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The Phenomenology of Micro-Entrepreneurs (MicroTrepreneur Model) in the Philippines

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Abstract: The study aimed in developing an Entrepreneurial Model which is a scenario-based deduced from the operations of Micro-Entrepreneurs in the Philippines which include the factors affecting the profitability (monthly sales, return on investment and tax paid) of the business operations such as Human Capital (access to capital, experience in business, entrepreneurial skills, financial management skills and marketing skills) and Business Strategies (low-cost, differentiation, and focus). It applied the Triangulation (Analysis triangulation of which the same data set is analyzed with the use of two or more differing analyses techniques to cross validate the findings such as descriptive-regression, Interview and Focus group discussion) Method of Research and employed a Cluster Random Sampling technique from the Three Major Geographic Division of the Philippines, the Luzon, Visayas and Mindanao in their Local Government Units (LGUs).

It turned out that human capital was accessible to the micro entrepreneurs with their effective business strategies that established possible monthly sales of P10,000 to P50,000, interpreting a return on investment of 20% to 50% and tax paid of less than P20,000 relating to Human capital as well as return on investment and access to capital and marketing skills were strong predictors of monthly sales. Human capital as access to capital is a strong predictor of return on investment but not predictor of tax paid.

A MCV-2021 model was developed as an answer to the need of the people especially those who are planning to start a new venture in relation to micro-entrepreneurial activities as well as to augment the government calls to increase the GDP-GNP that eventually enhances the economic growth of the country.

Keywords: Micro-Entrepreneurs, Entrepreneurship, MCV-2021- MicroTrepreneur Model, Phenomenology, Analysis Triangulation, Philippines

Introduction

Quality of life of the people, especially in the Philippines, a country of which still considered developing is very stiff in a sense that there are people that can not even cope with their daily lives base on observation as researchers and business educators. This is on of the reasons that triggered the researchers to develop an idea through research that would be of great help not only to the Filipino people but of course across the world. This is a way to design and develop a very practical entrepreneurial model through entrepreneurship activities which is a scenario-based evaluation and analysis.

By experiential definition of entrepreneurship (Mendoza, C. N., 2007) is the activity that sets the idea on creating or extracting value entailing risk yet seeing opportunities beyond what is normally encountered in preparing a business, which may include other values such as the Social, Technological, Economic, Education and Political (STEEP).

It is also considered as a key driver of our economy and of the world's economy. In fact, the 1987 Philippine Constitution recognizes entrepreneurship as an engine of economic growth. Article XII Section 1 highlights the role of private enterprises in supporting equitable distribution of income and wealth, sustaining production of goods and services and expanding productivity, therefore raising the quality of life.

The role and importance of small enterprise sector to economies of countries, especially developing

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economies like the Philippines has been recognized and documented in the entire world. This is mainly in terms of job creation, breeding ground for entrepreneurs, technological innovation and gross national product. The part of entrepreneurship in economic progress involves more than just increasing per capita output and income; it involves starting and creating change in the structure of business and society. The most common measure for economic prosperity is the Gross Domestic Product or GDP for short. It measures the monetary value the price of all goods and services produced in a country (Roser, 2019).

Moreover, Entrepreneurs must utilize human capital as a strategy to financial performance. Human capital has been theoretically and empirically linked to business performance. Since a couple decades ago a number of comparative studies on the human capital-performance link indicated that certain aspects of human capital are conducive to business performance and Further the current business environment has change rapidly due to technology advancement, working environment and the emphasis on cost effectiveness The complexity of business organization environments demands employees who are proactive, positive and having adequate quality of human capital. Most organizations have embraced human capital as one of the sources of competitive advantage to enhance better performance. In pursuit of sustainable organization, employees of Malaysian private sectors particularly in logistic companies are left with no other option but to gain competitive advantage by ameliorating its performance suggested that in an intense globalized competition human capital has been recognized as one of the crucial components that drive the financial performance (Samadis, 2013).

Aside from the human capital another factor for business opportunity are the business strategies. Maximize growth by managing business strategy like an investment portfolio discusses: How to take risks confidently, resulting in better decisions about which initiatives to pursue for your portfolio and which to kill. Improving "the fundamentals," so your organization executes strategy with operational excellence that stays aligned with overarching business strategy across the entire portfolio .Maximizing overall returns through superior allocation of resources among your portfolio of business initiatives Whether you're making a large or small transition, resetting a strategy, or acquiring a company, assess the impact on various elements of your organization – and your people – and address it quickly and forthrightly. Improve your teams' fundamental skills associated with executing against strategy and managing initiatives or projects and you will reduce risk, better understand the risks you face and how to mitigate them, and always execute in alignment with your organization's strategic intent. (Asian Development Bank Institute, Tokyo 2016).

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. The main objective of the study is to understand the financial statements of nationalized banks and to study the financial health of the banks using ratio analysis. The conclusion is that while analyzing the financial performance of nationalized banks the performance of Indian overseas bank was better than other banks and SBI has to stabilize their financial stability. (Premaselvaraji et al., 2017).

In the light of the findings of other studies, there is a need to address the concerns of entrepreneurs in the micro level, particularly the micro entrepreneurs in the three major geographical division of the Philippines the Luzon, Visayas and Mindanao of which considered still as agricultural in its landscape that is basically rich in natural resources to start with.

Review of Related Literature

Literature Review

Entrepreneurship

Globalization reshapes the international economic landscape and technological change creates greater uncertainty in the world (Wube, 2010). The dynamism of entrepreneurship is believed to be able to help meet the new economic, social and environmental challenges. Governments progressively consider entrepreneurship to be the foundations of a competitive national economy. Entrepreneurship is linked to regional development programs and the creation of new firms boost employment and output in depressed regions. Some countries simply seek to increase firm creation

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as such, while others set out to support high- growth firms (Schumpeter, 2005). Many countries are making serious efforts to support entrepreneurship by understanding the determinants of and obstacles to entrepreneurship, and the need to analyze the effectiveness of different policies.

Entrepreneurial aspect is important because one of the critical success factors in the performance of a business organization is human behavior that will run a variety of other management aspects in that business. The research results Taormina and Lao (2007) stated that the success of a business is determined by the characteristics of the individual. Individual characteristics can be change or stable over time. Entrialgo, et al (2000) suggest that individual personality significantly influence the success of SMEs business organizations.

