

# Administrative Challenges and Coping Mechanism of Small and Medium Enterprises in Dapa, Surigao Del Norte

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## ABSTRACT

This study examined the administrative challenges and coping mechanisms of Small and Medium Enterprises (SMEs) in Dapa, Surigao del Norte. It aimed to assess how SMEs experienced financial constraints, human resource issues, disaster vulnerability, and technological limitations, as well as the strategies they employed to cope with these challenges.

The study utilized a descriptive survey research design and gathered data from 69 respondents consisting of SME managers and representatives operating in Dapa, Surigao del Norte. Respondents were selected based on business classification following the Department of Trade and Industry (DTI) definition of SMEs, which includes enterprises with asset sizes ranging from ₱3,000,001 to ₱100,000,000 and employing 10 to 199 workers. Data were analyzed using frequency and percentage distribution, mean and standard deviation, and the Kruskal-Wallis test. Results showed that disaster vulnerability was the most significant administrative challenge (mean = 2.56), followed by human resource issues (mean = 2.49), financial challenges (mean = 2.44), and technological limitations (mean = 2.31).

Findings further revealed that there were no significant differences in administrative challenges when respondents were grouped according to business type, years of operation, and number of employees ( $p > 0.05$ ). This indicates that SMEs in Dapa experience similar administrative challenges regardless of classification. The study concluded that SME challenges in Dapa are systemic in nature and largely influenced by environmental risks and structural limitations.

**Keywords:** Administrative Challenges, Coping Mechanisms, SMEs, Disaster Vulnerability, Dapa Surigao del Norte

## CHAPTER I

### THE PROBLEM AND ITS BACKGROUND

Small and Medium Enterprises (SMEs) play a vital role in the economic development of Dapa, Surigao del Norte. These enterprises contribute significantly to employment generation, local trade, and community-based economic stability. In many developing municipalities, SMEs serve as the backbone of local commerce due to their flexibility, accessibility, and responsiveness to market needs. According to the Department of Trade and Industry (DTI), SMEs in the Philippines are classified as business enterprises with asset sizes ranging from ₱3,000,001 to ₱100,000,000 and employing 10 to 199 workers. These ente-

rprises are considered essential drivers of inclusive growth and regional development.

Despite their importance, SMEs in Dapa operate within a complex environment influenced by both economic opportunities and structural constraints. Many enterprises depend heavily on tourism and local consumer demand, making them vulnerable to seasonal fluctuations and external disruptions. Financial challenges remain a major concern, particularly due to limited access to formal credit, unstable cash flow, and reliance on informal financing sources. Human resource issues also persist, including difficulty in hiring skilled workers, employee turnover, and lack of formal training systems, which often increase operational burdens.

In addition, disaster vulnerability and technological limitations represent critical challenges for SMEs in the area. Frequent typhoons and environmental hazards often result in business interruptions, property damage, and revenue losses, while limited access to digital tools, stable internet connectivity, and online business systems restrict competitiveness. Given these conditions, it is important to examine how SMEs in Dapa experience these administrative challenges and how they develop coping mechanisms to sustain operations and maintain resilience.

### **Theoretical and Conceptual Framework of the Study**

This study is anchored on the Entrepreneurial Resilience Theory (ERT) by Bullough, Renko, and Myatt (2019) and the Adaptive Entrepreneurship Theory (AET) by Leih and Teece (2021). These theories provide a strong conceptual foundation for understanding how Small and Medium Enterprises (SMEs) manage and sustain their operations despite encountering various administrative challenges.

