

Factors Influencing the Failure of Micro-Enterprises in Looc, Jagna, Bohol

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ABSTRACT

Micro and small enterprises (MSEs) play a crucial role in job creation and contribute to societal progress and economic growth. In the Philippine economy, however, MSEs often exhibit lower productivity compared to large enterprises due to various obstacles. This study aims to identify the factors contributing to the failure of micro-enterprises in the Municipality of Looc, Jagna, Bohol, in 2024. The study examines the demographic profile of the owners and their perceptions of key factors contributing to business failure, focusing on management practices, financial management, and market management. The findings reveal that the majority of micro-enterprise owners are women aged 30-39, with a high school education, and most operate sole proprietorships, particularly in sari-sari stores and thrift shops. Using a convenience sampling method, a survey was distributed to 30 micro-enterprise owners. The study identifies poor management practices, inadequate financial record-keeping, and challenges in market management as the primary contributors to business failure. Notably, mismanagement emerged as the most significant factor, highlighting the need for improved financial tracking, budgeting, and market strategies. Addressing these challenges is essential for enhancing the survival and growth of micro-enterprises, which in turn will benefit employees, customers, suppliers, and the broader community. The study underscores the need for enhanced training in management, stronger financial oversight, and strategic market positioning to foster sustainable growth.

Keyword—Business administration, micro-enterprises, descriptive research, Philippines

INTRODUCTION

Enterprises are the backbone of the economy. Micro, small, and medium enterprises are vital components of the economy. They contribute significantly to the gross domestic product, tax revenue, and employment. These enterprises, often referred to as MSMEs, play a crucial role in driving economic growth and development (Sumarsid et al., 2022). Micro, small, and medium enterprises are a crucial component of the economic landscape in many countries around the world (Ikwuochie et al., 2020). They play a significant role in job creation, revenue generation, innovation, and overall economic growth. MSMEs are also important in reducing poverty and promoting economic empowerment. With the rise in the number of MSMEs, both domestic and international transactions and trade values have increased (Hastuti et al., 2021).

In Ethiopia, a significant development challenge has arisen due to the high failure rate among Micro and Small Enterprises (MSEs) which is caused by entrepreneurs' inability to transform their business to grow into medium-sized enterprises. MSEs play an important part in a variety of economic development concerns confronting Ethiopia as a country. The micro, small and medium-sized enterprise sector has made significant contributions to employment creation, poverty reduction, and national development. In addition to the foregoing, MSMEs are often affordable to start and have the potential to bring tremendous economic growth to Ethiopia. However, many MSEs in Ethiopia still struggle due to various challenges, resulting in poor performance and limited contributions to the economy (Teka, 2022).

Despite the substantial boost they provide to the Philippine economy, MSMEs continue to be significantly less productive than large enterprises due to a variety of obstacles. These include restricted access to financing,

access to technology, market access, disruptive regulations, and a shortage of human capital. Many MSMEs cannot recruit highly skilled labor due to their poor output (Wu, 2022).

Jagna, Bohol, as one of the fast-rising municipalities of the province of Bohol is among the center of the province's economic hubs creating various job opportunities and a suitable place for building businesses. However, such is not an excuse for failure. There were establishments closed due to unsuccessful operations amidst the increasing number of business establishments built in the town.

In this light, the researchers aimed to conduct further studies to determine the factors affecting the failure of some establishments in Looc, Jagna, Bohol. As such, the future entrepreneur will gain awareness and knowledge which will help them towards better strategic planning upon starting to undertake into business.

OBJECTIVES

This study aimed to determine the factors influencing the failure of Micro-Enterprises in the Municipality of Looc, Jagna, Bohol for the year 2024. Specifically, it sought to:

Determine the demographic profile of the respondents in terms of: age, sex, civil status, educational attainment, type of ownership, and type of business.

Evaluate the respondents' perception of the factors that contribute to the failure of micro-enterprises in Jagna in terms of: management situations, financial management and market management.

METHODOLOGY

Design

This study employs a descriptive research design, utilizing a survey questionnaire as the primary data collection tool. The approach focuses on gathering and analyzing quantitative data to identify key variables that contribute to the failure of micro-enterprises.

Respondents

The study was conducted in Looc, Jagna, Bohol, focusing on micro-enterprise owners who have experienced business failure. A total of 30 micro-enterprise owners participated in the study, selected through a purposive sampling method. This approach allowed the researchers to gather insights from individuals who have encountered challenges in maintaining their businesses.