Entrepreneurship has been defined as a dynamic process of creating wealth by building something of value from practically nothing, devoting necessary time and effort. It is a process that involves a willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities (Miner & Haunschild, 2005).

Entrepreneurship is considered as one of the driving forces of development particularly in modern economies. However, this term can be quite difficult to define despite the large volume of studies done on the subject. Moreover, a number of definitions exist on what constitutes "entrepreneurship" and who can be categorized as an "entrepreneur".

The entrepreneurship, in the opinion of the economists, would be synonymous to the individual's accomplishments in the business field. But when the business has developed, the collective behaviour of the people within the organization becomes critical for its success. Thus, entrepreneurship refers not only to the design of a business idea, but also to the projection and maintenance of the organization so that the activity may continue to take place (Panda, 2011 as cited by Sergiu Rusu, Florin Isac, Radu Cureteanu, and Luiela Csorba 2012)

Entrepreneurship has been known to serve an important function in job creation, economic growth, and development of various geographic entities, from villages to regions and even to entire countries. Scholars have defined entrepreneurship in numerous ways (Landstrom et al. 2012). (Hitt et al. 2011 as cited by Tainyi Luor, Hsi-Peng Lu, Hueiju Yu, and Kuoliang Chang 2014) also defined entrepreneurship as a set of individuals who discover, evaluate, and exploit these opportunities. In the academic literature, numerous studies have introduced the attributes and domain of entrepreneurship or tried to explore its stream.

Describe entrepreneurship as an activity, which involves "the discovery, creation and exploitation of opportunities aimed at the introduction of, e.g., new goods and services, new ways of organization, or new processes" (Aren-ius and De Clercq 2005 as cited by Agnieszka Klucznik-Törö 2014).

Micro enterprises in the Philippines

The government's commitment to promote small enterprises as a policy for growth is formally made explicit in the recently approved Magna arta for Small Enterprises, which seeks the following:

To promote, develop, and assist small and medium-scale enterprises through the creation of a Micro enterprise development (MED) council, and the rationalization of government assistance programs and agencies concerned with the development of small and medium enterprises, and for other purposes (Lapar, 1991 as cited by Miranda 2018).

On the basis of the latest available statistical data provided by the Philippine Statistics Authority (PSA) (2015), there are 900,914 establishments in the Philippines. Of these, 99.5 per cent (896,839) are micro, small and medium enterprises (MSMEs), and the remaining 0.5 per cent (4,075) is large enterprises. Majority of the 896,839 MSMEs in 2015 were in the wholesale and retail trade; the business establishments engaged in the repair of motor vehicles and motorcycle industries, accommodation and food service activities, manufacturing, other service activities, information and communication, and financial and insurance activities were 417,094; 119,037;113,949; 56,904; 35,171; and 34,384, respectively.

There are many factors that may affect the business practices and level of business performance of the micro entrepreneurs. The factors that may affect business practices and business performance are but not limited to capital, number of years in business, entrepreneurial skills, marketing skills, financial management skills, economic, legal and administrative and socio-cultural.

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Human capital in entrepreneurship

Entrepreneurs create value, but not in the same way as commercial entrepreneurs; they provide goods and services that are neither supplied on the market nor addressed by the government. In so doing, they create social welfare while the financial viability of their venture is their key constraint. In contrast, commercial entrepreneurs maximize private welfare and capture the residual for themselves. Some of the value that social entrepreneurs create is therefore not incorporated in market transactions directly: instead their objective is to generate positive external effects for the community from their activities. Because social and commercial entrepreneurs differ in their goals and in the way that value is created, some of the necessary skills are common but other skills and abilities may need to be different to succeed in social and commercial entrepreneurship respectively. Hence the two types of entrepreneur may not be drawn from exactly the same pool of talent, which has implications for the relationship between education, human capital and the choice of social as against commercial entrepreneurship as well as the context (Honig, B. 2013).

Motivating human capital in knowledge-intensive activities is a serious managerial challenge because it is difficult to link rewards to actions or performance. Firms instead might motivate knowledge workers by offering them opportunities to increase personal benefits (e.g., learning, satisfaction) through autonomy in the decision-making process. Our model shows that firms can offer less autonomy in projects closer to their core business: Because firm specialization raises the value of the project's outcomes, it also increases the benefits for knowledge workers, who derive motivation even though they make fewer decisions to support their realization of personal goals. Projects farther from the core offer weaker firm contributions, so firms can motivate knowledge workers by allowing them to benefit from greater autonomy (Panico, C., & Valentini, G. 2015).

Access to Capital

Finding start-up finance and lack of access to financing has been identified as the most serious constraint to MSME growth and development (SEPO, 2012). Even after getting started, getting sufficient finance to sustain business growth is another problem. The problem related to finance includes lack of information on where to source for finance, restrictive lending offered by commercial banks, lack of access to finance, insufficient financing, lack of track record required by the banks, limited access to collateral, and the fact that financial institutions lack appropriate structure for dealing with SMEs. A study in found finance as one of the most prominent constraints (Mbugua,Njeru & Tirimba, 2004).

Small enterprise owners cannot easily access finance to expand business and they are usually faced with problems of collateral, feasibility studies and the bank charges. Extant literatures identified finance as one of the most prominent constraints for micro entrepreneurs (Mbugua,Njeru & Tirimba, 2004).

Nimoh, Tham-agyekum, & Aduamah, (2011) identified the factors that contributed to the performance of the entrepreneurs aside their socio-economic characteristics were the need for achievement, risk taking ability, good customer service, good employees, affordable goods and quality of goods. The effect of the characteristics on the total and net revenues of the entrepreneurs showed that both start-up finance and experience of the entrepreneurs had a positive effect on the revenues at 1% and total cost was also positive at 10% significant levels. The major constraint that the entrepreneurs faced in the Kumasi Metropolis was difficulty in obtaining loans from financial institutions.

Robb and Coleman (2014) found that compared to men overall, women raise smaller amounts of capital to finance their firms and are more reliant on personal sources of financing. Robb and Coleman highlight the different financing strategies of men-and women-owned high-growth businesses: –Women founders are three times less likely to access equity financing through angel investors or venture capitalists; –Men are more likely than women to tap networks of close friends and business acquaintances; and –Men and women are equally likely to use bank financing, with roughly half of each using it.