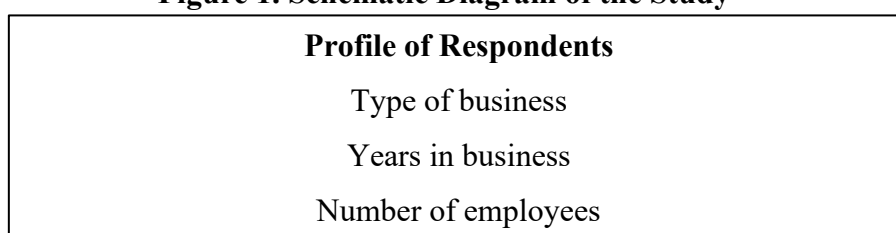
The Entrepreneurial Resilience Theory (ERT) explains how enterprises are able to withstand and recover from adversity through persistence, adaptability, and the ability to regain stability after disruptions. It emphasizes that resilience is not an inherent trait but a capability developed over time through experience, exposure to difficulties, and continuous problem-solving in real business situations.

In the context of SMEs, resilience is reflected in their ability to continue operating despite financial constraints, workforce limitations, disaster-related disruptions, and other operational difficulties. ERT highlights that entrepreneurs who repeatedly face challenges tend to develop stronger coping abilities, enabling them to maintain business continuity even in uncertain environments.

On the other hand, the Adaptive Entrepreneurship Theory (AET) focuses on how enterprises modify their strategies, structures, and resource allocation in response to changes in the external environment. It stresses the importance of flexibility, innovation, and strategic adjustment as essential components for sustaining business operations in dynamic and uncertain conditions.

Together, the Entrepreneurial Resilience Theory and Adaptive Entrepreneurship Theory explain how SMEs in Dapa, Surigao del Norte respond to administrative challenges. These theories illustrate that business survival is influenced not only by resources but also by the ability of entrepreneurs to adapt, adjust, and recover in the face of continuous environmental and operational pressures.

**Figure 1. Schematic Diagram of the Study**





### Administrative Challenges of SME

Financial challenges (Desiderio, 2019)  
Human resources issue (Mayson & Barrett, 2006)  
Disaster vulnerability (Cueto et al., 2022)  
Technological limitations (Restrepo-Morales et al., 2024)



### Proposed Recommendations

#### Statement of the Problem

This study aimed to assess administrative challenges faced by SMEs in Dapa and evaluated how effective their coping mechanisms were.

Specifically, this sought answer to the following questions:

1. What was the profile of SME owners or managers in terms of:
  - a. Type of business
  - b. Years of business
  - c. Number of employees
2. How did SME owners and managers in Dapa, Surigao del Norte, experience and manage administrative challenges in the areas of:
  - a. Financial challenges
  - b. Human resource issue
  - c. Disaster vulnerability
  - d. Technological limitations
3. What were the coping mechanism used by the SME business owners in Dapa, Surigao del Norte?
4. Is there a significant difference in administrative challenges when grouped according to:
  5. Type of business
  6. Years of operation
  7. Number of employees
8. Was there a significant difference in the administrative challenges when grouped according to the profiled variables?
9. Based on the result of the study, what proposed recommendations could be employed?

#### Hypothesis

At 0.05 level of significance, it was hypothesized that;

Ho1:

There was no significant degree of difference from among the administrative challenges faced by SME business owners in Dapa.

Ho2:

There was no significant degree of difference among the administrative challenges when grouped according to the profiled variables.

### **Significance of the Study**

This study is significant to Small and Medium Enterprises (SMEs) as it provides insights into the most common administrative challenges they encounter, particularly in terms of financial management, human resources, disaster vulnerability, and technological limitations. The findings may help SME operators identify areas that require improvement and adopt more effective coping strategies to enhance operational efficiency and long-term sustainability.

For customers, the improvement of SME operations may result in better service delivery, more stable pricing, and improved access to essential goods and services. As SMEs become more efficient and resilient, consumers benefit from consistent availability of products and improved overall service quality within the local market of Dapa, Surigao del Norte.

For the Local Government Unit (LGU), the findings of this study may serve as a basis for designing programs, policies, and interventions aimed at strengthening SME development. These may include disaster preparedness initiatives, financial support programs, and capacity-building activities that enhance the resilience and competitiveness of local enterprises.

