jose City, Nueva Ecija. The study investigated whether microfinance lending services influence micro entrepreneurs in San Jose City, Nueva Ecija. By shifting the focus from macroeconomic indicators to the micro-level realities of rural borrowers, the research aimed to provide grounded insights into the real impact of microfinance initiatives. Ultimately, this study intended to determine whether microfinance in San Jose City functions as an effective mechanism for enhancing entrepreneurial performance or whether its impact remains limited to short-term financial relief without producing sustained business growth.

Statement of the Problem

The study aimed to describe the influence of microfinance lending programs on entrepreneurial outcomes.

Specifically, it sought to answer the following questions:

How is the profile of the respondents described in terms of:

- age;
- sex;
- education;
- type of business;
- years in operation; and
- years of availment?

How may the microentrepreneurs described their availments of microfinance services in terms of:

- Loan amount;
- loan utilization;
- repayment frequency; and
- access to financial and non-financial services?

What are the implications of the findings of the study on business administration?

Hypotheses

H₁: Microfinance lending services significantly influence entrepreneurial outcomes.

H₁₁: Years in operation and years of availment significantly moderate entrepreneurial outcomes.

Significance of the Study

This study is significant as it offers valuable insights to the following stakeholders:

For **Micro Entrepreneurs**, this study may help local business owners understand how participation in microfinance lending services can influence their business growth, profitability, and innovation. It may also guide them in recognizing key factors that determine the success or failure of their microenterprises—such as financial management practices, utilization of loans, and responsiveness to market changes. Entrepreneurs who gain this awareness may better manage resources, adopt more sustainable business strategies, and strengthen their capacity to expand and sustain their operations.

For Microfinance Institutions (MFIs), Cooperatives, and Business Support Organizations, this study provides relevant data to evaluate the effectiveness of existing lending services. The results may inform these organizations on how to refine their credit schemes, support mechanisms, and capacity-building initiatives to ensure that their services truly promote sustainable entrepreneurship rather than short-term financial dependence. Furthermore, the findings can assist in developing more inclusive financial products that are tailored to the socioeconomic realities of rural micro entrepreneurs.

To the Community and Local Economy, this study may contribute to a broader understanding of how microfinance may serve as a tool for inclusive local development. When effectively managed, microfinance can stimulate business activities, create employment opportunities, and improve household welfare—all of which contribute to a more resilient and self-sustaining local economy. The research outcomes can help strengthen community partnerships, encourage collective entrepreneurship, and inspire residents to engage in productive and sustainable economic activities.

To Future Researchers, this study will add to the growing body of literature on microfinance and rural entrepreneurship. It will serve as a reference for future research focusing on the socioeconomic impact of microfinance programs, particularly at the municipal level.

To the Academe, the study may encourage comparative analysis across different provinces or regions to further understand the contextual factors influencing microfinance outcomes in rural areas in the Philippines.

Scope and Delimitation

This study focuses on examining the influence of microfinance lending services on entrepreneurial outcomes among micro-entrepreneurs in San Jose City, Nueva Ecija. It specifically investigates how access to microfinance services—loan amount availed, loan utilization, repayment frequency, and access to financial and non-financial services contribute to community progress and business performance.

Furthermore, the study evaluates the entrepreneurial outcomes of micro-entrepreneurs in terms of business growth and profitability. These dimensions are crucial in determining how microfinance interventions translate into measurable economic and entrepreneurial benefits at the grassroots level. The study also considers selected profile variables, specifically years in operation and years of availment of microfinance services, as moderating factors.

The respondents of the study consisted of 150 selected micro-entrepreneurs in San Jose, Nueva Ecija, who have participated in various microfinance lending services implemented by local government units, cooperatives, and financial institutions. Their demographic profiles, such as age, sex, educational attainment, type of enterprise, and years in business and years of availment, were included to determine whether these characteristics influence the entrepreneurial outcomes.

While the research seeks to establish the relationship and influence of microfinance lending services on entrepreneurial performance, it was delimited to the specific socio-economic and business contexts of San Jose. Other areas of Nueva Ecija and non-participating entrepreneurs are excluded from the analysis. Additionally, the study does not cover other external macroeconomic factors such as national monetary policies or international market dynamics, focusing instead on the local experiences of micro-entrepreneurs within the municipality.

Through these delimitations, the study aimed to provide a grounded understanding of how microfinance can catalyze sustainable local development and entrepreneurship in rural communities like San Jose, Nueva Ecija.

LITERATURE REVIEW

This section presents a review of related literature and studies that provide theoretical, empirical, and contextual foundations for understanding the influence of microfinance lending services on entrepreneurial outcomes among micro entrepreneurs.

Microfinance Lending Services

The global expansion of microfinance can be traced back to the 1970s, when Muhammad Yunus and the Grameen Bank in Bangladesh demonstrated that small loans without collateral could successfully empower poor borrowers. This pioneering model became a blueprint for development institutions, non-governmental organizations (NGOs), and governments worldwide. Over the next few decades, microfinance grew into a global movement, supported by international donors, development agencies, and private investors. The success stories from South Asia, Latin America, and parts of Africa positioned microfinance as one of the most promising tools for poverty alleviation. However, as the movement expanded, so did debates about its true effectiveness. Some scholars and practitioners praised microfinance for increasing income, promoting women's empowerment, and enabling entrepreneurship (Saini et al., 2024). Others, however, pointed out its potential downsides—debt dependence, repayment stress, and limited long-term impact when clients lacked business management skills or faced unfavorable market conditions (Duvendack & Mader, 2019).

Microfinance has emerged as one of the most prominent strategies in alleviating poverty and promoting economic development, particularly in rural and developing economies. Globally, the concept gained traction through the pioneering work of Muhammad Yunus and the Grameen Bank in Bangladesh during the 1970s, where the extension of small-scale loans to the poor without collateral successfully demonstrated that the economically marginalized could be financially responsible and entrepreneurial (Yunus, 2017). The World Bank (2019) later affirmed that access to microcredit enhances local participation in productive activities, particularly among women and informal business operators.

In developing economies, microfinance services have expanded beyond credit access to include savings, insurance, and capacity-building initiatives (Banerjee et al., 2023). These programs provide not only capital but also financial literacy, which enables borrowers to make informed financial decisions. However, studies such as Duvendack and Mader (2019) caution that the benefits of microfinance depend heavily on program implementation — including loan terms, interest rates, and repayment schedules. Poorly structured programs may lead to over-indebtedness or financial stress among borrowers.

In Asia, microfinance has evolved from a simple credit-based approach to a more holistic system integrating savings, insurance, and financial literacy (FinDev Gateway, 2000). Many Asian countries have institutionalized microfinance within their national poverty reduction frameworks. Bangladesh remains a global model through its Grameen and BRAC networks; India has a strong self-help group linkage system, while Indonesia and Vietnam have also established rural banks catering to microenterprises (Asian Development Bank [ADB], 2000). Despite these advances, the Asian Development Bank (ADB, 2011) has noted that the challenge of sustainability and impact measurement persists. Microfinance must balance financial viability with its social mission—a task complicated by fluctuating market dynamics, natural disasters, and socio-political factors affecting rural borrowers.

In this regional context, the Philippines stands as one of the countries that has institutionalized microfinance through comprehensive legislation and regulatory frameworks. The enactment of Republic Act 8425, known as the Social Reform and Poverty Alleviation Act of 1997, formally recognized microfinance as a flagship poverty reduction initiative. The Bangko Sentral ng Pilipinas (BSP) has since developed enabling policies encouraging banks, cooperatives, and NGOs to provide microfinance services to underserved populations. According to Agcaoili (2019), the Philippines has consistently ranked among Asia's top performers in microfinance outreach and innovation, with programs extending to both urban and remote rural communities. However, despite these institutional successes, poverty and inequality remain deeply entrenched in rural regions, particularly those dependent on agriculture. This paradox indicates that while microfinance has achieved national reach, its impact at the local level may vary significantly depending on context.

In the Philippine context, microfinance is institutionalized under Republic Act No. 8425 or the Social Reform and Poverty Alleviation Act of 1997. The Bangko Sentral ng Pilipinas (BSP) supports microfinance operations through an enabling policy environment and financial inclusion initiatives. Agcaoili (2019) notes that the country remains one of Asia's leaders in microfinance innovation, with community-based cooperatives and

rural banks extending credit to marginalized sectors. Yet, challenges remain regarding the sustainability of these lending services, especially in remote areas like Nueva Ecija, where accessibility, interest rates, and training opportunities vary across institutions.