Experience in Business

Experience is usually the key to a successful business in any parts of the world. It can be divided into three

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main categories which are family business, previous business/working experience or others' experience that people encountered. (Silva, 2013)

Managerial competencies have a positive influence on the performance of SMEs. Managerial experience, education, knowledge and start-up experience are used to measure managerial competencies (Hisrich & Drnovsek, 2002). In a study where the importance of management competence in SMEs success was investigated, lack of managerial competency was found to be the main reason why SMEs fail (Martin & Staines, 2008). Abdel, Rowena & Robyn (2010) revealed that small business owner-managers have very basic understanding of financial and accounting information and have serious problems with financial planning literacy. On the same theme, it has been asserted that small and micro enterprises owner managers have little knowledge about financial matters, and found out that those with little or limited financial planning skills do not even value the information extracted from financial statements (Alattar, Kouhy & Innes, 2009).

Entrepreneurs that had worked at least seven years prior to starting small businesses grew faster than those without prior work experience and working in another business owned firms grew much faster than those owned by proprietors with no previous experience. Work experience has also been found to enhance professional and social networks that help with accessing financial resources, finding management advice and identifying business opportunities (Ramachandran, 2005). Business contacts from previous jobs have been found to be helpful to high-growth entrepreneurs in Latin America and Asia (Kantis, Angelli &Koenig, 2004).

Having business experience means you know your sector intimately. Experienced entrepreneurs understand the changing trends and demands in their respective industries. This knowledge directly leads to developing efficient products that resonate with the target audience (HWY Pro 2017).

Entrepreneurial skills

Entrepreneurship skills as "identifying customer needs, technical or market opportunities, and pursuing opportunities" (Hayton, 2015,) He posits these entrepreneurship skills as part of a broader set of leadership and management skills needed in SMEs. Hayton identifies a positive relationship between (self -reported) entrepreneurship skills and some measures of business performance. Leadership skills and entrepreneurship skills combine to influence strategy formalization and responsiveness, factors that are positively associated with performance and growth. Chell (2013) provides a useful overview of the literature on entrepreneurship skills, building on writers such as Markman (2007) who developed a theory of entrepreneurial competences, which Chell feels is at too high an order of generality to be of practical use. Michelmore and Rowley (2013,) suggest a framework which identifies six main entrepreneurial competences: identification and definition of a viable market niche, development of products or services appropriate to the firm's market niche / product innovations, idea generation, environmental scanning recognizing and envisioning taking advantage of opportunities, formulating strategies for taking advantage of opportunities. Volery et al (2015) suggest, on the basis of a detailed qualitative study of the actions of entrepreneurs, that different skills may be required to successfully undertake the idea recognition/creation element of entrepreneurial behaviour, as compared with the skills necessary to capitalise successfully on the idea (or ideas).

In tandem with an extensive body of research, Markman and Baron (Morales& Marquina 2013) pointed out that the chances of entrepreneurial success growing in the presence of personal characteristics and skills such as self-efficacy, ability to recognize opportunities, personal perseverance, human and social capital, and superior social skills are increased. Although some of these traits may be treated as personal characteristics, Markman and Baron affirmed that all of the characteristics and skills can be learned by means of appropriate short-term training. Such a perspective is rooted in theories of person-organization fit, according to which people choose jobs consistent with their attitudes, values, abilities, personality, and personal preferences; what is more, research supports that incompatibility of values between the employee and the organization is a predictable cause of employee turnover. As cited by (Morales& Marquina 2013), the individual- difference factors posited, in contrast to other aspects of personality, are open to modification through appropriate training. At the other end of the scale, Markman and Baron acknowledged these personal characteristics interact in complex ways with market forces, industry trends, new technological discoveries,

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and so on, to determine the success of entrepreneurial firms.

Financial Management Skills

It is important for the micro entrepreneur to have knowledge on finance and know how to apply it successfully, be it on production, marketing, personnel, operations, or any aspect of the business. This is so because hiring someone to handle financial matters of the business of the micro entrepreneurs may cause economic inconvenience due to its size and nature. The micro entrepreneur as finance manager of his business should know where to look, what to ask, and where to get the financing problems of business operations (Salvador ,Baysa, Gamboa,& Geronimo, 2012).

Many entrepreneurs struggle to find the capital for their business. There are many sources to consider in but not all entrepreneurs know how to fully explore all financing options. Some of the financing sources are personal savings, friends and family, credit cards, banks, ventures, and government program. Personal savings is the best source of capital because it is easy to use, quick to access, has no payback terms, and requires no transfer of equity. Friends and family are the second easiest source of funds to access because they do not usually require the paperwork that other lenders require (BIIP,ND). Knowing the financial conditions of the business is very important. It helps the micro entrepreneur to allocate resources and identify areas requiring development and attention.

In a recent survey of business owners, the functional area they cited as being the one in which they had the weakest skill was the area of financial management— accounting, bookkeeping, the raising of capital, and the daily management of cash flow. The findings of the survey are an accurate portrayal of most entrepreneurs— they are comfortable with the day-to-day operation of their businesses and with the marketing and sales of their products or services, but they are very uncomfortable with the financial management of their companies (Steven & Burley, 2007).Kazooba (2006) found that poor record keeping and lack of basic business management experience and skills were major contributors.

Financial management is the answer that can best fit the current market penetration for micro entrepreneurs. Fatoki (2012) summarize the definition of financial management as planning for the future of a business enterprise to ensure a positive cash flow. Meanwhile, Brinckmann et al. (2012) defines financial management as managerial activities that concern the acquisition of financial resources and the assurance of their effective and efficient use[8]. Fatoki (2012) also concludes that financial management involves planning, organizing, directing and controlling the financial activities such as the procurement and the utilization of funds of the enterprise. Successful financial management in this study reflects the same concept of successful micro enterprises. By having a good way of financial management will ensure that the micro enterprises fully utilize their resources, gain profit and limit the losses as to aims for business expansion. There is no consensus among researchers on the factors that contribute to the success of SMEs.

Marketing Skills

Research conducted by Cacciolatti, Fearne, and McNeil (2011) indicated that SME that make good use of structured marketing information presented a higher probability of growth and found that there is a significant positive relationship between use of marketing information and performance of SMEs. The research of Mahmoud (2011) concluded that the higher the level of market orientation, the greater the level of performance. The study of Keh et. al.(2007) showed that there was a positive relationship between information utilization and the firm performance.