For future researchers, this study provides a useful reference for further investigation on SME sustainability, particularly in geographically isolated and disaster-prone areas. It may also serve as a baseline for comparative studies or expanded research focusing on business resilience, digital transformation, and local economic development.

### **Scope and Limitations of the Study**

This study focused on Small and Medium Enterprises operating in Dapa, Surigao del Norte. It examined the administrative challenges and coping mechanisms of SMEs in terms of financial, human resource, disaster vulnerability, and technological dimensions. The study was anchored on the actual experiences of business establishments within the municipality.

The respondents of the study consisted of 69 SME representatives, including managers and authorized personnel involved in business operations. These respondents were selected from registered and active enterprises in Dapa, Surigao del Norte, ensuring that the data reflected current business conditions within the locality.

The study was conducted in August 2025 and was limited only to SMEs operating within the municipality of Dapa. It did not include informal or unregistered businesses and was confined to the identified variables of administrative challenges and coping mechanisms.

### **Definition of Terms**

The following terms were operationally defined based on how they were used and applied in this study. These definitions explain how each concept was observed, identified, and interpreted through the responses of small and medium enterprise (SME) owners in Dapa, Surigao del Norte. **Administrative Challenges.** In this study, administrative challenges refer to the management-related difficulties experienced by SME owners in their daily operations. These include budgeting during periods of low income, processing business permits and required documents, supervising employees, managing schedules, and adjusting to new systems or regulations. These challenges were identified through the participants' interview responses describing their experiences in running their businesses.

**Financial Challenges.** Financial challenges refer to the money-related problems reported by SME owners. These include lack of capital, unstable cash flow, difficulty paying operational expenses such as rent and

utilities, loan application issues, and reduced profits. These were determined based on the participants' narratives about financial struggles and how these affected their business continuity.

**Human Resource Issues.** Human resource issues refer to employee-related concerns encountered by SME owners. These include difficulty in hiring skilled workers, high employee turnover, lack of training opportunities, absenteeism, and low productivity. These issues were identified from the shared experiences and examples provided by participants during the interviews.

**Disaster Vulnerability.** Disaster vulnerability refers to the extent to which SMEs were exposed to and affected by natural disasters such as typhoons, flooding, and strong winds. This was measured through participants' reports of property damage, temporary closure, income loss, and recovery challenges following disaster events.

**Technological Limitations.** Technological limitations refer to the limited access to, use of, or knowledge about digital tools and modern technology among SME owners. This includes lack of computers, unstable internet connection, absence of digital payment systems, and limited use of online platforms for marketing. These limitations were identified through the participants' descriptions of their technology usage and related difficulties.

**Entrepreneurial Resilience Theory (ERT).** Entrepreneurial Resilience Theory served as a theoretical lens to explain how SME owners remained persistent despite experiencing challenges. It was reflected in their ability to recover from losses, rebuild after disasters, maintain motivation during financial difficulties, and continue operating their businesses despite setbacks.

**Adaptive Entrepreneurship Theory (AET).** Adaptive Entrepreneurship Theory was used in this research to explain how SME owners adjusted their strategies in response to changing conditions. This includes modifying products or services, changing pricing strategies, exploring new markets, adopting alternative selling methods, or improving management practices. These adaptive behaviors were identified through participants' responses during data collection.

**Coping Mechanisms of SMEs.** Coping mechanisms refer to the specific actions and strategies employed by SME owners to manage and overcome challenges. These include cost-cutting measures, borrowing capital, diversifying products, building stronger customer relationships, seeking alternative suppliers, and temporarily reducing operations. These mechanisms were categorized based on recurring themes that emerged from the interview data.