Table I Research Respondents

Indicators	Frequency
I. Age	
20-29	10
30-39	12
40-59	8
II. Sex	
Male	10
Female	20
III. Civil Status	
Single	13

Married	15
Separate	1
Widow/Widower	1
IV. Educational Attainment	
Elementary Level	3
Elementary Graduate	
Highschool Level	6
Highschool Graduate	9
College Level	6
College Graduate	5
Postgraduate Level	
Postgraduate Degree	
TESDA	1
V. Type of Business Ownership	
Sole/Single Proprietorship	16
Partnership	14
VI. Type of Business	
Milk tea Hub	2
Thrift Store	4
Sari-Sari Store	6
Eatery	3
Bakery	2
Boutique	1
Clothing Store	1
Salon	2
Flower Shop	1
BBQ Hub	1
Motor Parts Shop	1
Calamay Vendor	2
Letchon Manok	1
Dressed Chicken	1
Snacks Hub	1
Barber Shop	1

Environment

This study was conducted in Barangay Looc, located in the municipality of Jagna, Bohol. Looc is a coastal

barangay known for its vibrant local economy, which is largely sustained by micro-enterprises such as sari-sari stores, food vending, fishing-related businesses, and small retail operations. The area is characterized by a mix of residential and commercial zones, with accessibility to essential public services and local markets. Its strategic location along the national highway and proximity to the town center makes it an ideal setting for entrepreneurial activities.

Instruments

To facilitate the gathering of the data, the researchers used a modified questionnaire as the main tool. The questionnaire was adopted from the study of Justino (2015) entitled “Factors Influencing the Failure of Small Enterprises in the Selected Municipality in Luanda, Angola”. It is divided into 2 parts: The first part will answer the demographic profile of the respondents. This section determines the age, civil status, sex, educational attainment, type of ownership and type of business. The second part is about business profiles that aimed to know the factors that influence the failure of micro-enterprises. It is composed of eighteen (18) items and is answerable by a 4-point scale of Strongly Agree (4), Agree (3), Disagree (2), and Strongly Disagree (1).

Data Gathering Procedure

A letter asking for authority for the conduct of the study in the town of Jagna, Bohol is being prepared initially to the Dean of the College and Campus Director. This undertaking guarantees the objectivity and legitimacy of the study. Subsequently, the researcher communicated the same letter of request of consent to administer a research study to the Municipality Mayor of Jagna, respectively. It primarily sought approval to distribute the questionnaire to respondents. The data for this study was collected through a structured survey questionnaire distributed to micro-enterprise owners in Looc, Jagna, Bohol. The questionnaire gathered demographic information including age, gender, educational attainment, and type of business ownership. After collection, the data was systematically encoded, tabulated, and analyzed using descriptive statistics to identify trends and patterns. This procedure enabled the researchers to interpret the entrepreneurial profile of the respondents and draw meaningful insights into the demographic characteristics influencing micro-enterprise ownership in the area

Data Treatment

Frequency count and percentage – to describe the demographic profile of the respondents.

Weighted mean – to assess the factors influencing the failure of micro-enterprises in Looc, Jagna.

RESULTS AND DISCUSSION

This section presents the data analysis of the study on the factors influencing the failure of micro-enterprises in Looc, Jagna, Bohol. The data is organized into several sections: an overview of the respondents' demographic profile and an in-depth analysis of the factors identified by the respondents as contributing to the failure of micro-enterprises. The factors are categorized into three main areas: management issues, financial management, and market management.

Demographic Profile of the Respondents

Presented in table below is the demographic profile of the respondents such as age, civil status, educational background, type of business ownership and nature of business.

TABLE II Demographic Profile of the Respondents

Indicators	Frequency	Percentage
I. Age		
20-29	10	33.33

30-39	12	40.00
40-59	8	26.67
II. Sex		
Male	10	33.33
Female	20	66.67
III. Civil Status		
Single	13	43.34
Married	15	50.00
Separate	1	3.33
Widow/Widower	1	3.33
IV. Educational Attainment		
Elementary Level	3	10.00
Elementary Graduate		
Highschool Level	6	20.00
Highschool Graduate	9	30.00
College Level	6	20.00
College Graduate	5	16.67
Postgraduate Level		
Postgraduate Degree		
TESDA	1	3.33
V. Type of Business Ownership		
Sole/Single Proprietorship	16	53.33
Partnership	14	46.67
VI. Type of Business		
Milk tea Hub	2	6.67
Thrift Store	4	13.35
Sari-Sari Store	6	20.00
Eatery	3	10.00
Bakery	2	6.67
Boutique	1	3.33
Clothing Store	1	3.33
Salon	2	6.67
Flower Shop	1	3.33

BBQ Hub	1	3.33
Motor Parts Shop	1	3.33
Calamay Vendor	2	6.67
Letchon Manok	1	3.33
Dressed Chicken	1	3.33
Snacks Hub	1	3.33
Barber Shop	1	3.33

The demographic data reveals that the majority of micro-enterprise owners in the sample are in the 30-39 age group (40%), with 33.33% in the 20-29 range. This suggests a young, dynamic entrepreneurial demographic in Looc, Jagna, Bohol. The gender distribution shows a higher prevalence of female micro-enterprise owners (66.67%), supporting the growing role of women in entrepreneurship.