Moorthy, Tan, Choo, Wei, Ping, & Leong (2012) proved that there is a significant positive relationship between the use of marketing information as well as the application of information technology and the performance of SME.

Acquisition of marketing skills will further elevate micro entrepreneurs as well as expand their enterprises from a position of low value or status to one of high value and recognition. It will stimulate and enhance creative and innovative abilities in the production and distribution of their products. Nwachukwu (2005 as cited by Onoh 2013) observed that every entrepreneur must have a target market which is a fairly homogenous group of customers to

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which he wishes to capture. Nwachukwu further noted that it is the duty of the entrepreneur to design the best way of reaching the group through customer's services, high quality goods, convenient packages, lower prices and personal solicitation or intensive advertising.

Identification of a good marketing mix is essential for effective marketing. It is only one who had acquired marketing skills that can understand the importance of marketing mix. Furthermore, great emphasis is placed on the four "Ps" making up the marketing mix and they are: product, place, promotion and price and their inter-relationships. An entrepreneur must possess the ability to decide what items should be produced according to the customers' needs. Again, to compete favourably with others, one has to be different by having different product lines that can push others out of the competition they must know that to satisfy the customers, quality and strength of the products are of major concern. The entrepreneur analyses whether he has the financial muscle to bear the cost of diversifying the products, surveys ways of customizing the products to make it unique, determines how the products stack up against rivals since business is not a game that warmly welcomes new players. As a matter of fact, existing firms in the market usually try to crush new corners that attempt to penetrate "their" market (Onoh, 2013).

Business Strategies

A multimethod, multivariate analysis of "intended" strategies provides empirical support for the presence of strategic groups based upon Porter's (1980) generic strategies. Variations in intra industry profitability and growth are found to be related to strategic group membership. Firms identified with at least one generic strategy outperformed firms identified as "stuck in the middle." (Dess and Davis, 2017)

Profitability may vary depending on the wellness of fit between the firm and the selected strategy, which make the decision of which strategy to adopt key to the benefits of strategic planning and requires that the choice be well founded. The challenge lies in selecting the strategy that best suits the firm's strengths and resources and is least replicable by competitors and this in turn necessitates knowledge about the firm, its business environment and competitors. With an explicit technique for analyzing industry structure and competition, practitioner may gain better understanding and knowledge of both elements. Porter's (1980) model facilitates the decision making process and improves the probability for a firm that chooses an appropriate strategy.

Low Cost Strategy

Cost Leadership Strategy This strategy emphasizes efficiency. By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features (Tanwar 2013).

The cost leadership strategy is a connected course of action to deliver products or services with parts that are satisfactory to customers at an affordable cost, in regard to that of competitors. (Ireland, Hokisson, and Hitt, 2011). The cost initiative strategy represents attempts by firms to create advantage by accomplishing the most reduced cost in the business. The focus of firms actualizing a cost leadership system is on stringent cost control and effectiveness in every aspect of operation (Porter, 1985). An organization that chooses to take after a cost initiative strategy has the target of having the capacity to understand its offer at most reduced conceivable cost. The upper hand of cost leadership is accomplished by performing vital esteem chain activities at lower cost than contenders (Bansal, 2008).

Cost-leadership technique endeavors to supply a standard, no-frills, high- volume item and no more aggressive cost to clients (Li and Li, 2008). Cost leadership techniques are preferred in creating nations, for example, Indonesia, Malaysia, India and China where they have bring down work cost, and thus, a lower generation cost (Kim, Nam, and Stimpert, 2006). A separation procedure is to make esteem to clients by giving prevalent quality, inventive items, brand image, and good services. This will differentiate the item which implies the item will be more competitive than others (Porter, 1985).

Striving to be the low-cost producer is a powerful competitive approach in markets where many buyers are

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price-sensitive. The aim is to open up a sustainable cost advantage over competitors and then use lower cost as a basis for Rouse (2016) either under pricing competitors or gaining market share at their expense or earning a higher profit margin selling at the going price. A cost advantage will generate superior profitability unless it is used up in aggressive price-cutting efforts to win sales from rivals (Zekiri & Nedelea, 2011). Firms that achieve low-cost leadership typically make low cost relative to competitors the theme of their entire business strategy-though they must be careful not to pursue low cost so zealously that their products end up being too stripped down and cheaply made to generate buyer appeal (Bani-Han &AlHawary, 2009).

Being the low-cost producer in an industry provides some attractive defenses against the five competitive forces: As concerns rival competitors, the low-cost company is in the best position to compete offensively on the basis of price, to defend against price war conditions, to use the appeal of a lower price to win sales (and market share) from rivals, and to earn above- average profits (based on bigger profit margins or greater sales volume) in markets where price competition thrives (Sashi & Stern, 2008). As concerns buyers, the low-cost company has partial profit margin protection from powerful customers, since such customers are rarely able to bargain price down past the survival level of the next most cost-efficient seller (Olson & Swanson, 2010).

Differentiation Strategy

Another strategic approach to building competitive advantage is that of pursuing differentiation strategies. Differentiation strategies are based on providing buyers with something that is different or unique, that makes the company's product or service distinct from that of its rivals (Koter & Keller, 2011). The key assumption behind a differentiation strategy is that customers are willing to pay a higher price for a product that is distinct (or at least perceived as such) in some important way. Superior value is created because the product is of higher quality, is technically superior in some way, comes with superior service, or has a special appeal in some perceived way (Allen & Helms, 2001). In effect differentiation builds competitive advantage by making customers more loyal- and less price-sensitive-to a given firm's product. Additionally, consumers are less likely to search for other alternative products once they are satisfied (Shammot, 2011).

Differentiation may be achieved in a number of ways. According to Rahman (2011) the product may incorporate a more innovative design, may be produced using advanced materials or quality processes, or may be sold and serviced in some special way. Often, customers will pay a higher price if the product or service offers a distinctive or special value or "feel" to it (Ireland, et al., 2011). Differentiation strategies offer high profitability when the price premium exceeds the costs of distinguishing the product or service.

