

Competitiveness of Micro-Food Enterprises in Catarman, Northern Samar

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Abstract: *The micro-food enterprises are relevant and essential development. They operate a major role in national economics and considered as machine for economic advancement all over the world. The micro enterprises are sources of economic growth in the town of Catarman. The micro enterprises in this place continue to increase in number exerting pressures among operators for them to be competitive in their operations. Thus, a need to grab many opportunities to deal business in integrated with large-scale enterprises. This paper assessed the competitiveness of micro-food enterprises in Catarman on the areas of: management, marketing, strategic planning, profitability, labor practices, and food products; with an attempt that their weakness be resolved; their knowledge and know-how be improved to be competitive. This study was conducted in Catarman town proper. It included all the micro-food enterprises, categorized as restaurants, bakery, and outlet food vendors in Catarman, Northern Samar. Their operators/mangers, staff and workers as the respondents. Structures questionnaire and interview was used to gather the needed information. Descriptive-correlational design was used to describe the competitiveness of the Micro Food Enterprises on areas concerned and likewise correlational method was employed to test the significant relationships of the variables. The result from investigating sample of micro-food enterprises in Catarman showed that entrepreneurs use varied management strategies to run their business. Significant influence on Gaisano while management strategies have significant influence on it. This study has found that management and management strategies are the strongest determinant of profitability. For management to further improve its performance is to focus on improving some factors that positively affect firms profitability such as: productivity, through giving reward or bonus for the employee and make a good environmental condition in the workplace, in order to make the employee feel more comfortable and loyal to the entrepreneur. These make them more productive and consequently make the firm more profitable.*

Keywords: Micro-food enterprises, competitiveness, profitability

1. Introduction

The micro-food enterprises are relevant and essential development. They operate a major role in national economics and considered as machine for economic advancement all over the world. The micro enterprises are sources of economic growth in the town of Catarman. The micro enterprises in this place continue to increase in number exerting pressures among operators for them to be competitive in their operations. Thus, a need to grab many opportunities to deal business in integrated with large-scale enterprises.

According to the National Statistics Office of the Philippines (2010), there were a total of 177, 687 micro-food enterprises as a 2010 in the country. Micro-food enterprises comprised 61.6 percent of the total number of small and medium enterprises. In the paper titled SMEs in the Philippine Manufacturing Industry and Globalization: Meeting the Development Challenges, Aldaba (2008) noted that Philippine SME studies have continued to highlight the same major constraints that affect SME development everywhere in the world such as access to finance, technology, and skills along with information gaps and difficulties with product quality and marketing. The Senate Economic Planning Office of the Philippines (2012) categorized these constraints as non-financial barriers (cost of getting electricity, heavy regulation, high tax rates and corruption) and financial barriers (access to finance.) The lack of access to financing has been identified as the most serious constraint to micro-food enterprises growth and development.

This paper assessed the competitiveness of micro-food enterprises in Catarman on the areas of: management, marketing, strategic planning, profitability, labor practices, and food products; with an attempt that their weakness be resolved; their knowledge and know-how be improved to be competitive. Operators cannot exploit opportunities and sustain their competitiveness if they focus only on certain aspects for their functioning and work in isolation. Majority of the micro enterprises have simple system and procedures, which allows flexibility, immediate feedback, short decision making chain, better understanding and quicker response to customer needs the larger organization (Sigh, et al., 2008). The data gathered in this research may serve as an eye opener to the operators of micro food enterprises to enhance their capabilities and be competitive; likewise, the concerned government agencies can deduce inputs as basis of developing program of activities with the objectives of helping the operators improve their business.

2. Objectives of the Study

This study assessed the competitiveness of micro food enterprises in Catarman town proper. Specifically, it aimed to:

- 1) Determine the competitiveness of micro food enterprises in Catarman in terms of:
 - a) Management of the food enterprises;
 - b) Marketing strategies;
 - c) Strategic planning;
 - d) Food products;
 - e) Labor practices.
- 2) Determine the profitability of the micro food enterprises;
- 3) Test the significant relationship between competitive of micro-food enterprises and its profitability.