In the Philippines, local studies emphasize the importance of client access and loan availability. Fernandez et al. (2025) examined the availability of credit from MFIs in Quezon City. The findings of the study reveal a strong positive link between credit accessibility and the performance of small businesses. This suggests that available loans are important for improving business outcomes. Furthermore, a broader study by the Asian Development Bank (ADB, 2017) on microfinance's impact on rural households in the Philippines revealed that for poorer families, the costs and availability of loans do not encourage them to engage in more productive activities. This indicates that loan amounts limit significant improvements in income and spending. Loria and Gabriel (2021) further explored the issue of loan sufficiency, linking adequate loan amounts to borrower satisfaction. They found that MFIs in a competitive market can enhance customer satisfaction by providing better service, including the loan product itself.

Filipino borrowers utilized microfinance loans in different ways. Several empirical studies conclude that many Filipino borrowers allocate their loans to business capital or expansion and farm inputs, while others use the loans for household essentials such as food, education, and health. Household vendors in Cabuyao, Laguna utilize small portions of their loans to cope with pandemic income adjustment, influencing the share used for business operations (Dela, 2023). In support of that, findings of Salac (2018) show that market retailers in Sta. Cruz, Laguna often used the portion of their loan for household expenses, illustrating that micro-loans can serve both for livelihood use and household.

In the agricultural sector, Delos Santos (2020) noted that the tilapia hatchery in Bay, Laguna, utilizes their loan for household essentials when there are delays in loan distribution for production. Rojas (2020) also stated that fisherfolk's borrowers in Cavite use a portion of their credit to meet immediate family needs due to seasonal income variation and unstable fishery output. Bisa (2023) farmer beneficiaries with a higher level of financial literacy tend to use loans for farm activities, as financial education plays a vital role in utilizing loans effectively.

The efficacy of repayment frequency in microfinance remains a contested area, with evidence suggesting that rigid schedules may not always be superior to flexible ones. The study of Sangwan and Nayak (2020) revealed that there is no significant difference in client delinquency or defaults between weekly and monthly repayment schedules. This implies that the idea that more frequent payments build fiscal discipline might be wrong. Going further, Barboni and Agarwal (2018) found that giving borrowers flexible options, like the chance to skip a payment, could improve their businesses without making it riskier for lenders.

Locally, Philippine literature focuses more on the results of standard practices and borrower behavior rather than direct experimentation with payment schedules. The usual context, as shown in Bangko Sentral ng Pilipinas (BSP) Circular No. 272 series of 2001, often involves short-term loans that are paid back daily, weekly, bi-monthly, or monthly. This shows a practical focus on frequent payments.

Microfinance Institutions (MFIs) operate under a complex dual mandate: achieving financial viability while simultaneously maximizing social impact for low-income borrowers. International studies strongly support the necessity of a comprehensive approach that combines both financial and non-financial services to address this mission.

The International Labour Organization (ILO) (2024) provided clear evidence that integrating training and counseling improves financial discipline. This leads to a noticeable decrease in late loan repayments and an increase in business profitability for clients involved.

It shows that non-financial education is key to achieving financial access effectively. Supporting this idea, an analysis of global data by Lensink (2018) revealed that providing non-financial services did not harm an institution's financial health. In fact, these services were linked to better loan quality and greater outreach to

underprivileged communities. This suggests that social development services can protect portfolios while serving a broader development mission.

The literature establishes a clear pattern: while financial services are the main pathway to inclusion, non-financial services—particularly training, financial literacy, and management support—are vital enablers. They improve a client's ability to use credit effectively, promote better repayment practices, and ultimately ensure that financial access leads to lasting economic empowerment.

Entrepreneurial Outcomes

Entrepreneurial outcomes are the tangible and intangible results of entrepreneurial efforts, including business growth, innovation, job creation, and enterprise sustainability. According to Schumpeter's (1934) theory of economic development, entrepreneurship acts as the catalyst of innovation and economic transformation. Within microfinance frameworks, lending serves as the initial input that fuels entrepreneurial activity and expansion.

Empirical studies suggest that microfinance positively influences entrepreneurial performance. A study in Vietnam by Doan et al. (2020) revealed that microfinance borrowers experienced improved business revenues, enhanced savings, and higher business survival rates. Similarly, Al-Mamun et al. (2018) found that microcredit participation in Malaysia increased entrepreneurs' confidence and business management capacity. However, other studies caution that without proper financial training, borrowers may struggle to manage their finances effectively, leading to stagnation or even enterprise failure (Rahman & Khan, 2021).

In the Philippine setting, several community-based microfinance institutions have recorded notable success stories of micro-entrepreneurs transforming small home-based enterprises into sustainable livelihood ventures. Yet, there remains limited empirical evidence on whether these outcomes are consistent in rural areas such as San Jose, Nueva Ecija.

Given the unique socio-economic profile of the municipality — heavily reliant on agriculture and microenterprises — it becomes necessary to assess how microfinance lending services translate into measurable entrepreneurial outcomes such as business growth, innovation, and sustainability.

Microfinance in growth of business

Several studies emphasize the important role of microfinance in helping small businesses in achieving growth and become profitable. They also point out the complexity and need for additional support to achieve the best results. Studies across the world shows a strong positive link. Tafadzwa et al. (2025) studied Micro, Small and Medium Enterprises (MSME) in Zimbabwe. The results revealed that access to microcredit greatly impacts MSME growth, especially when combined with non-financial services like business management training.

This combined support improves performance metrics such as sales volume, profitability, and job creation. Similarly, Tabaku et al. (2025) findings on small business growth and income stability revealed that many microfinance borrowers reinvest their loans mainly for expansion and technology upgrades. This approach supports greater income stability. This indicates that microfinance is crucial not just for business survival but also for strategic growth and modernization.

Philippine studies support and reinforce these findings. Research conducted by Mendoza, Aralar, and Dela Cruz (2023) focused on Micro and Small Enterprises in Cavite, revealing that Microfinance Institutions (MFIs) primarily seek to enhance the business capital for these enterprises. The study also highlighted the significance of MFIs in overseeing and implementing strategies, which assisted MSEs in innovating their capital goods and achieving growth. This favorable impact on business sustainability is corroborated by findings from Estillore and Gaddi (2021) regarding Small and Medium Enterprises (SMEs) in Pampanga. They found that MFIs significantly affected critical financial and growth metrics, such as retained earnings, net profit, and the acquisition of new equipment. They emphasized that access to microfinance, training, and diverse funding options was vital for enhancing profitability.

Furthermore, the research on the Role of Micro Finance Institutions in Supporting Micro, Small, and Medium Enterprises (2023) verifies the crucial role of MFIs in supplying capital for business development. It acknowledges the essential contribution of MSMEs to economic growth and job creation in the Philippines, despite the associated risks of non-performing loans. In summary, the literature suggests that while microfinance provides essential support to micro-enterprises, its most substantial influence on sustained profitability and growth arises from a comprehensive array of financial and non-financial support services.

Profitability of Business

The global conversation surrounding microfinance has shifted significantly in recent years, moving away from the simple act of lending money toward a more comprehensive, holistic support system. Scholars like Juma and Bwana (2024) argue that credit alone isn't enough; rather, it is the combination of credit with formal business training that actually moves the needle on net profit margins for small and medium enterprises. Their work underscores the Credit-Plus theory, which suggests that capital only reaches its full potential when paired with human capital development—essentially, giving an entrepreneur the tools to manage money is as important as the money itself.

Technology has also become a major player in this space. Mia (2022) points out that the digitalization of microfinance institutions (MFIs) has been a gamechanger by slashing transaction costs. When the cost of borrowing drops through digital efficiency, businesses naturally see higher profit retention. However, it isn't just about how the money is delivered, but when it has to be paid back.

Bika et al. (2022) highlight the critical role of grace periods, noting that the breathing room between getting a loan and making the first payment often determines whether a business flourishes or simply sinks into a cycle of debt. Finally, Duci et al. (2025) observe that in volatile or transitional economies, microfinance acts as a vital stabilizer, providing the steady capital that allows small shops to weather market fluctuations without closing their doors.

Closer to home, microfinance serves as the backbone for the Philippines' vast landscape of MSMEs and sari-sari stores. Local research by Cusay et al. (2025) reinforces the idea that MFI support is directly tied to the profitability of rural businesses, particularly when those institutions offer governance and fund management guidance. This is echoed by Sunga et al. (2020) in their study of Caloocan City enterprises; they found that while loans keep the lights on, it is actually micro-savings and micro-insurance that keep a business from collapsing during a family or medical emergency.