A differentiation strategy calls for creating a product or service with sufficiently distinctive attributes that it sets your business apart from the competition. If your differentiation strategy works, you may be able to charge your customers a premium for your product or service. However, such a strategy may backfire without sufficient market acceptance. You also face other risks that can impact your bottom line (Spanos et al. 2010). A differentiation strategy may not be ideal for every company. It is difficult to maintain differentiation for an indefinite amount of time because of competition (Thompson & Strickland, 2012). Many companies attempt to find the right balance by competing on such things as price, service and quality, or on any combination of attributes that it believes are important to its customers to gain a competitive advantage. For example, a company that differentiates itself based on price may sacrifice quality to attract customers who are price sensitive. During market downturns, the company may enjoy higher sales than one that competes based on differentiation quality (Ramayah, et, al., 2011).

Focus Strategy

Focus strategies, according to Allen and Helms (2009), are assigned to help a firm target a specific niche within an industry. Unlike both low-cost leadership and differentiation strategies that are designed to target a broader or industry-wide market, focus strategies aim at s specific and typically small niche.

These niches could be a particular buyer group, a narrow segment of a given product line, a geographic or regional market, or a niche with distinctive, special tastes and preference (Schonberger, 1994). The basic idea behind a focus strategy is to specialize the firm's activities in ways that other broader-line (low-cost or differentiation) firms cannot

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performs as well, Superior value, and thus higher profitability, are generated when other broader-line firms cannot specialize or conduct their activities as well as a focused firm. If a niche or segment has characteristics that are distinctive and lasting, then a firm can develop its own set of barriers to entry in much the same way that large established firms do in broader markets (Allen & Helms, 2001).

Focusing starts by choosing a market niche where buyers have distinctive preferences or requirements (Allen & Helms, 2009). The niche can be defined by geographic uniqueness, by specialized requirements in using the product, or by special product attributes that appeal only to niche members. A focuser's reason for competitive advantage is either lower costs than rivals in serving the market specialty or a capacity to offer specialty individuals something other than what's expected from other competitors (Sashi & Stern, 2008). A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy compared to the rest of the market. A focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes (Aulakh, et al., 2000).

Using a focus strategy to achieve a cost breakthrough is a fairly common technique (Li & Li, 2008). Budget-priced motel chains like Days Inn, Motel 6, and LaQuinta have lowered their investment and operating cost per room by using a no-frills approach and catering to price-conscious travelers (Abu & Aliqah, 2012). Discount stock brokerage houses have lowered costs by focusing on customers mainly interested in buy-sell transactions who are willing to forgo the investment research, investment advice, and financial services offered by full- service firms like Merrill Lynch. Pursuing cost advantage through focusing works well when a firm can find ways to lower costs by limiting its customer base to a well-defined buyer segment (Ramayah, Samat, & Lo, 2011).

The biggest advantage of a focus strategy is that the firm is able to carve a market niche against larger, broader-line competitors (Abu &Aliqah, 2012). Some firms pursuing this strategy have even been able to locate niches within niches (e.g. handcrafted, Oriental musical instruments), thus further insulating themselves from the attention and efforts of larger, industry-wide players that cannot serve the niche as well (Dean & Evan, 1994). Thus, defensibility and avoidance of direct, price-based competition are big advantages that accrue to a focus/specialization strategy (Rahman, 2011).

In many cases, a focus/specialization strategy enables a firm to improve other sources of value-adding activities that contribute to cost or differentiation (Porter, 1985). Consider for example, the case of McIlhenny Company. Its expertise with Tabasco sauces gives it some ability and detailed knowledge of how to make Bloody Mary mixes as well (Day & Wensley, 1998). Thus, focus/specialization strategies may enable firms to utilize their specialized distinctive competence or set of assets to create new niches. One is the chance that competitors will find ways to match the focused firm in serving the narrow target market (Shammot, 2011). Second is the potential for the niche buyer's preferences and needs to shift toward the product attributes desired by the market as a whole; such erosion opens the way for rivals with broad market appeal (Koter& Keller, 2011). Third is the chance that the segment will become so attractive that it becomes inundated with competitors, causing profits to be splintered (Thompson & Strickland, 2012).

Muklis Lateh, Mohammad Delwar Hussain and Mohd Suberi Ab. Halim (2017).(Patankar and Mehta, 2014) Roser, 2019) (Aspen Network for Development of Entrepreneurs , 2018) Ewing Marion Kauffman Foundation, (2015) Hayton's report for BIS (2015), (Pajuha & Sanjeev, 2015) (Patankar and Mehta, 2014) . 2014 by the Center for International Private Enterprise, EU Skill Panorama, 2014).Gave substantial and closely related information needed to this study regarding the micro entrepreneurs, Sergiu Rusu, Florin Isac, Radu Cureteanu, and Luiela Csorba (2012) stated that entrepreneurship would be synonymous to the individual's accomplishments in the business field. But when the business has developed, the collective behaviour of the people within the organization becomes critical for its success. Thus, entrepreneurship refers not only to the design of a business idea, but also to the projection and maintenance of the organization so that the activity may continue to take place.

In addition in the study of Muklis Lateh, Mohammad Delwar Hussain and Mohd Suberi Ab. Halim (2017). Entrepreneurship is the process whereby an individual or a group of individuals use organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled.

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Moreover, Scholars have defined entrepreneurship in numerous ways as cited by Tainyi Luor, Hsi-Peng Lu, Hueiju Yu, and Kuoliang Chang (2014) entrepreneurship as a set of individuals who discover, evaluate, and exploit these opportunities. In the academic literature, numerous studies have introduced the attributes and domain of entrepreneurship or tried to explore its stream.

With this several researchers investigated by Muklis Lateh, Mohammad Delwar Hussain and Mohd Suberi Ab. Halim (2017) Asian Development Bank Institute, Tokyo 2016, Farsi ,Nouri , Kafeshani, 2016). Economic Times, 2016). Bogenhold & Klinglmair (2015) (Muzenda, 2014). Hailay, Aregawi, and Assmamaw (2014) Kamunge, Njeru, and Tirimba (2014) (Kiraka, Kobia, & Katwalo, 2013) Hove and Tarisai (2013) Microenterprises is an activities in which the poor and mostly women are engaged (PSA, 2010) and employing less than five workers. Most of these activities are small in scale, hence, "micro" in terms of inputs, processes, outputs and markets. Their activities require few inputs in terms of labor- are employing less than five workers capital and equipment or assets.