3. Methodology

This study was conducted in Catarman town proper. It included all the micro-food enterprises, categorized as restaurants, bakery, and outlet food vendors in Catarman, Northern Samar with capitalization of one peso to three million pesos (₱1.00 to 3,000,000.00) and with one to nine (1 to 9) personnel employed as staff/workers in the business operation. Their operators/managers, staff and workers as the respondents. Structures questionnaire and interview was used to gather the needed information. Descriptive-correlational design was used to describe the competitiveness of the Micro Food Enterprises on areas concerned and likewise correlational method was employed to test the significant relationships of the variables. The data gathered was analyzed, organized and interpreted using appropriate statistical treatment, such as percentage, mean, and regression analysis.

4. Results and Discussion

Level of Management of the Food Enterprises Management

The management initiatives manifested by the respondents are displayed in Table 1. Optimism tops the list with a mean of 4.10. This is followed by the ability of the entrepreneurs to take risk. Certainly, entrepreneurs need optimism to survive in the very competitive business on micro-food. They are taking beyond the usual strategies to be competitive and have a profitable business.

Table 1: Management of Food Enterprises

Indicators	WM	Interpretation
Optimism	4.10	Very competitive
Risk taking ability	4.05	Very competitive
Creativity and innovativeness	4.03	Very competitive
Time management	4.03	Very competitive
Need for achievement	3.99	Very competitive
Esteem of management	3.91	Very competitive
Problem-solving attitude	3.78	Very competitive
Manager's experience in running the business	3.72	Very competitive
Knowledge for commercial and legal aspect of business	3.69	Very competitive
Level of education of managers	3.37	Competitive
Mean	3.87	Very competitive

Marketing Strategies

The management strategies employed by entrepreneurs is shown in Table 2. It can be shown in the table that identifying customer tops the strategies employed by the respondents. They focus on the continuity of supply chain which is a very important part of the process in maintaining supply and providing continuous products to the customers. These are very important strategies being used by the entrepreneurs. Certainly, it takes a lot of effort and logic to come up with a profitable business.

Table 2: Marketing Strategies

Indicators	WM	Interpretation
Identifying Customers	4.25	Very much competitive
Continuous supply chain	4.06	Very competitive
Flow of distribution channel	4.01	Very competitive
Operation in local market only	3.98	Very competitive

Ability to promote and sell product	3.96	Very competitive
Ability to capture and retain attention of customers as a marketing skill	3.78	Very competitive
Selling skills for increased sales product	3.71	Very competitive
Strict implementation of payment policies	3.69	Very competitive
Skill to analyze demand and supply situation	3.65	Very competitive
Desire to enter into other markets	3.47	Very competitive
Accessibility of transportation/delivery	3.46	Very competitive
Skills in print advertising	3.32	Competitive
Perform marketing research	3.01	Competitive
Mean	3.72	Very Competitive

Strategic Planning

To be competitive, the entrepreneurs are also planning strategies like choosing the type of business they invest into and formulating the business objectives. Putting up a business is indeed not a simple undertaking. One needs to see the financial policies that will govern the business as well as putting up the marketing policies that are essential in the business. The respondents in this study are certainly doing the planning even before the micro-food business is formed.

Table 3: Strategic Planning

Indicators	WM	Interpretation
1. Choosing the type of business	4.27	Very much competitive
2. Formulating the business objectives	3.83	Very competitive
3. Setting financial policies	3.86	Very competitive
4. Setting marketing policies	3.82	Very competitive
5. Setting other policies	3.77	Very competitive
6. Formulating business plan	3.48	Very competitive
7. Planning business activities	3.98	Very competitive
Mean	3.86	Very competitive

Food Products

The food products indicated in Table 4 shows a variation of food related products and services that are offered in Catarman. However, the quality and availability of products top the list of the priorities of the entrepreneurs. This means that the micro-food owners in the municipality are after quality of their products sold to market.