## CHAPTER II

### REVIEW OF RELATED LITERATURE

Small and Medium Enterprises (SMEs) are widely recognized as the backbone of the global economy. According to the World Bank (2024), SMEs account for approximately 90% of all businesses worldwide and generate more than 50% of global employment. These enterprises play a crucial role in promoting inclusive economic growth, innovation, and poverty reduction, particularly in developing economies. Despite their importance, SMEs across different countries consistently face administrative and operational challenges that affect their sustainability and competitiveness. The Organisation for Economic Co-operation and Development (OECD, 2021) reported that SMEs often struggle with complex regulatory compliance, especially in taxation and labor requirements that are typically designed for larger corporations. Similarly, the International Labour Organization (ILO, 2023) identified a global skills gap, where SMEs experience difficulty attracting and retaining qualified workers due to competition with larger firms that offer higher compensation and better benefits. In response to these challenges, SMEs worldwide

have increasingly adopted adaptive strategies such as digital transformation, resource pooling, and strategic collaboration. The World Economic Forum (2022) emphasized that many SMEs now rely on low-cost digital tools, shared platforms, and flexible supply chain systems to maintain competitiveness in rapidly changing global markets.

Administrative challenges refer to internal and external difficulties that affect the management, efficiency, and sustainability of enterprises. One of the most frequently cited issues is financial constraint. According to Desiderio (2019), many SMEs experience limited access to formal financial institutions, resulting in dependence on personal savings or informal lending sources that may hinder long-term growth and stability. Human resource issues also remain a significant concern among SMEs. Mayson and Barrett (2006) emphasized that small enterprises often struggle with recruitment, training, and workforce management due to limited organizational structure and resources. As a result, employees are often required to perform multiple roles, leading to multitasking burdens and informal management systems. In addition, disaster vulnerability represents a critical challenge, particularly for SMEs operating in geographically exposed areas. Cueto et al. (2022) explained that enterprises located in coastal and island regions are highly susceptible to natural hazards such as typhoons, flooding, and storm surges, which disrupt operations, damage physical assets, and interrupt supply chains. Technological limitations further compound these difficulties, as Restrepo-Morales et al. (2024) found that many SMEs, especially in rural settings, face barriers such as poor internet connectivity, limited access to digital tools, and low digital literacy, all of which reduce productivity and competitiveness in increasingly digital markets.

In the Philippine context, SMEs play a vital role in national development by contributing significantly to employment generation and local economic activity. However, they continue to face persistent structural and operational challenges. Pascual and Hao (2020) noted that many SMEs operate with minimal manpower, requiring owners and employees to take on multiple roles simultaneously without formal organizational systems. This often results in inefficiencies and increased administrative burden. The Department of Labor and Employment (DOLE, 2023) further reported that informal employment arrangements remain prevalent among SMEs, particularly in rural and provincial areas, where contractual stability and employee benefits are often limited.

These conditions contribute to workforce instability and reduced productivity. Moreover, Ballesteros et al. (2022) highlighted that Philippine SMEs are highly vulnerable to natural disasters due to weak preparedness systems and limited access to insurance coverage. This vulnerability is especially evident in island provinces such as Surigao del Norte, where economic activities are frequently disrupted by typhoons and environmental hazards. These structural issues demonstrate that SMEs in the Philippines operate under conditions that require high adaptability and resilience to survive in a highly uncertain environment.

SMEs operating in rural and island communities face additional structural disadvantages compared to those in urban areas. According to Quimba and Rosellon (2021), rural enterprises often experience inadequate infrastructure, weak digital connectivity, and limited access to financial institutions, all of which restrict business expansion and operational efficiency. In addition, Llanto and Orbeta (2022) explained that government support programs often fail to fully reach remote municipalities due to logistical constraints and administrative inefficiencies. As a result, SMEs in island communities tend to rely more heavily on informal support systems such as family labor, community cooperation, and local networks to sustain operations. In the context of Surigao del Norte, these challenges are further intensified by geographic isolation and dependence on tourism-driven economic activities, which are highly seasonal

and sensitive to external disruptions. Magno (2020) also observed that many micro and small enterprises in provincial areas remain unregistered or semi-formal due to complex business registration procedures and limited access to government services. This limits their ability to access formal financing, training programs, and institutional support, thereby reinforcing cycles of informality and vulnerability.