Studies of (Smith, 1956, Sharp and Dawes, 2001 cited by Hung Pham 2015) (Kokemuller 2019) (Kamunge, Njeru, & Tirimba, 2014). (Muzenda, 2014). Hove and Tarisai (2013), (Tanwar, 2013) Nuwagaba and Nzewi (2013) Admasu (2012 Bashir Ahmad Fida (2012), shows that financing is a greater obstacle for micro enterprises than it is for large firms, particularly in the developing world, and that access to finance adversely affect the growth of the micro and small enterprises more than that of large companies. They indicate that commercial banks tend to assign a high risk to small enterprises and are therefore reluctant to extend credit to them. Small size of the firm and vulnerability to market fluctuations are the prime reasons for the mortality of small enterprises.

Sitharam & Hoque (2016) Robb and Coleman (2014) (Mbugua,Njeru & Tirimba,, 2014). (Pretorius & Shaw (2014) (Haron et al., 2013). Koko (2013) (Mazanai & Fatoki, 2012). (SEPO, 2012). Otunaiya et al. (2012) Nimoh, Tham-agyekum, & Aduamah, (2011)(Mbugua,Njeru & Tirimba, 2004). highlight the different financing strategies of men- and women-owned high-growth businesses: Women founders are three times less likely to access equity financing through angel investors or venture capitalists; Men are more likely than women to tap networks of close friends and business acquaintances; and Men and women are equally likely to use bank financing, with roughly half of each using it.

Experience is usually the key to a successful business in any parts of the world according to the studies of HWY Pro 2017) Abdissa & Fitwi (2016) (Beattie S. 2016) (Kantis, Angelli &Koenig, 2014). (Ramachandran, 2015). (Martin & Staines, 2008). Abdel, Rowena & Robyn (2010) (Silva, 2013) (Hisrich & Drnovsek, 2012). (Alattar, Kouhy & Innes, 2012) and Work experience has also been found to enhance professional and social networks that help with accessing financial resources, finding management advice and identifying business opportunities.

Further studies on by Maria, N. (2017) Kariuki & Omwenga (2017)Volery et al (2015) Dwyer & Kotey, 2015 Karadag, 2015; (Hayton, 2015,) Samkin et al., 2014; Samkin et al. (2014) (Kamunge et. al., (2014). Nyamboga et al., 2014). customer needs, technical or market opportunities, and pursuing opportunities.

Financial Management Skills, and Marketing skills studied by Dr. Leena Dam2 (2017) (Salvador ,Baysa, Gamboa,& Geronimo, 2012) (Mitchelmore & Rowley, 2013 Fatoki (2012) (Steven & Burley, 2007)Jennings and Cash (2006) Harper (2003 Spencer, Joiner, & Salmon, 2018). Mooney (2017) (Pelejo, 2018) Onoh (2013) (Dirisu, Oluwole, &Ibidunni, 2013) Moorthy, Tan, Choo, Wei,Ping,&Leong (2012) (Singh 2012). Aghion (2012) (Rahman, 2012). Abu Aliqah, 2012). Zekiri & Nedelea, 2012). Ilovi, 2012 Cacciolatti, Fearne, and Hitt, 2011). (Bansal, 2008) Cost Leadership Strategy is strategy that emphasizes efficiency. By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features.

Differentiation, according to (Treacy & Wiersema, 2018). Treacy and Wiersema (2017), Aulakh et al, 2017) Rahman (2017) Acquaah and Ardekani (2016), (Morshett, Swoboda, & Schramm-Klein, 2016). Li & Li, 2016). Helms, (2016). (Treacy &Wiersema, 2016). (Kim, Nam, &Stimpert, 2016). Spanos, Zaralis, & Lioukas, 2014). (Koter & Keller, 2013) (Frambach, 2013). (Ireland, Hokisson, & Hitt, 2012). Ramayah, et, al., 2012). Hokisson,

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&Hitt, 2012). Another strategic approach to building competitive advantage is that of pursuing differentiation strategies. Differentiation strategies are based on providing buyers with something that is different or unique, that makes the company's product or service distinct from that of its rivals.

The biggest advantage of a focus strategy is that the firm is able to carve a market niche against larger, broader-line competitors (Abu &Aliqah, 2012). Some firms pursuing this strategy have even been able to locate niches within niches (e.g. handcrafted, Oriental musical instruments), thus further insulating themselves from the attention and efforts of larger, industry-wide players that cannot serve the niche.Thus, defensibility and avoidance of direct, price-based competition are big advantages that accrue to a focus/specialization strategy (Rahman, 2011). (Dirisu, Oluwole, &Ibidunni, 2013). Allen and Helms (2012), Aulakh, et al., 2012). (Li & Li, 2012), (Wiersema, 2012), (Thompson & Strickland, 2012).

Further studies have indicated that focus/specialization strategy enables a firm to improve other sources of value-adding activities that contribute to cost or differentiation (Abu &Aliqah, 2012 (Dirisu, Oluwole, &Ibidunni, 2013 Will Kenton, 2019, (Investopedia, 2015,) (OECD, Organization for Economic Co- Operation and Development, 2019).

Theoretical/Conceptual Framework

The study considered several theories, namely; the human capital theory, Porters generic strategy theory and balanced score card theory.

Human capital theory as cited by Wolters (2018) is a perspective, which investigated the relationship between the education, skills and experience of the top management teams of venture capital firms (VCFs) and the firms' performance. It was found that although general human capital had a positive association with the proportion of portfolio companies for magnitude earnings.

On the first hand, investing in human capital is the priority to make the most of this evolving economic opportunity. Three types of skills are increasingly important in labor markets: advanced cognitive skills such as complex problem-solving, socio behavioral skills such as teamwork, and skill combinations that are predictive of adaptability such as reasoning and self-efficacy. Building these skills requires strong human capital foundations and lifelong learning (Word Bank, the World Development Report 2019).

On the other hand the Porter's Generic Strategies cited by Ahmed (2014) also called Porter marketing techniques was utilized in the study which is, of the strategic tactics used by different companies in order to penetrate a market and after penetration then sustain a strong advantage over the competitions. It can also be elaborate as "the primary aim of a company is to attract the industry in which it operates and secondary purpose of the company is to position itself with in that industry. A company positions itself or its products by the help of its strengths. The strengths may be product features and attributes or it may be well trained company staff, a well-organized marketing campaign etc. Michael Porter emphasized that strengths of a company lies in its cost advantage and positioning. Its primary purpose is a strategy formulation that can determine a firm‘s long-run competitive strength and generate a persistently higher rate of profit than its rivals by creating a sustainable competitive advantage.(Robert S. Kaplan and David P. Norton. This study used three generic strategies namely; low-cost, differentiation, and focus. The cost leadership strategy is a joined course of action to deliver products or services with parts that are satisfactory to customers at an affordable cost, in regard to that of competitors (Ireland, Hokisson, and Hitt, 2012).