Table 4: Food Products

Indicators	WM	Interpretation
Quality of products	4.45	Very satisfactory
Availability of products	4.33	Very satisfactory
Range of products	4.32	Very satisfactory
Full package of services	4.25	Very satisfactory
Product specificity	4.24	Very satisfactory
Quality of delivery/service	3.94	Satisfactory
Mean	4.26	Very satisfactory

Labor Practices

Lastly, the labor practices according to the municipality is presented in Table 5. It can be gleaned on the table that required working hours is implemented in the municipality. This is very important to protect both the entrepreneur and the labor market. In addition, workers do their tasks productively even without continuous supervision by the

managers. These are good indicators for a working environment which makes micro-food business competitive in this part of the country.

Table 4: Labor Practices

Indicators	WM	Interpretation
Implement required working hours	4.35	Very much competitive
Workers do their task productively	4.30	Very much competitive
Dignity for labor	4.28	Very much competitive
Wage/salary accordance to labor laws	4.12	Very competitive
Competitive working environment	4.08	Very competitive
Availability of overtime pay	3.79	Very competitive
Availability of benefits/incentives	3.71	Very competitive
Accessibility of workers to training	3.36	Competitive
Migration of workers with higher education	2.92	Competitive
Shortage of personnel	2.67	Competitive
Difficulty in finding employees	2.59	Less competitive
Lack of qualified personnel	2.38	Less competitive

Micro-food Enterprises Profit

The profit of the micro-food enterprises is presented in Table 6. It is shown that majority of the business have profits less than 25, 000. Only around 10 percent that the micro-food entrepreneurs pocketed more than 100,000 annual profit. This is however understandable considering that micro-food business takes a lot of time before getting a break finically.

Table 6: Micro-food Enterprises Profit

Profit (Php)	F	%
More than 100,000	10	9.80
75,001 to 100,000	7	6.86
50,0001 to 75,000	9	8.82
25,0001 to 50,000	13	12.75
25,000 below	63	61.76
Total	102	100

Relationship between Competitiveness of Micro-food Enterprises and its Profitability

Regression analysis was utilized to test the relationship between competitiveness and profitability of micro-food enterprises in Catarman. Management style ($\beta=0.394$, $p<0.05$) and marketing strategies ($\beta=0.543$, $p<0.05$) significantly predicted profitability. This means that creativity and innovativeness of the entrepreneur contribute much on financial growth of the enterprise. Optimism and risk taking ability are another management factors that say a lot when it comes to profitable business. Identifying the right costumers and continuous supply make the difference in getting a profitable business. Indeed, management strategies are more important than product lineup or labor practices.

Table 7: Relationship between competitiveness of micro-food enterprises and its profitability

Profile	Parameters	Profitability
Management	Beta	0.394
	Significance	0.000
	Interpretation	Not significant
Marketing Strategies	Beta	0.543
	Significance	0.001
	Interpretation	Significant

Strategic Planning	Beta Significance Interpretation	0.101 0.409 Not significant
Food Products	Beta Significance Interpretation	0.109 0.235 Not significant
Labor Practices	Beta Significance Interpretation	0.098 0.432 Not significant

5. Conclusions and Implications

The result from investigating sample of micro-food enterprises in Catarman showed that entrepreneurs use varied management strategies to run their business. Significant influence on Gaisano while management strategies have significant influence on it. This study has found that management and management strategies are the strongest determinant of profitability.

The primary goal of the micro-food enterprises in Catarman is to maximize their profitability. For management to further improve its performance is to focus on improving some factors that positively affect firms profitability such as: productivity, through giving reward or bonus for the employee and make a good environmental condition in the workplace, in order to make the employee feel more comfortable and loyal to the entrepreneur. These make them more productive and consequently make the firm more profitable.

6. Recommendations

The following recommendations are forwarded:

- 1) Micro-food business entrepreneurs should seek help from lending institutions that will provide additional capital that can be used to expand the business.
- 2) The DTI may come up with programs that will support entrepreneurial spirit in the municipality.
- 3) A study along financial literacy among micro-food owners could be investigated to determine the financial limitations.

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