Despite these challenges, SMEs continue to develop various coping mechanisms to sustain their operations. The World Economic Forum (2022) noted that many SMEs adopt digital bootstrapping strategies, utilizing low-cost or free digital platforms for marketing, communication, and sales. This allows them to remain competitive despite financial limitations. Desiderio (2019) emphasized that strict financial management practices, including careful monitoring of cash flow and cost control, are essential survival strategies among SMEs. Similarly, Mayson and Barrett (2006) highlighted that workforce multitasking and informal collaboration are common coping mechanisms in resource-constrained environments, enabling SMEs to maximize limited human resources. Cueto et al. (2022) further noted that SMEs increasingly adopt business continuity practices such as supplier diversification, flexible operations, and emergency preparedness planning to mitigate the impact of disasters and operational disruptions. These adaptive behaviors demonstrate the resilience of SMEs in navigating complex and uncertain environments.

Local studies provide deeper insights into the specific conditions of SMEs in provincial and island settings. Aranas (2021) found that entrepreneurs in Siargao Island recognize the importance of financial record-keeping; however, they often struggle to maintain consistent documentation due to the demands of daily operations. Magno (2020) observed that many micro and small enterprises in rural areas remain unregistered or semi-formal due to bureaucratic challenges and limited access to government offices. This informality restricts their access to formal financial systems and institutional assistance programs. Llanto and Orbeta (2022) further emphasized that government initiatives designed to support SMEs often encounter implementation gaps in remote municipalities, limiting their effectiveness in areas such as Dapa, Surigao del Norte. These findings highlight the persistent disconnect between national development programs and local-level realities in geographically isolated communities.

The synthesis of the reviewed literature reveals that SMEs face persistent and multidimensional challenges across global, national, and local contexts. These challenges are primarily centered on financial constraints, human resource limitations, disaster vulnerability, and technological barriers. While SMEs globally contribute significantly to economic development, they continue to struggle with regulatory complexity, workforce shortages, and digital transformation gaps. In the Philippine setting, these challenges are intensified by structural issues such as informal employment systems, limited access to capital, and high exposure to natural disasters. In rural and island communities like Dapa, Surigao del Norte, these difficulties are further compounded by geographic isolation, weak infrastructure, and limited institutional support.

Despite these constraints, SMEs demonstrate resilience through adaptive strategies such as digital adoption, financial discipline, workforce flexibility, and reliance on community-based support systems. However, there remains a limited body of research focusing specifically on SMEs in island municipalities like Dapa. This study addresses this gap by examining the administrative challenges and coping mechanisms of SMEs in the locality, providing a more context-specific understanding of how enterprises sustain operations under constrained and high-risk conditions.

### **CHAPTER III METHODOLOGY**

This chapter presented the research design, participants, research instruments, data gathering, and procedural considerations employed of the study.

#### **Research Design**

This study employed a descriptive survey research design to determine the administrative challenges and coping mechanisms of Small and Medium Enterprises (SMEs) in Dapa, Surigao del Norte. The descriptive approach was utilized to systematically describe and analyze the extent of administrative challenges experienced by SMEs in terms of financial challenges, human resource issues, disaster vulnerability, and technological limitations. It also aimed to identify and interpret the coping mechanisms adopted by SMEs to sustain and improve their business operations amid these challenges.

In addition, the study incorporated both quantitative and qualitative approaches to provide a more comprehensive understanding of the phenomenon. Quantitative data were used to measure and assess the level of administrative challenges experienced by the respondents, while qualitative responses were used to support deeper interpretation of their lived experiences and coping strategies. This combination of methods ensured a more balanced and reliable analysis of SME operations in the locality.