Educationally, most respondents have at least completed high school (30%) or college-level education (20%). The data suggests that education plays a critical role in shaping entrepreneurial capabilities. Furthermore, a notable 53.33% of respondents operate sole proprietorships, a common business structure in micro-enterprises.

Management Issues as Factors to Failure

Table Iii Management Issues as Factors to Failure

	Indicators I. Management Issues as Factors of Failure	Weighted Mean	Description
1	Mismanagement of the business	3.50	Strongly Agree
2	Lack of marketing strategy	3.20	Agree
3	Lack of communication skills	3.17	Agree
4	Lack of self-discipline	3.07	Agree
5	Lack of critical thinking	3.00	Agree
6	Lack of delegation	2.93	Agree
7	Lack of team building	2.90	Disagree
	Sub-Composite Mean	3.11	Agree

The respondents strongly agreed that mismanagement of the business (mean = 3.50) was the most significant factor contributing to business failure. This finding is consistent with previous research that highlights the negative impact of poor management practices on business sustainability (Kumar et al., 2022). Additionally, respondents expressed agreement regarding other management-related challenges, such as lack of marketing strategy (mean = 3.20) and communication skills (mean = 3.17). These findings underscore the critical role of effective leadership and strategic planning in sustaining micro-enterprises.

Financial Management Issues as Factors of Failure

TABLE IV Financial Barriers to the Growth of Microenterprises

	Indicators II. Financial Management Issues as Factors of Failure	Weighted Mean	Description
1	Poor financial record-keeping	3.70	Strongly Agree
2	Lack of financial planning & budgeting	3.37	Strongly Agree
3	Lack of cost control	3.30	Strongly Agree
4	High operating expense	3.23	Agree
5	Insufficient capital	3.00	Agree
	Sub-Composite Mean	3.32	Strongly Agree

The highest-rated financial issue was poor financial record-keeping (mean = 3.70), followed by lack of financial planning and budgeting (mean = 3.37). These factors underscore the importance of robust financial practices and access to capital for sustaining micro-enterprises. Previous studies, such as those by Azis and Amir (2020), emphasize that poor financial management is one of the leading causes of small business failure.

Table V Market Management Issues as Factors of Failure

	Indicators III. Market Management Issues as Factors of Failure	Weighted Mean	Description
1	Bad location & infrastructure	3.50	Strongly Agree
2	Lack of ability to assess demand	3.33	Strongly Agree
3	Customer loyalty challenges	3.20	Agree
4	Lack of innovation	3.13	Agree
5	Lack of providing and receiving feedback	3.10	Agree
	Sub-Composite Mean	3.25	Agree

The most strongly agreed-upon market-related issue was a bad location and infrastructure (mean = 3.50), followed closely by lack of ability to access demand (mean = 3.33). These issues reflect the need for thorough market research and strategic positioning to ensure the competitiveness of micro-enterprises. Research by Mutua et al. (2023) supports the idea that an inadequate market strategy and failure to understand consumer needs are significant contributors to business failure.

The analysis of the respondents' demographic characteristics and the factors influencing the failure of micro-enterprises reveals several key insights. Management-related issues, such as poor business practices, lack of marketing strategies, and weak communication skills, were identified as primary causes of failure. Financial mismanagement, including poor record-keeping and inadequate budgeting, also emerged as significant contributors to business collapse. Additionally, market-related challenges, such as lack of market understanding and poor product positioning, were highlighted by respondents as critical factors.

These findings suggest that micro-enterprises in Looc, Jagna, Bohol face significant challenges in terms of both internal management and external market dynamics. Addressing these issues through targeted interventions, such as financial literacy training, business management courses, and market research support, could help mitigate the risk of business failure in the region. These results align with previous studies and highlight the importance of a holistic approach to addressing the challenges faced by micro-enterprises.

CONCLUSION

In conclusion, this study identified poor management practices, financial mismanagement, and market-related challenges as the primary factors contributing to the failure of micro-enterprises in Looc, Jagna, Bohol. These findings highlight the importance of improving business management, financial literacy, and market understanding to enhance the sustainability of micro-enterprises. The study suggests targeted business development programs, financial assistance, and community support to address these challenges. By addressing these issues, local micro-enterprises can improve their chances of success, contributing to the overall economic growth of the region. Future research could further explore the effectiveness of these interventions in promoting long-term sustainability for micro-enterprises.

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