The digital wave is also hitting the Philippine provinces. Binaluyo et al. (2024) discuss how mobile banking has lowered the cost of doing business in remote areas, effectively widening the profit margins of provincial entrepreneurs. On the human side of the equation, Biore et al. (2024) found that entrepreneurs in Cebu City who participated in mandatory financial literacy workshops saw a 15% boost in profit growth compared to those who only took the credit.

Binaluyo et al. (2025) state that high interest rates in certain local MFIs can act as a ceiling on potential profit, reminding us that the cost of capital must be carefully balanced against expected returns. To mitigate these risks, Reyes and Mercado (2023) emphasize the importance of disaster resilience, noting that Filipino businesses with micro-insurance recover three times faster after natural disasters.

Lastly, Quick and de Toledo (2023) suggest that the most successful interventions are those tailored to specific sectors, like fisheries or retail, ensuring that the financial assistance matches the unique needs of the trade.

Microfinance is most effective not as a standalone financial transaction, but as a multi-dimensional support system. A major recurring theme, highlighted by both Juma and Bwana (2024) and Biore et al. (2024), is that financial literacy is the catalyst that turns a loan into long-term profit. This is a crucial takeaway for the current study, especially given the identified "training gap" (Mean = 2.14) among our respondents. It suggests that while local business owners are getting the capital they need, they might be missing out on that extra 15% profit growth seen in other regions because they aren't fully utilizing the training services available to them.

Hypothesis

H11: Years in operation and years of availment significantly moderate entrepreneurial outcomes.

H1: Microfinance lending services significantly influence entrepreneurial outcomes.

Summary of Hypothesis Testing

Several local studies emphasized that access to microfinance programs and proper financial education can significantly influence the growth of micro and small enterprises. For instance, Angeles et al. (2019) suggest that microfinance might influence the growth and profitability of the enterprise when access to finance is maximized for investments paired with financial literacy.

Similarly, (Cupo et al., 2023) highlighted in their study on micro and small enterprises in Cavite that microfinance programs positively influenced the growth and profitability of a business by helping them to increase their capital, aiding and monitoring, and supporting them in innovating their capital goods to sustain operations.

CONCEPTUAL FRAMEWORK

The conceptual framework of this study is anchored on the premise that microfinance lending services catalyze improved entrepreneurial outcomes. Microfinance provides accessible financial resources to micro-entrepreneurs who are often excluded from traditional banking systems. Through small loans, savings facilities, and training support, microfinance programs aim to stimulate self-employment and encourage business expansion. The underlying theory supporting this relationship is Financial Intermediation Theory, which explains how the provision of accessible credit and financial services facilitates capital formation and productive investment among small-scale entrepreneurs.

This study conceptualizes microfinance lending services as an independent variable, which includes indicators such as loan amount availed, loan utilization, repayment frequency, and access to financial and non-financial services. The years of availability of microfinance and years in operation of the business serve as the moderating variables. The dependent variable is entrepreneurial outcomes, evaluated based on business growth and profitability. The relationships among these variables were tested using correlation and regression analyses to determine the degree and significance of influence.

In summary, the conceptual framework illustrates that microfinance participation has the potential to enhance entrepreneurial success through financial inclusion and capacity building. By empirically testing these relationships, the study validated whether microfinance lending services truly serve as a mechanism that enhances individual entrepreneurship among micro-entrepreneurs in San Jose, Nueva Ecija. The findings will contribute to a deeper understanding of how access to microfinance can strengthen small-scale enterprises and improve their business performance outcomes.

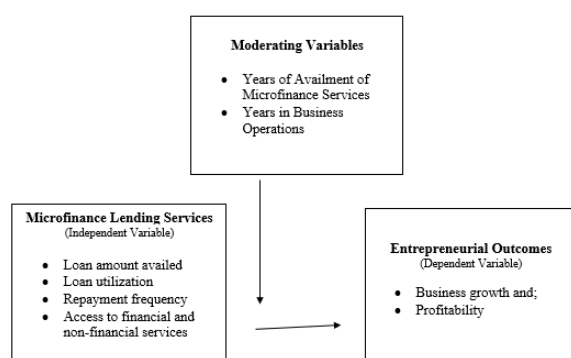


Figure 1. Paradigm of the Study

RESEARCH METHOD

This study employed a descriptive research design to examine the influence of microfinance lending services on entrepreneurial outcomes in the Municipality of San Jose City, Nueva Ecija. The quantitative approach is most suitable since it allows for the systematic collection and statistical analysis of numerical data to determine relationships and assess the level of influence among the variables under study.

According to Sirisilla (2023), descriptive research provides an accurate portrayal of existing conditions, while correlational design enables the measurement of associations between variables without manipulating them. Through this design, the study aimed to describe the status of microfinance participation, entrepreneurial outcomes, and determine whether microfinance lending services significantly influence these dimensions. This method yielded empirical findings that can support evidence-based policymaking, program enhancement, and the creation of targeted microfinance interventions for rural development.

Locale of the Study

The study was conducted in San Jose City, situated in the northern part of Nueva Ecija, Central Luzon, Philippines. San Jose City was a third-class component city recognized as the "Gateway to the North" due to its strategic location connecting the plains of Central Luzon to the Cagayan Valley. While neighboring areas focused on primary production, San Jose City served as a major commercial hub and a center for agricultural trade. It was well-known for its Tanduyong Festival, celebrating the city's significant contribution to the onion, garlic, and rice industries. Agriculture and micro-entrepreneurship remained the primary sources of livelihood, with small enterprises—such as agricultural trading posts, cold storage services, farm supply shops, and food processing ventures—contributing significantly to the city's economic vitality.

San Jose City presented an ideal setting for this study because it represented a dynamic urban-agricultural community where microfinance institutions (MFIs) and cooperatives played a vital role in supporting livelihood and enterprise development. Several local and regional microfinance organizations operated within the city, extending credit to farmers, traders, and micro-entrepreneurs to fund their seasonal and operational requirements. However, despite the active presence of these financial programs, the extent to which microfinance services contributed to long-term entrepreneurial outcomes had remained underexplored—making San Jose City an appropriate locale for assessing the real impact of credit accessibility on business performance and community participation.

Sampling Design

This study utilized a random sampling technique to ensure that all qualified micro-entrepreneurs in San Jose, Nueva Ecija, who had availed of microfinance lending services, had an equal chance of being selected as respondents. The use of random sampling minimized researcher bias and increased the representativeness of the sample, thereby enhancing the reliability and generalizability of the results.

The sampling consisted of 150 registered micro-entrepreneurs and small business owners who were active beneficiaries of microfinance institutions (MFIs), cooperatives, and other local lending organizations operating within the municipality. A master list of microfinance clients was requested from these institutions and local government offices, such as the Municipal Cooperative and Livelihood Development Office (CLDO) or the Department of Trade and Industry (DTI)–Nueva Ecija Provincial Office.

From this population, respondents were selected using a simple random sampling method, where participants were chosen through a lottery or computerized randomization process. This ensured that each qualified micro-entrepreneur had an equal probability of being included in the study. The determination of the sample size followed Slovin's formula with a 95% confidence level and a 5% margin of error, based on the total number of active microfinance borrowers in the municipality.

This approach guaranteed a balanced representation across various sectors — such as retail, agriculture, food processing, and service-oriented enterprises — providing a comprehensive understanding of how microfinance lending services influenced entrepreneurial outcomes in San Jose, Nueva Ecija.

Participants of the Study

The participants of this study were micro-entrepreneurs who were active beneficiaries or clients of microfinance lending services in San Jose City, Nueva Ecija. The selection of participants was guided by several key criteria: the respondent had to be a registered micro-entrepreneur or an active borrower from a recognized microfinance institution or cooperative operating in San Jose; the business had to be locally based and currently operating within the municipality; the owner or operator had to be directly involved in business management and decision-making; the respondent must have availed of at least one microfinance loan for business or livelihood purposes; and finally, the participant was required to provide informed consent and answer the survey questionnaire honestly. These criteria ensured that respondents possessed firsthand experience with microfinance lending and its potential effects on their business performance and community participation.

To ensure the selection of a representative and precise sample, the target population was specifically identified as all micro-entrepreneurs who were active clients of microfinance lending services in San Jose City, Nueva Ecija, and who met the defined inclusion criteria. The population frame (or sampling frame) for this study consisted of a comprehensive, consolidated list of all active business borrowers provided by the recognized Microfinance Institutions (MFIs) and Cooperatives operating within the municipality of San Jose City as of November 2025.