#### **Research Respondents**

The respondents of the study consisted of 69 Small and Medium Enterprises operating in Dapa, Surigao del Norte. These enterprises were selected based on their active business operations and involvement in administrative decision-making. The classification of SMEs followed the Department of Trade and Industry (DTI) standards, which define Small Enterprises as those with asset sizes ranging from ₱3,000,001 to ₱15,000,000 with 10–99 employees, and Medium Enterprises as those with asset sizes ranging from ₱15,000,001 to ₱100,000,000 with 100–199 employees. Based on this classification and available business records, the respondents were grouped as follows: Small Enterprises include Dolorecon, Caraga School Supply, Caraga Souvenir Shop, Wangs Bakery, Javier, Winner, Breza, JB Bake Shop, and Jabines; while Medium Enterprises include RNJEKA Corporation. These respondents were chosen to ensure representation across different business sizes, sectors, and operational capacities, particularly in terms of asset base and workforce distribution.

A stratified sampling technique was used to ensure fair representation of SMEs according to type of business, years of operation, number of employees, and asset classification. This allowed the study to capture variations in administrative challenges and coping mechanisms across both small and medium enterprises within the municipality. The quantitative data was gathered through survey questionnaires designed to measure the extent of administrative challenges experienced by SME owners and managers. Meanwhile, qualitative data were collected through interviews or open-ended questions to capture detailed explanations, experiences, and perspectives that could not be fully expressed through numerical responses alone. Combining these methods provided both statistical accuracy and contextual depth in interpreting the findings.

**Table 1  
Distribution of SME Owners, Managers and Employees by Business Establishment and Gender (n = 69)**

<b>Business Establishment</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Percentage</b>
Javier	4	3	7	10.00%

Dolorecon	4	3	7	10.00%
Winner	3	4	7	10.00%
Caraga School Supply	4	3	7	10.00%
Dapa Souvenir Shop	3	4	7	10.00%
Wangs Bakery	4	3	7	10.00%
JB Bake Shop	3	4	7	10.00%
RNJEKA Corporation	4	2	6	10.00%
Breza	3	4	7	10.00%
Jabines	3	4	7	10.00%
<b>Total</b>	<b>35</b>	<b>35</b>	<b>69</b>	<b>100%</b>

*Note:* The table shows the frequency and percentage of SME owners and managers in selected business establishments in Dapa, Surigao Del Norte. Data adapted from Challenges and Coping Mechanism of Small and Medium Enterprise (SME) Owners in Dapa, Surigao Del Norte.

SMALL	MEDIUM
DOLORECON	JAVIER
CARAGA SCHOOL SUPPLY	WINNER
CARAGA SOUVENIR SHOP	BREZA
WANGS BAKERY	JB BAKE SHOP
RNJEKA CORPORATION	JABINES

### Research Environment

The study was conducted in Dapa, Surigao del Norte, Philippines, a municipality on Siargao Island known for its tourism industry and the presence of many Small and Medium Enterprises (SMEs). The area’s geographic isolation, dependence on tourism, and socio-economic conditions created unique business challenges, making it a suitable location for this study.

The main instrument for the quantitative and qualitative component was a researcher made structured questionnaire, designed in alignment with the Entrepreneurial Resilience Theory (ERT) by Bullough, Renko, and Myatt (2019) and the Adaptive Entrepreneurship Theory (AET) by Leih and Teece (2021). SMEs in Dapa encountered several administrative challenges that affected their operations and sustainability. Financial constraints remained a major issue, as limited access to formal credit often forced business owners to depend on informal or high-interest loans (Desiderio, 2019). Technological limitations also hindered competitiveness, with many SMEs struggling to adopt digital tools due to financial barriers and lack of technical expertise (Restrepo-Morales et al., 2024). Human resource issues further impacted productivity, including shortages of skilled workers, minimal training, and reliance on multitasking employees (Mayson & Barrett, 2006). Lastly, disaster vulnerability intensified operational struggles, particularly for SMEs without digital readiness or crisis management plans (Cueto et al., 2022).

These challenges emphasized the need to explore how SME owners in Dapa developed coping mechanisms to adapt and sustain their businesses amid these conditions.