The balanced scorecard (BSC) is a conceptual framework for translating an organization's strategic objectives into a set of performance indicators distributed among four perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth. Some indicators are maintained to measure the long term drivers of success and the organization's progress toward achieving its vision. Through the balanced scorecard, an organization monitors both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems.

The balanced scorecard (BSC) as part of a management control system for implementing strategies in a large mixed economy company. The results point out that: (1) BSC, when used as part of a MCS, provides effective

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improvement of the strategy implementation process and its diffusion across the different organizational levels; (2) in the company under analysis, the performance evaluation integrated qualitative, financial and productive dimensions; (3) BSC appeared as an important tool in strategy conception and implementation; and (4) BSC enables to translate the company's strategy into objectives and goals aligned to the financial, learning and growth, improvement of internal processes and customer perspectives. (Jordão & Novas, 2013)

Operational Framework

The study was anchored on human capital theory as cited by Wolters (2018), Porter's generic strategies cited by Ahmed (2014) and balanced scorecard theories. The human capital of the micro entrepreneurs under study includes access to capital, experience in business, entrepreneurial skills, financial management skills, and marketing skills which are part of the independent variables. In addition to the independent variables, the study considered the business strategies employed by the micro entrepreneurs as their competitive are the generic strategies developed by Michael Porters which include low-cost, differentiation and focus. On the other hand, the dependent variables are about the level of business performance of the micro entrepreneurs in terms of monthly sales, return on investment, and tax paid.

The study delved into determining the assessment of the micro entrepreneurs in their human capital and business strategies and its implications to business performance.

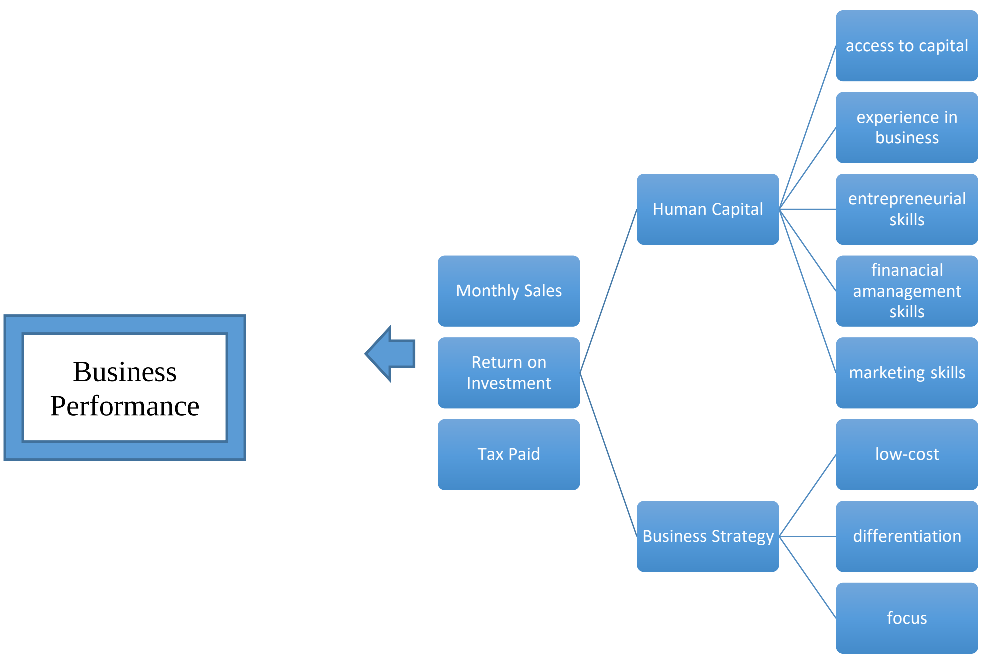

Figure 1. Research Simulacrum

Statement of the Problem

The study aimed to determine the human capital and business strategies of the micro entrepreneurs in District V, Cavite, Philippines and its implications to their business performance.

Specifically, the study sought answers to the following questions:

1. What is the current status of Human Capital of Micro entrepreneurs in terms of:
   1.1. Access to Capital,
   1.2. Experience in Business,
   1.3. Entrepreneurial Skills,

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1.4. Financial Management Skills, and
1.5. Marketing Skills?
2. What is the extent of business strategies of the respondents in terms of:
   2.1. Low-Cost,
   2.2. Differentiation, and
   2.3. Focus?
3. What is the financial performance of micro entrepreneurs in terms of:
   3.1. Monthly Sales.
   3.2. Return of Investment, and
   3.3. Tax Paid?
4. How predictive is human capital of the micro entrepreneurs in the level of their financial performance?
5. How predictive is business strategies employed by the micro entrepreneurs in their financial performance?

Statement of Hypothesis

The following null hypotheses were tested for the significance:

1. The human capital cannot significantly predict the financial performance of Micro Entrepreneurs in District V (CARSIGMA) in the province of Cavite.
2. The business strategies cannot significantly predict the financial performance of Micro Entrepreneurs in District V (CARSIGMA) in the province of Cavite.

Methodology

Research Design

The study used descriptive research. It describes the "what is" of the study and the most appropriate method using questionnaires for the identified respondents to gather relevant data needed in the completion of the study (Bermudo, et al., 2010). This study specifically described the Human Capital, Business Strategies and Financial Performance of Micro Entrepreneurs in District V, (CARSIGMA) of the Province of Cavite.

Source of Data

The primary sources of data in this study were the micro entrepreneurs in the District V District V (CARSIGMA) of the province of Cavite from whom empirical data were generated. Secondary sources were records from the same district, books, and journals both printed and online.

Sample and Population

The population of the study comprised the registered micro entrepreneurs in Carmona, Silang, and General Mariano Alvarez which are part of District V of Cavite and known for its acronym as CARSIGMA. The micro entrepreneurs were determined based on the number of workers.