Research Instrument

The main data-gathering instrument used in this study was a structured questionnaire specifically designed to measure the key variables of the research, namely the extent of participation in microfinance lending services and entrepreneurial outcomes among micro-entrepreneurs in San Jose, Nueva Ecija. The questionnaire also included a section on the demographic profile of the respondents to provide background information relevant to the analysis and to examine potential moderating effects.

The first section of the instrument focused on the profile of the respondents, which covered variables such as age, sex, educational attainment, type of business, years in operation, and years of availment of microfinance services. This information was essential in describing the characteristics of micro-entrepreneurs and in determining whether years in operation and years of availment moderated the relationship between microfinance lending services and entrepreneurial outcomes.

The second section of the questionnaire assessed the extent of participation of micro-entrepreneurs in microfinance lending services. It included items related to loan amount availed, loan utilization, repayment frequency, and access to both financial and non-financial services. These indicators measured the degree of engagement of respondents with microfinance institutions and served as the independent variable of the study.

The third section evaluated the entrepreneurial outcomes of respondents, specifically in terms of business growth and profitability. Business growth was measured through indicators such as an increase in the number of employees, growth in business assets, expansion of product or service offerings, and enlargement of business facilities. Profitability was assessed through perceived increases in sales revenue, improvement in net profit, enhanced ability to cover business expenses, and improved capacity to save or reinvest earnings. These indicators collectively represented the dependent variable of the study.

Each item in the questionnaire was rated using a five-point Likert scale, with responses ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) for entrepreneurial outcome items, and from 1 (Never) to 5 (Always) for service utilization items. This scaling method allowed the researcher to quantify the perceptions and experiences of respondents in a structured and statistically analyzable format.

To ensure the validity and reliability of the instrument, it was subjected to expert evaluation by professionals in the fields of microfinance, entrepreneurship, and social research. The instrument also underwent a pilot test involving a small group of micro-entrepreneurs in a nearby municipality who were not included in the final study. The reliability of the questionnaire was tested using Cronbach's Alpha, where a value of 0.70 or higher was considered acceptable, indicating that the items within each construct demonstrated internal consistency and were reliable for data collection.

Data Gathering Procedure

The process of gathering data for this study was conducted systematically to ensure accuracy, reliability, and ethical compliance. Before the actual data collection, the researcher first secured permission from the Municipal Government of San Jose, the Department of Trade and Industry in Nueva Ecija, and various microfinance institutions and cooperatives operating within the municipality. These formal permissions allowed the researcher to access qualified respondents and ensured that the study was carried out in accordance with institutional and ethical standards.

After authorization was obtained, the research instrument was subjected to validation by a panel of experts composed of professionals in the fields of entrepreneurship, economics, and microfinance. Their evaluation focused on assessing the clarity, relevance, and comprehensiveness of the questionnaire items. Based on the panel's feedback, revisions were incorporated to improve the instrument's overall quality. To further ensure its reliability, a pilot test was administered to a small group of micro-entrepreneurs from a neighboring municipality who were not included in the final study. The pilot test helped determine whether the questions were understandable and whether the instrument yielded consistent responses.

Upon finalizing the questionnaire, the researcher proceeded with the actual data collection. Using a list of microfinance clients obtained from the local government and partner microfinance institutions, the researcher selected respondents through random sampling to ensure that each qualified micro-entrepreneur had an equal chance of inclusion. The researcher personally visited the identified respondents to explain the purpose of the study, assured them of confidentiality, and obtained their voluntary consent to participate. Participation in the study was entirely voluntary, and respondents were informed that they could withdraw from participation at any time without penalty.

The questionnaires were distributed personally to ensure a high response rate and to allow clarification of any items that respondents might have found unclear. Each respondent was given adequate time to complete the questionnaire. For those who could not answer immediately, the researcher scheduled a follow-up visit to collect the accomplished forms. In cases where personal distribution was not possible, electronic copies were sent through secure digital platforms, depending on the respondent's preference and accessibility.

Once the questionnaires were retrieved, the researcher reviewed each form for completeness and consistency of responses. The data were then encoded, organized, and tabulated using appropriate statistical software such as Microsoft Excel and SPSS. Prior to analysis, data cleaning was conducted to remove inconsistencies and ensure the accuracy of information.

Throughout the data-gathering process, ethical standards were strictly observed. Respondents' identities remained confidential, and all information gathered was used solely for academic purposes. No identifying information was disclosed in the final report, and all data were securely stored and were accessible only to the researcher. This systematic and ethical approach ensured the credibility and trustworthiness of the study's findings and provided a sound basis for analyzing the influence of microfinance lending services on entrepreneurial outcomes in San Jose, Nueva Ecija.

Data Analysis

The data gathered from the survey questionnaires were tallied, coded, and analyzed using appropriate statistical tools to interpret the results in line with the research objectives. Descriptive statistics such as frequency counts and percentages were utilized to present the profile of the respondents in terms of age, sex,

educational attainment, type of business, years in operation, and source of financing. These measures provided a general overview of the demographic and business characteristics of the micro-entrepreneurs in San Jose, Nueva Ecija.

To assess the extent of participation in microfinance lending services and entrepreneurial outcomes, weighted mean and standard deviation were employed. These tools helped determine the central tendency and the consistency of responses among the participants with respect to their experiences in accessing and utilizing microfinance services. The descriptive interpretation of these values indicated whether the respondents' perceptions fell under low, moderate, or high levels of participation and outcomes.

For the inferential aspect of the study, correlation analysis was applied to examine the degree and direction of the relationship between microfinance lending services and entrepreneurial outcomes. Pearson's product-moment correlation coefficient was used to measure the linear relationship, while Spearman's rank-order correlation coefficient was also considered to assess the monotonic association. Statistical significance was evaluated at the 0.05 level. The statistical analyses were performed using Jamovi (Version 2.3). Descriptive statistics were used for the respondent profile and study variables, while Pearson and Spearman correlations were used for the relationship analysis. Regression and moderation procedures were used to test the study's inferential hypotheses. A p-value below .05 was considered statistically significant.

In addition, multiple linear regression analysis was used to determine whether microfinance lending services significantly influenced entrepreneurial outcomes. The independent variable was microfinance lending services, while entrepreneurial outcomes served as the dependent variable. A moderation analysis was also conducted to determine whether years of microfinance availment changed the relationship between microfinance lending services and entrepreneurial outcomes. The analysis was interpreted using regression estimates, standardized effects, 95% confidence intervals, z-values, and p-values. Analyses were interpreted at $\alpha = .05$.

Furthermore, multiple linear regression analysis was used to determine the extent to which microfinance lending services significantly influenced entrepreneurial outcomes. In this model, the independent variable was the extent of participation in microfinance lending services, while the dependent variable was entrepreneurial outcomes. This statistical procedure allowed the researcher to test the predictive power of microfinance participation and to identify whether its influence was statistically significant at the 0.05 level of significance. If the computed p-value was less than 0.05, the null hypothesis was rejected, indicating that microfinance lending services had a significant influence on entrepreneurial outcomes. Conversely, if the p-value was greater than 0.05, the null hypothesis was accepted, suggesting that there was no significant influence.

Through this combination of descriptive and inferential statistical tools, the study aimed to generate a comprehensive understanding of how microfinance participation affected the socio-economic landscape and entrepreneurial progress in the municipality of San Jose, Nueva Ecija.

Ethical Considerations

This study guaranteed that all research ethics were strictly observed to ensure the rights of the respondents and their well-being. Informed consent will be sought from all respondents before the commencement of data collection, and participation in the study will be entirely voluntary. The goal of the study, the intended use of the data, and their freedom to discontinue participation at any moment without incurring any fees will all be made abundantly evident to them. Additionally, the respondents will be informed that all the data they submitted will be kept confidential in compliance with research ethical rules and the Data Privacy Act of 2012 (Act No. 10173 of the Republic). Data privacy and the information gathered will be safeguarded, and individuals who answered were informed that all responses are recorded. Moreover, before any data is collected, ethical approval or approval from the relevant research authorities will be obtained, and every participant will be treated with decency and respect.

Every effort will be made to ensure that the respondents are treated with respect, fairness, and dignity throughout the entire research process. The researchers will avoid any form of coercion, pressure, or intimidation that may influence the participants' responses. Questions included in the survey questionnaire will be designed in a manner that is clear, appropriate, and free from offensive or discriminatory language. The respondents will also be given adequate time to answer the questionnaire honestly and comfortably without interference from the researchers or any third party.