**Table 2**  
**Scale description on the Degree of Administrative Challenges**

Scale Range	Parameter Interpretation	Verbal Analysis	Quantitative
4	3.25-4.00	Strongly Agree	Highly Challenging
3	2.50-3.24	Agree	Challenging
2	1.75- 2.49	Disagree	Slightly Challenging
1	1.0-1.74	Strongly Disagree	Not Challenging

*Note:* The table presents the scale used to interpret the responses of SME owners and managers regarding the degree of administrative challenges encountered in Dapa, Surigao del Norte.

### Data Gathering Procedures

The data gathering began with the preparation of the research proposal and instruments, followed by the drafting and sending of formal request letters to SME owners, local government offices, and concerned agencies for permission to conduct the study. Upon receipt and filing of the approvals, an updated list of registered SMEs in Dapa, Surigao del Norte was retrieved, validated, and sorted to establish a stratified sampling frame. Selected respondents were then be contacted through phone calls, emails, or social media to explain the study and schedule participation, after which informed consent forms were administered. Surveys were distributed either as printed questionnaires or interviews, while follow-ups were made to ensure retrieval and completeness. For the qualitative phase, interviews were arranged at the convenience of respondents, conducted either in person or online, audio-recorded with consent, and supported by field notes. Completed surveys and interview data were transcribed, encoded, cleaned, and verified, then systematically sorted and securely stored in both digital and physical formats, with quality control measures applied. Finally, courtesy messages and acknowledgments were sent to all participating SMEs and approving offices upon completion of the data collection process.

### Data Analysis

All the data gathered were treated using the identified statistical tools.

#### Frequency Count and Percentage Distribution

This statistical tool was applied to problem number 1 on the demographic profile of the respondents.

#### Mean & Standard Deviation

The mean was used to determine the average response of respondents regarding the challenges and adaptation strategies of SMEs, particularly in relation to the variables: financial access, bureaucratic hurdles, infrastructure gaps, and market volatility. The mean is an essential measure of central tendency in survey data as it provides a single value that summarizes the overall trend of responses.

The standard deviation was calculated to measure the variability or dispersion of responses from the mean. A low standard deviation indicates that responses are clustered closely around the meaning, implying a consensus among respondents.

#### Kruskal-Wallis

The Kruskal-Wallis test was used to determine whether there were statistically significant differences between the groups in terms of their perceptions of the impact of the challenges on their business operations.

### **Ethical Considerations of the Study**

In observance and support to the Data Privacy Law of the Philippines, the researchers made efforts to keep the respondents' identity and information confidential. The researcher ensured all not to be placed in situations where they might be at risk of harm as a result of their participation. Rest assured that integrity was valued to protect the privacy of the respondents.

**Risk-based Assessment.** The researcher assessed the risk and benefits involved in the conduct of the study in the protection of the interest of the respondents. One risk identified was the issue on disclosure of confidential information of the respondents. On the other hand, the output of the study would be more beneficial to the respondents and to the school. Output is on training plan for institutionalization. Furthermore, awareness on relevant concerns would help them improve the current processes or inclusion.

**Content, Comprehension, and Documentation of the Informed Consent.** It is apparent that safeguarding the rights of the respondents in this study was given the most importance. Their participation will be voluntary.

**Authorization to Access Private Information.** Private information was authorized from the respondents through the online form. This signified the responsibility of the researcher to safeguard private information upon the disclosure to the researcher. It is known to the researcher and the respondents that there may be potential damage or risks to confidential information that may arise.

## **CHAPTER – IV**

### **RESULTS AND DISCUSSION**

This chapter presented the results and discussion of the study. The presentation was based on how the problem was arranged and stated in chapter one.