The researcher drew out at least 10% of the registered micro entrepreneurs from each local government unit as its sample size. The total population of the micro registered micro entrepreneurs was 3,584 while the sample size was 360 Carmona has 1,925 registered micro entrepreneurs and sample size of 194. Silang has 900 registered micro entrepreneurs and the sample size was 90 and General Mariano Alvarez had 759 registered micro entrepreneurs and the sample size was 76.

Instruments and Validation

A semi-structured questionnaire was constructed using relevant materials concerning the problems of the study were utilized to generate the needed empirical data. The

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instrument was divided into three (3) parts. Part I was about the human capital of the micro entrepreneurs in terms of access to capital, experience in business, entrepreneurial skills, financial management skills and marketing skills. Part II was about the business strategies in terms of low cost, differentiation, and focus. Part III was about monthly sales, return on investment and tax paid.

The researcher validated the questionnaire through a series of procedures from drafting to evaluation done by a panel of experts who possess an impeccable knowledge and experience about the subject under study. The panelists' comments and suggestions were synthesized and adopted in the final draft of the instrument. Cronbach Coefficient Alpha was used in determining the internal consistency of Part I, III & III of the instrument. The Cronbach Coefficient Alpha of human capital is 0.909 and business strategies is 0.915

Evaluation and Scoring

In assessing the human capital of the micro-entrepreneurs, as to access capital the following measure were used:

Assigned Points	**Numerical Ranges**	**Categorical Responses**	**Verbal Interpretations**
4	3.51-4.00	Very True of Me	Highly Accessible
3	2.51-3.50	True of Me	Accessible
2	1.51-2.50	Not True of Me	Less Accessible
1	1.00-1.50	Not Very True of Me	Low Accessible

Moreover, under Human capital of the micro-entrepreneurs as to experience in business the following measure were used:

Assigned Points	**Numerical Ranges**	**Categorical Responses**	**Verbal Interpretations**
4	3.51-5.00	To a very great extent	Very High Experience
3	2.51-3.50	To a great extent	High experience
2	1.51-2.50	To some extent	Low experience
1	1.00-1.50	To a little extent	Very low experience

More so, for Entrepreneurial Skills., Financial Management Skills and Marketing Skills the following measure were used:

Assigned Points	**Numerical Ranges**	**Categorical Responses**	**Verbal Interpretations**
4	3.51-5.00	To a Very Great Extent	Very High skilled
3	2.51-3.50	To a great extent	Skilled
2	1.51-2.50	To some extent	Low skilled
1	1.00-1.50	To a little extent	Very low skilled

Data Gathering procesdures

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The researcher asked the permission of the respective local government unit of District V (CARSIGMA) of the province of Cavite through their Local Chief Executive to allow him to conduct this study. The researcher administered the distribution of the questionnaire to all registered micro entrepreneurs of the said district. This was to facilitate better the gathering of empirical data. The retrieval rate was 100%. Lastly, the data were encoded using Excel format and statistically treated.

Statistical Treatment of Data

1. Weighted Mean, used to determine the (a) human capital, (b) business strategies, and (c) financial performance of micro entrepreneurs.
2. Regression, used to determine if (a) human capital, and (b) business strategies are predictors of financial performance of micro entrepreneurs
3. Triangulations were used in the Interpretations and analyses of data after the statistical applications using the SPSS program.

Results and Discussions

The current status of micro entrepreneurs human capital of the were assessed accessible by the respondents with an average weighted mean of of 3.08; as to their experience in business, the respondents assessed their experience in business with high experience with average weighted mean of 3.20, for entrepreneurial skills, were assessed and declared by the respondents as skilled and average weighted mean of 3.23, financial management skill, the respondents assessed it as skilled with an average weighted mean of 3.26. and marketing skills. As skilled was ‘with average weighted mean of 3.30.

As to the extent of business strategies practiced by the micro entrepreneurs were assessed as to a great extent in low-cost, differentiation and focus.

Most of the micro entrepreneurs has monthly sales of P10,000 to P50,000, return on investment of 20% to 50% and tax paid of less than P20,000.

Human capital has been found to be a predictor of micro entrepreneurs’ financial performance in terms of monthly sales as it has a p-value of 0.002 which was lower than the 0.05 level of significance. In terms of access to capital and marketing skills with p-values of 0.002 and 0.030, respectively, were strong predictors of financial performance of micro entrepreneurs in terms of monthly sales. In terms of ROI as it registered a p-value of 0.005 which was lower than the 0.05 level of significance. Human capital in terms of access to capital with a p value of 0.033 is a strong predictor of financial performance of micro entrepreneurs in terms of ROI.

Business strategies are not predictors of micro entrepreneurs’ financial performance in terms of monthly sales as shown by its p-value of 0.642 which was higher than the 0.05 level of significance. As to financial performance in terms of tax paid. It has a p value of 0.591 which was higher than the 0.05 level of significance while in ROI Business strategies are predictors of micro with p-value of 0.043 which was lower than the 0.05 level of significance.

Conclusions

Based on the aforementioned findings of the study, it was concluded that:

The human capital is accessible to the micro entrepreneurs of which business strategies are in of a great extent resulting the entrepreneurs a monthly sales of P10,000 to P50,000, return on investment of 20% to 50% and tax paid of less than P20,000.

Human capital has been found to be predictors of monthly sales, return on investment and in terms of

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access to capital and marketing skills were strong predictors of monthly sales. Human capital in terms of access to capital is a strong predictor of return on investment and human capital not predictors of tax paid.
Business strategies are not predictors of monthly sales, return on investment and of tax paid.

Recommendations

1. Collaboration with other micro entrepreneurs is encouraged to confront competition. By entering into joint ventures, the opportunity to combine strengths, information and technological capabilities to increase sales or to enhance their customer base.
2. The micro entrepreneurs should consider evaluating their business strategies to maintain their financial performance.
3. Micro entrepreneurs must scan their environment, to understand fully their internal and external environment that affects their financial performance..
4. Micro entrepreneurs must enhance their marketing skills through exposure to latest trends in marketing in the form of seminar, workshops or further educational enhancement to improve and be updated in marketing tools that can boost its financial performance
5. For business strategies though they are not predictors of monthly sales, tax paid, and return on investment still, this should be intensify because business strategies can help boost customer relationships, that can directly will affect in the aforementioned factors.
6. Future researches could perform an in-depth study on the human capital and business strategies not covered in the study.

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