To maintain anonymity and confidentiality, the identities of the respondents will not be disclosed in any part of the study, including the presentation, interpretation, and publication of findings. Codes or numerical identifiers will be utilized instead of personal names to protect the respondents' identities. All collected data, whether printed or digital, will be securely stored and accessed only by the researchers for academic purposes. After the completion of the study, the gathered information will be properly disposed of or archived in accordance with institutional ethical standards and data protection policies.

Furthermore, the researchers will ensure that the results of the study are presented truthfully, objectively, and without fabrication, falsification, or misinterpretation of data. Proper acknowledgment and citation of all references and related literature used in the study will also be strictly observed to avoid plagiarism and uphold academic integrity. The researchers commit to conducting the study responsibly and professionally to contribute reliable and ethical findings that may benefit future researchers, institutions, and stakeholders. Top of Form

RESULTS AND DISCUSSION

This chapter presents the analysis and interpretation of the data gathered from the 150 microentrepreneurs who participated in the study. The results are organized according to the sequence of the Statement of the Problem.

Demographic Profile of the Respondents

Age

The demographic profile shows a highly economically active respondent base, with the largest concentration falling in the 21–30 age bracket (28.7%), followed closely by a tie between the 31–40 and 41–50 brackets (24.7% each). This indicates that over three-quarters of the micro-entrepreneurs are in their prime working years (21 to 50 years old), bringing a blend of youth energy and mid-career maturity to their enterprises. Only a small fraction (5.3%) are young adults under 20.

Table 1 Age of Respondents

Age	f	% of Total
Below 20	8	5.3%
21-30	43	28.7%
31 – 40	37	24.7%
41 – 50	37	24.7%
51 and above	25	16.7%
Total	150	100%

This observation agrees with Hill et al. (2023), who have confirmed that the highest level of entrepreneurial activity is conducted between the ages of 25 and 44, as they have higher economic incentives, work experience, and the ability to take entrepreneurial risks. The dominance of these demographics likely stems from the accumulation of human capital and social networks that occur during early adulthood. Unlike younger cohorts who may lack the necessary start-up funds or older cohorts who may be risk-averse, this "prime" group possesses the physical energy and professional motivation required to navigate the challenges of microenterprise management. On the same note, the World Bank (2020) observed that owners of microenterprises in developing economies are often in the economically productive age brackets since people in this age bracket are better able to participate in income-earning activities and maintain small businesses. This alignment with global trends underscores the role of micro-businesses as a critical survival and growth strategy for those in the middle stages of life. The data effectively illustrates that as individuals mature and acquire more responsibilities, their participation in the micro-business sector increases, peaking during the decades when financial stability and family support are most vital.

Sex

Table 2 shows the sex distribution of the participants. The distribution between male (51.3%) and female (48.7%) respondents is nearly equal, with a slight male majority. This balanced gender distribution reflects inclusive economic participation within the sampled region, showcasing that microfinance services are actively utilized by both male and female business owners to sustain their livelihoods.

Table 2 Sex of Respondents

Sex	Counts	% of Total
Female	73	48.7%
Male	77	51.3%
Total	150	100%

This is in line with the findings of the Asian Development Bank (2021) report, which reported that the microfinance involvement in Southeast Asia is becoming more gender-inclusive, with both men and women actively participating in the entrepreneurial activities assisted by microfinance institutions. For example, in many rural and semi-urban communities, micro-grants and small-scale loans are no longer gender-siloed; instead, they are awarded based on the viability of the business plan. This evolution reflects a broader regional trend where economic necessity and institutional support have leveled the playing field for aspiring entrepreneurs regardless of sex.

Moreover, according to research conducted by Demirguc-Kunt et al., (2021) in the Global Findex Database, financial inclusion programs have greatly enabled more men and women to access financial services, leading to more of them being gender balanced in their involvement in the development of entry-level businesses. The narrowing of the gender gap in this study mirrors these global statistics, suggesting that digital payment systems, mobile banking, and community-based lending have successfully dismantled previous obstacles. By providing equal access to capital, these programs ensure that both genders can contribute to the local economy, thereby fostering more resilient and diverse business environments.

Educational Attainment

This table tracks the highest level of education completed by the respondents. A significant portion of the respondents are College Level/Graduates (42.0%), followed by High School Level/Graduates (30.0%). This indicates that many microentrepreneurs possess a relatively strong educational background, which may help them manage business operations and financial decisions. This educational landscape suggests that the modern

micro-entrepreneur is no longer defined solely by manual labor, but rather by a foundational academic background that allows for more sophisticated record-keeping and market analysis.

Table 3 Educational Attainment

Educational Attainment	Counts	% of Total
College Level/Graduate	63	42.0%
Elementary Level/Graduate	17	11.3%
High School Level/Graduate	45	30.0%
Vocational/Technical	25	16.7%
Total	150	100%

The given finding helps complement the study of Abdallah et al., (2024), which pointed to the fact that educational attainment is a critical determinant of entrepreneurial performance due to the fact that educated entrepreneurs are better placed to handle their available financial resources, assess risks, and make strategic business decisions. For instance, individuals with higher education levels are often more adept at utilizing digital tools for accounting and navigating the regulatory requirements of business registration. Their ability to synthesize complex information translates directly into more resilient business models that can withstand market fluctuations.

Similarly, another study conducted by Barreda (2026) revealed that more educated entrepreneurs have better managerial skills and are more likely to survive in business and expand their businesses. This suggests a direct correlation between formal schooling and long-term enterprise sustainability. When entrepreneurs possess the critical thinking skills fostered in higher education, they are better equipped to implement growth strategies, such as diversifying product lines or scaling operations. Consequently, the high percentage of college-level participants in this study points toward a micro-business sector that is increasingly professionalized and prepared for future expansion.

Type of Business

This table categorizes the respondents by their industry. The businesses are fairly evenly spread across sectors, though Services (27.3%) and Retail (26.0%) are the most common. Agriculture-related businesses and food businesses represent roughly a quarter of the samp

Table 4 Type of Business

Types Of Business	Counts	% of Total
Agriculture Related	33	22.0%
Food Business	37	24.7%
Retail (Sari- sari Store, etc)	39	26.0%
Services	41	27.3%

Total	150	100%
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This is consistent with Tadeo et al. (2023), who found that most micro, small, and medium enterprises (MSMEs) in the Philippines are in the business of wholesale and retail trade and services, as the industry uses lower capital and is easy to create. Also, de la Rosa- Sollesta (2025) observed that retail trade, food services, and small-scale service businesses are the main representatives of the MSME sector in the Philippines because they are available and flexible to the local market needs and demands.

Years in Operation

This table indicates how long the businesses have been established. Business stability is strong among the respondents, as a combined 76.0% have survived past the initial establishment phase (4–6 years at 40.7% and 7+ years at 35.3%). The remaining 24.0% fall into the 1–3 years category, representing newer enterprises that have successfully navigated infancy but are still in a critical growth phase. This distribution indicates that the sample heavily represents established, resilient micro-enterprises that have surpassed early market entry risks and are leveraging microfinance to sustain or scale their operations.

Table 5 Years in Operation

Years In Operation	f	Percentage
1 - 3 Years	36	24.0%
4 - 6 Years	61	40.7%
7 Years and above	53	35.3%
Total	150	100%

The present observation is corroborated by the report published by OECD (2021), which emphasized that micro-enterprises, which manage to survive within the initial three years, are expected to be more operationally stable and adapted to the market. Surviving this three-year threshold often implies that the entrepreneur has successfully navigated the "valley of death" by securing a reliable supply chain and understanding the specific needs of their local clientele. The high concentration of businesses in the 4–6-year bracket suggests that these enterprises have moved into a phase of consolidation rather than mere survival.

Equally, according to Seth (2025), small businesses, which continue to operate after a few years, tend to adopt better financial management operations and more consolidated customer bases that enhance their prospects of survival over time. As a business matures, the owner typically transitions from reactive decision-making to more proactive strategic planning. This maturity is reflected in the 35.3% of respondents who have operated for over seven years, representing a robust "veteran" group within the microfinance ecosystem that likely serves as an economic anchor for their respective communities.

Years Availing Microfinance

Table 6 presents the distribution of respondents according to their years of availing microfinance services. The duration of microfinance patronage closely mirrors business longevity patterns. The largest concentration of respondents falls within the 4–6 years category (40.7%), signaling high customer retention, sustained operational satisfaction, and a continuous reliance on institutional credit lines. A significant segment of borrowers is within the 1–3 years phase (34.7%), pointing to a strong influx of newer accounts or growing market penetration by local MFIs. Meanwhile, 24.7% represent long-term institutional clients operating in the

7 years and above tier. This comprehensive spread indicates that local microfinance ecosystems in the area successfully balance new customer acquisition with long-term portfolio relationship management.

Table 6 Years of Availing Microfinance

Years Of Availment	Counts	% of Total
1 - 3 Years	52	34.7%
4 - 6 Years	61	40.7%
7 Years and above	37	24.7%
Total	150	100%

The findings support the study of Ledgerwood (2021), which emphasized that prolonged participation in microfinance programs contributes to entrepreneurial stability and financial growth among small business owners. Entrepreneurs who continuously access microfinance services over several years are more likely to strengthen their business capital, improve cash flow management, and expand business activities. The dominance of respondents within the 4–6-year category suggests that many microentrepreneurs have moved beyond the initial survival stage of business and are already in the process of stabilizing and improving their enterprises through consistent financial assistance.

Similarly, Armendáriz and Morduch (2022) explained that long-term relationships with microfinance institutions help entrepreneurs develop better financial discipline, repayment behavior, and business planning practices. Repeated access to loans and related financial services enables borrowers to gain confidence in managing investments and addressing operational challenges. The presence of respondents with more than seven years of experience further reflects the trust and continued dependence of entrepreneurs on microfinance institutions as reliable partners in sustaining and growing their businesses over time.

Availment of Microfinance Services

Loan Amount

This table shows the most recent loan amounts borrowed by the entrepreneurs. The most frequent loan amount is in the highest bracket, ₱80,001 and above (30.7%). There is a polarized distribution, as the second-highest group consists of those borrowing the smallest amount, below ₱20,000 (20.0%). This polarization suggests a dual-track credit environment: one segment of the population is likely composed of established businesses scaling their operations, while the other represents new entrants or micro-scale vendors who are just beginning their credit journey.

This observation is in line with the research by Appiah-Kubi et al., (2026), which observed that microfinance borrowers tend to slowly increase the amount of loans borrowed as their businesses expand and as they prove to be reliable in repaying loans. This "staircase" approach to credit allows entrepreneurs to build financial discipline without being overwhelmed by high debt service ratios early on. As these individuals successfully manage smaller disbursements, they unlock access to the larger capital brackets seen in the 30.7% figure, effectively transitioning from survivalist enterprises to growth-oriented businesses.

Table 7 Loan Amount

Loan Amount	Counts	% of Total
Below ₱ 20,000	30	20.0%
₱20,000 – ₱40,000	26	17.3%
₱40,001 – ₱60,000	21	14.0%
₱60,001 – ₱80,000	27	18.0%
₱80,001_and_above	46	30.7%
Total	150	100%

On the same note, the World Bank (2020) indicated that the size of loans also increases with the duration of time as an entrepreneur is able to establish good creditworthiness and as the business premises grow larger. This correlation highlights the importance of the "relationship banking" model in microfinance, where trust serves as a form of collateral. As businesses mature and physical assets or inventory levels rise, the need for larger working capital becomes apparent. Consequently, the high percentage of loans exceeding ₱80,001 likely reflects a core group of seasoned entrepreneurs who have successfully leveraged repeated credit cycles to expand their market footprint.

Loan Utilization

This table lists how the respondents used their loans (multiple responses allowed). The descriptive breakdown demonstrates that micro-entrepreneurs heavily prioritize asset accumulation and operational liquidity. "Purchase Fixed Assets" ranks first (N = 94), followed closely by "Working Capital" (N = 89) and "Business Expansion/Renovation" (N = 80). This indicates that the core driver for availing microfinance loans is long-term business stabilization and capacity enhancement.

Concurrently, "Personal Household Needs" ranks fourth (N = 74), highlighting that borrowers frequently utilize microloans as a financial cushion to balance household consumption alongside commercial needs. Finally, "Other - Debt Consolidation" ranks last (N = 1). This specific response underscores that while isolated, a minor portion of microfinance capital may be strategically diverted toward refinancing existing obligations to relieve cash flow pressure from external high-interest informal lenders.

Table 8 Loan Utilization

Descriptives	N	Rank
Purchase Inventory	69	5
Business Expansion/ Renovation	80	3
Personal Household Needs	74	4
Purchase Fixed Assets	94	1
Working Capital	89	2
Other - Debt Consolidation	1	6

This observation agrees with a study conducted by Cull et al. (2019), as it pointed to the fact that loans provided by microfinance are likely to be drawn to working capital and even the purchase of productive assets that could help improve the capacity of that business venture. For many micro-entrepreneurs, the ability to purchase machinery or bulk inventory catalyzes moving from a subsistence level to a competitive market position. By directing funds toward these core operational areas, business owners can reduce long-term costs and increase the overall efficiency of their daily production cycles. Similarly, the International Labour Organization (2021) discovered that micro-entrepreneurs often use loans to get equipment, inventory, and other resources involved in the running and growth of their global operations. The data also highlights a significant crossover into personal/household needs, reflecting the reality that in micro-scale enterprises, the household and the business are often a single economic unit. When a loan secures the well-being of the family, it indirectly supports the business by ensuring the entrepreneur can remain focused on growth without the distraction of immediate domestic financial crises.

Repayment Frequency

This table details how often entrepreneurs pay back their loans. More than half of the respondents (52.7%) follow a Monthly repayment schedule. Bi-weekly and Weekly schedules are less common, each accounting for about 24%. This distribution suggests a preference for longer repayment intervals, which likely corresponds to the natural sales cycles of most micro-businesses. By aligning their debt obligations with a monthly timeframe, entrepreneurs can better synchronize their outgoing payments with their monthly bulk revenues.

Table 9 Loan Repayment Frequency

Loan Amount	Counts	% of Total
Bi-weekly	36	24.0%
Weekly	35	23.3%
Monthly	79	52.7%

This observation broadly aligns with the study conducted by Singh and Dutt (2019), who showed that such flexible repayment terms as monthly payments will enable the entrepreneur to control business cash flows more effectively and alleviate the financial load upon loan repayment. When a borrower is not pressured by weekly deadlines, they have more breathing room to reinvest daily earnings back into inventory or emergency repairs. This strategic pacing prevents the "debt trap" scenario where an entrepreneur is forced to liquidate productive assets just to meet a rapid-fire repayment schedule.

Furthermore, the significant preference for monthly installments reflects a maturing microfinance relationship where lenders trust the borrower's fiscal discipline over a longer duration. While weekly collections are often used as a monitoring tool for high-risk or first-time borrowers, the shift toward monthly payments in this study indicates a level of operational stability among the respondents. This allows for a more predictable financial life, where the entrepreneur can plan for long-term growth rather than simply surviving from one week to the next.

Access to Financial and Non-Financial Services

This table uncovers a stark divergence in how different microfinance mechanisms are experienced. Financial Services score a mean of 3.20 (Moderately Accessed), indicating that credit and basic savings are relatively available and utilized by the respondents. However, Non-Financial Services yield a low mean of 2.14 (Rarely Accessed). This reveals a prominent institutional gap: while MFIs are successfully distributing capital, they

are falling short in delivering critical complementary services, such as financial literacy, business mentorship, and technical skills training.

Table 10 Access to Financial and Non-Financial Services

Service Category	Sample Size (N)	Mean	Median
Financial Services	150	3.20	3.00
Non-Financial Services	150	2.14	2.00

The result of this finding aligns with the research of Singh and Dutt (2019), which claimed that greater access to financial services, including savings, credit, and pay systems, leads to a higher level of financial inclusion and encourages entrepreneurial operations in small business owners. On the same note, Pattnaik et al. (2024) underlined that microfinance institutions are very instrumental in ensuring that there are ready financial services to help the businesspersons manage the flow of cash, save money, and other extra capital to run the businesses. Moreover, the Asian Development Bank (2021) observed that one of the widely used financial services in microfinance institutions is taken by micro and small businesses, such as saving services, insurance services, and credit services, to maintain and develop their businesses.

The research conducted by Pattnaik et al., (2024) which highlights the fact that, though micro financial institutions have increased their provision of non-financial services, including training, mentorship, business advisory support; they tend to take advantage of such services and, more importantly, under use it. On the same note, the International Labour Organization (2021) has documented that participation in non-financial service amidst microfinance clients as well-documented across most developing economies is comparative even when the services are known to be particularly productive to the entrepreneurial capacity and the sustainability of the business. In addition, a study by Jama et al., (2025) has found that despite the increased benefits microfinance clients receive due to the financial services, the low rate of participation in the financial literacy training and business development programs can diminish the overall effectiveness of microfinance interventions to enhance long term ventures performance.

Entrepreneurial Outcomes and Implications

Business Growth and Profitability

The empirical evaluation of entrepreneurial outcomes reveals a highly successful trajectory for the respondents, signaling that microfinance interventions serve as an effective catalyst for grassroots economic empowerment. Chief among these outcomes is the dimension of Profitability, which achieved a dominant mean score of 3.81 (Agree/Improved). This strong statistical consensus demonstrates that capital injections translate immediately into robust, tangible boosts to daily net income, operating margins, and overall household cash reserves. By relieving immediate liquidity constraints, the availed microloans directly optimize the revenue-generating capacities of these micro-enterprises, allowing owners to capture market opportunities that were previously out of financial reach.

Simultaneously, the dimension of Business Growth posted an impressive and complementary mean score of 3.61 (Moderately Agree). This indicates that the acquired funds do not merely vanish into short-term operational consumption; rather, they are systematically structuralized into long-term enterprise development, such as physical store renovations, asset accumulation, and inventory diversification.

Table 11 Entrepreneurial Outcomes

Outcome Dimension	Sample Size (N)	Mean	Median
Business Growth	150	3.61	3.75
Profitability	150	3.81	3.75

This observation is supported in line with the research of Jama et al., (2025), which established that access to microfinance is the major factor in enhancing business assets, operational capacity and their employment of the micro-entrepreneurs in the developing economies. For many of these enterprises, growth is not characterized by a sudden leap into large-scale industry but by a series of incremental improvements that solidify the business's market position. By providing the necessary capital to acquire specialized tools or larger inventory stocks, microfinance institutions enable owners to improve their service delivery and output quality. This steady accumulation of resources creates a "multiplier effect" where better assets lead to higher efficiency, which eventually necessitates the hiring of additional staff to manage the increased workload.

Jensen and Naveed (2025) indicated that the participation of microfinance enhances the profitability of businesses by enabling businesspersons to access share of capital required to invest and expand their businesses. Equally, a study of the Al-shami et al., (2021) established that programs of microcredit had the ability to cause rises in business revenues and financial stability amongst small entrepreneurs.

Relationship Between Microfinance and Entrepreneurial Outcomes.

The analysis showed a statistically significant positive relationship between microfinance lending services and entrepreneurial outcomes. Pearson's correlation coefficient was $r = .483$ ($df = 148$, $p < .001$), indicating a moderate positive association. Spearman's rank-order correlation likewise showed a statistically significant positive association, $\rho = .529$ ($df = 148$, $p < .001$). These results indicate that higher levels of microfinance lending service participation were associated with higher entrepreneurial outcomes in the sample. Because both correlation tests produced p-values below .05, the null hypothesis of no significant relationship was rejected for this relationship.

Relationship Between Microfinance Lending Services and Entrepreneurial Outcomes

Table 11 Moderation Analysis 95% C.I. (a)

Type	Effect	Estimate	SE	Lower	Upper	β	z	P
Indirect	Years_Availing_Microfinance1 Growth_and_Profitability_Mean Microfinance_Lending_Services	0.0718	0.0482	- 0.0226	0.1662	0.0472	1.49	0.136
	Years_Availing_Microfinance2 Growth_and_Profitability_Mean Microfinance_Lending_Services	-0.1452	0.0507	- 0.2445	- 0.0459	- 0.1055	- 2.87	0.0004

Component	Years_Avaling_Microfinance1 Growth_and_Profitability_Mean	0.1692	0.1084	- 0.0433	0.3817	0.1305	1.56	0.119
	Growth_and_Profitability_Mean Microfinance_Lending_Services	0.4244	0.0842	0.2593	0.5895	0.3620	5.04	<.001
	Years_Avaling_Microfinance2 Growth_and_Profitability_Mean	-0.3422	0.0982	- 0.5346	- 0.1497	- 0.2794	- 3.65	<.001
Direct	Years_Avaling_Microfinance1 Microfinance_Lending_Services	0.1493	0.1127	- 0.0716	0.3702	0.0982	1.32	0.185
	Years_Avaling_Microfinance2 Microfinance_Lending_Services	-0.3847	0.1053	- 0.5911	- 0.1783	- 0.2794	- 3.65	<.001
Total	Years_Avaling_Microfinance1 Microfinance_Lending_Services	0.2211	0.1213	- 0.0167	0.4589	0.1454	1.82	0.068
	Years_Avaling_Microfinance2 Microfinance_Lending_Services	-0.5299	0.1099	- 0.7453	- 0.3146	- 0.3849	- 4.82	<.001

Note: Confidence intervals computed with method: Standard (Delta method).

Note: Betas are completely standardized effect sizes

A moderation analysis was conducted to determine if the duration of participation in microfinance programs (Years of Availment) influenced the impact of lending services on entrepreneurial outcomes. The results indicated a significant moderation effect for respondents in the second category (Q6_Years_Avaling_Microfinance2).

These findings should be described as a moderation result rather than mediation because the conceptual framework identifies years of availment as a moderator. The present evidence does not by itself establish the moderating effect of years in business operation; that variable requires its own moderation analysis before the full hypothesis concerning both moderators can be reported as supported.

The available analysis specifically tests years of microfinance availment. For the first category, the indirect effect was not statistically significant ($b = 0.0718$, $SE = 0.0482$, 95% CI $[-0.0226, 0.1662]$, $\beta = .0472$, $z = 1.49$, $p = .136$). For the second category, the indirect effect was statistically significant and negative ($b = -0.1452$, $SE = 0.0507$, 95% CI $[-0.2445, -0.0459]$, $\beta = -.1055$, $z = -2.87$, $p = .0004$). The total effect for the second category was also significant and negative ($b = -0.5299$, $SE = 0.1099$, 95% CI $[-0.7453, -0.3146]$, $\beta = -.3849$, $z = -4.82$, $p < .001$).

Specifically, the total effect for this group was significant and negative, Estimate = -0.53 , $SE = 0.11$, $p < .001$, 95% CI $[-0.745, -0.315]$. This suggests that the relationship between microfinance lending and entrepreneurial success is significantly different for those who have availed services for longer periods, such as 7 years and above, compared to newer participants.

Furthermore, the indirect effect for Group 2 was also significant, Estimate = -0.145, $p = .004$, indicating that the duration of availment partially explains why the effectiveness of lending services might vary across the sample. In contrast, the effects for Group 1 (short-term availment) were not statistically significant ($p = .136$), suggesting that the primary influence of the moderator is felt among the most established microfinance clients.

This observation can be corroborated by the research conducted by Lubabatu (2024), which has discovered the length of participation in microfinance programs has a significant impact on entrepreneurial outcomes, since the longer a borrower continues to be involved in microfinance institutions, the better a financial manager and the business performance are developed. In a similar light, Pattnaik et al., (2024) insisted that through continuous use of microfinance services, the entrepreneur would get credit history, get more access to larger loans, as well as higher capacity to invest in productive businesses, which over time enhances business and profitability respectively. Furthermore, Ofori and Kashiwagi (2022) reported that long-term participation in microfinance programs often leads to greater entrepreneurial development because repeated access to financial services enables entrepreneurs to gradually expand their businesses and accumulate productive assets.

Table 12 Moderation Estimates

Moderation				
Moderation Estimates				
Estimate		SE	Z	p
Business Growth	0.351	0.0720	4.87	<.001
Profitability	0.227	0.0787	2.89	0.004
Business_Growth * Profitability	0.140	0.1127	1.24	0.214

The moderation analysis was conducted to ascertain whether years of microfinance service availment significantly moderates the relationship between microfinance lending services and entrepreneurial outcomes in regard to business growth and profitability.

The results showed that the moderating effect of years of availment is insignificantly consistent across categories. Specifically, for the first category of years of availment, the indirect effect was not statistically significant ($\beta = 0.0472$, $p = 0.136$), with confidence interval including zero (CI: -0.0226 to 0.1662). This means that years of availment do not significantly moderate the relationship between microfinance lending services and entrepreneurial outcomes for category one.

However, for the second category, the results indicated a significant negative moderating effect ($\beta = -0.105$), with the confidence interval excluding zero (CI: -0.2445 to -0.0459). Finally, for this category, a significant negative moderating effect was observed ($\beta = -0.105$), as zero is not included in the CI (-0.2445 to -0.0459).

Overall, the findings imply that the moderating role of years of availment is partial, and differentiates across groups. While microfinance lending services positively contributed to entrepreneurial outcome, moderating effect of years of availment is not so for all cases, as it moderates the effect negatively in some cases.

SUMMARY OF THE FINDINGS

Several important conclusions were drawn from the study's results. First, the profile of the respondents showed

that most of the respondents were between the ages of 21 and 30, which means that most entrepreneurs were in their most productive years. The number of males is almost equal to that of women, with a slight majority of men. The majority of the entrepreneurs are college graduates, which suggests that the microentrepreneurs in this group are fairly educated. Most of the companies were in the retail and service industries. A significant portion of the enterprises had been operating for 4 to 6 years, indicating they were quite established in the market. Most respondents reported having utilized microfinance services for 4 to 6 years.

Second, the study found that the most common loan amount among respondents was ₱80,001 and above. This suggests that many entrepreneurs need a substantial capital investment to start and run their businesses. Loans were mostly utilized to buy fixed assets, pay for working capital, and grow the business. Most of the participants who answered the survey prefer a monthly payment plan. Participants used microfinance institutions for financial services, but they didn't use them much for non-financial services like training and mentorship.

Third, when it came to entrepreneurial outcomes, most of the participants who answered said that their businesses had grown, especially in terms of more assets, more services, and better business capacity. This also means that their profits had gone up, which was shown by more sales, a greater net profit, and better financial stability. The Pearson correlation study showed that there is a strong positive link between microfinance lending services and entrepreneurial outcomes. This means that microfinance services help businesses grow and generate more money. The study also revealed that the amount of time entrepreneurs had been in microfinance programs affected the link between microfinance services and business success. Entrepreneurs who utilized microfinance for extended periods typically experienced greater enhancements in their business performance.

CONCLUSION

Microfinance lending services support business growth and revenue generation, highlighting their significance for the economy as a whole. Although many people access financial services, non-financial offerings such as training, mentoring, and business development programs remain underutilized. This indicates that there is potential for improving these initiatives. Additionally, the duration of a person's engagement with microfinance programs influences their success as an entrepreneur. This implies that prolonged involvement with microfinance institutions contributes positively to business development. In summary, microfinance loan programs play a crucial role in enhancing the success of microentrepreneurs.

Implications for Business Administration

This study's empirical findings provide practical and important information for microfinance institutions (MFIs), business administrators and economic policy makers who want to increase the chances of micro-enterprise survival and scale up. First, the high profitability vs low access to training indicates a need for a paradigm shift from "Credit-Only" to "Credit-Plus" development models. Business administrators need to understand that, with raw capital, short-term relief in business operations is provided, but non-financial services are still not fully utilized. Local financial ecosystems should be transformed to a model where basic financial literacy, bookkeeping and risk management training are systematically integrated into the active loan process to secure long-term sustainability of the enterprises.

Second, the strategic allocation of credit should be optimized to reflect the whole picture of the cash flow of micro-enterprises. The loans' usage for multi-purpose purposes and the high ratio of borrowers in the upper tier of financing (₱80,001 and above) attest to the fact that these operations are not isolated from other activities. Credit officers and institutional managers need to be shifting away from a one-size-fits-all loan product. Rather, risk assessment models and product designs should seamlessly accommodate the realities of the home business, and be based on the assumption that strengthening the personal financial safety net of a family is often a necessary step to strengthening their business.

Lastly, the findings reveal Customer Relationship Management (CRM) as a key enabler of enterprise resilience. There is a clear association between institutional continuity and business survival due to a

substantial sample of loyal, long-standing customers who are in the 4-6 years and 7 years and above categories. For business administrators, this highlights the need to pay attention to credit systems based on relationships, not simply a series of transactional cycles of microfinance. The ability to actively engage this loyalty is best done by crafting a progressively evolving borrower graduation process offering preferential interest rates, increased loan amounts, or business mentoring to those customers that remain compliant over time.

RECOMMENDATION

Based on the results of the study and its conclusions, several recommendations are made. Microfinance organizations should continue to provide user-friendly financing options to assist microentrepreneurs. Microfinance institutions should also emphasize the importance of non-financial services such as business training, financial literacy initiatives, and mentorship. These additional services can significantly enhance entrepreneurial skills and support the sustainability of micro-enterprises. Microentrepreneurs are urged to take full advantage of both financial and non-financial services offered by microfinance institutions, as these programs can improve business management skills and increase the likelihood of success. Future researchers are encouraged to include additional factors in their studies, such as financial literacy, digital financial solutions, business innovation, and government support initiatives. Furthermore, enlarging the sample size or conducting comparative studies across various locations may yield a more comprehensive understanding of the topic. Furthermore, increasing the sample size or performing comparative research across several locations may provide a more thorough insight into the effects of microfinance on entrepreneurship.

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Appendix A

Microfinance Lending Services among Microentrepreneurs: Selected Profile Variable as Moderator

Survey Questionnaire

Name (Optional): _____

Part I. Socio-Demographic Profile

(Please check ✓ or fill in your answer)

1. Age:

- ☐ Below 20 ☐ 31–40
☐ 21–30 ☐ 41–50 ☐ 51 and above

2. Sex:

- ☐ Male ☐ Female ☐ Prefer not to say

3. Educational Attainment:

- ☐ Elementary Level/Graduate ☐ Vocational/Technical
☐ High School Level/Graduate ☐ Others: _____
☐ College Level/Graduate

4. Type of Business:

- ☐ Retail (sari-sari store, etc.) ☐ Services
☐ Agriculture-related ☐ Other (Please specify): _____
☐ Food business

5. How many years has your business been in operation?

- ☐ 1 – 3 years ☐ 7 years and above
☐ 4-6 years

6. For how many years have you been availing microfinance services?

- ☐ 1 - 3 years ☐ 7 years and above

☐ 4-6 years

Part II. Availment of Microfinance Services

7. What was the average or most recent loan amount you availed (in local currency)? Please check one box only.

☐ Below ₱ 20,000

☐ ₱20,000 – ₱40,000

☐ ₱40,001 – ₱60,000

☐ ₱60,001 – ₱80,000

☐ ₱80,001 and above

8. How did you primarily utilize the funds from your most recent microfinance loan? (Select all that apply)

☐ Purchase inventory/raw materials

☐ Purchase fixed assets (equipment, etc.)

☐ Business expansion/renovation

☐ Working capital/operations

☐ Personal/household needs

☐ Other (Please specify): _____

9. What is your most common loan repayment schedule?

☐ Weekly

☐ Bi-weekly

☐ Monthly

☐ Other (Specify): _____

10. How frequently do you use the following financial services from your microfinance institution (MFI)?

Scale: Never (1) to Always (5)

Services:

____ Savings/Deposits

____ Insurance (Micro-insurance)

____ Money Transfer/Remittance

____ Additional Credit/Re-loan

11. How frequently do you avail the following non-financial services from your microfinance institution (MFI)?

Scale: Never (1) to Always (5)

Services:

_____ Business Management/Skills Training

_____ Financial Literacy Training

_____ Market Linkage/Networking Assistance

_____ Mentorship/Advisory Services

Part III. Entrepreneurial Outcomes Instruction: Please indicate the extent of your agreement with the following statements regarding your business performance since availing of microfinance services. Scale: 1–Strongly Disagree, 2–Disagree, 3–Neutral, 4–Agree, 5–Strongly Agree.	
Business Size/Growth	
12. My number of employees has increased.	☐ ☐ ☐ ☐ ☐
13. My business assets (e.g., equipment, tools) have significantly increased in value.	☐ ☐ ☐ ☐ ☐
14. My business has expanded its product/service offerings.	☐ ☐ ☐ ☐ ☐
15. The physical size or capacity of my business facility has increased.	☐ ☐ ☐ ☐ ☐

Profitability & Financial Health	
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Scale: 1 –Strongly Disagree, 2 –Disagree, 3 –Neutral, 4 –Agree, 5 –Strongly Agree.	
16. My average monthly sales revenue has increased.	☐ ☐ ☐ ☐ ☐
17. My business's net profit has substantially improved	☐ ☐ ☐ ☐ ☐
18. I now have an improved ability to cover my business expenses.	☐ ☐ ☐ ☐ ☐
19. I am better able to save or reinvest profits back into the business.	☐ ☐ ☐ ☐ ☐