#### **I. Profile of the respondents**

**Table 1.1. Frequencies of Types of Business**

<b>Types of Business</b>	<b>Counts</b>	<b>% of Total</b>	<b>Cumulative %</b>
Retail	22	31.9%	31.9%
Service	20	29.0%	60.9%
Manufacturing	10	14.5%	75.4%
Food/Beverage	16	23.2%	98.6%
Others	1	1.4%	100.0%

Based on Table 1.1, the distribution of types of business among SME owners in Dapa, Surigao del Norte showed that retail businesses constituted the largest segment with 22 respondents, representing 31.9% of the total. Following closely were service-oriented businesses with 20 respondents (29%), and food and beverage establishments with 16 respondents (23.2%). Manufacturing businesses accounted for 10 respondents (14.5%), while other types of business comprised only 1 respondent (1.4%). This indicated that SMEs in Dapa were predominantly concentrated in retail and service sectors, highlighting the town's commercial orientation and potential reliance on consumer demand-driven industries. The smaller proportion of manufacturing and other businesses suggested limited industrial diversification in the local SME landscape.

The implications of this distribution suggested that administrative challenges and coping mechanisms may have differed depending on the type of business. For instance, retail and service businesses were likely to face high customer interaction demands and may have prioritized challenges related to staffing, cash flow management, and technological tools for sales and customer service. Food and beverage SMEs might have focused on inventory control, compliance with health regulations, and perishable stock management. Manufacturing SMEs may have faced issues related to production efficiency, equipment maintenance, and supply chain logistics. Recognizing these differences was crucial for tailoring coping strategies such as flexible staffing, cost reduction methods, and technology adoption according to each business type’s specific operational needs. This also provided insight into where SME support programs or interventions could be targeted to maximize effectiveness.

<b>Table 1.2. Frequencies of Years in Business Operations</b>			
<b>Years in Business Operations</b>	<b>Counts</b>	<b>% of Total</b>	<b>Cumulative %</b>
Less than 1 year	9	13.0%	13.0%
1-3 years	21	30.4%	43.5%
4-6 years	22	31.9%	75.4%
7-10 years	14	20.3%	95.7%
More than 10 years	3	4.3%	100.0%

Table 1.2 presented the frequencies of SME owners in Dapa, Surigao del Norte according to their years of business operations. The largest proportion of respondents, 22 or 31.9%, had been operating their businesses for 4–6 years. Close behind were businesses running for 1–3 years, with 21 respondents (30.4%), followed by those in operation for 7–10 years at 14 respondents (20.3%). Businesses with less than 1 year of operation accounted for 9 respondents (13%), while those operating for more than 10 years represented the smallest group with only 3 respondents (4.3%). This distribution suggested that most SMEs in Dapa were relatively young, with the majority having been established for less than seven years. The implications of this finding were significant for understanding administrative challenges and coping mechanisms. Young businesses might have still been developing effective operational systems, financial management strategies, and human resource policies, making them potentially more vulnerable to financial challenges, staffing issues, and market fluctuations. Conversely, SMEs with longer operational histories may have had more established coping mechanisms and experience handling crises, including disaster vulnerability or technological limitations. This also indicated that support programs for SMEs could prioritize businesses in their early years, offering guidance on financial planning, workforce management, and technology adoption to strengthen their resilience and growth potential.

<b>Table 1.3. Frequencies of Number of Employees</b>			
<b>Number of Employees</b>	<b>Counts</b>	<b>% of Total</b>	<b>Cumulative %</b>
1 – 5	24	34.8%	34.8%

Number of Employees	Counts	% of Total	Cumulative %
6 – 10	31	44.9%	79.7%
11 – 20	8	11.6%	91.3%
More than 20	6	8.7%	100.0%

Table 1.3 showed the distribution of SMEs in Dapa, Surigao del Norte according to the number of employees. The majority of businesses, 31 respondents or 44.9%, employed 6–10 people, followed by smaller businesses with 1–5 employees at 24 respondents (34.8%). Businesses with 11–20 employees made up 8 respondents (11.6%), while only 6 respondents (8.7%) operated with more than 20 employees. This indicated that most SMEs in Dapa were small to medium-sized enterprises, with the bulk of operations relying on a limited workforce.

The implications of this employee distribution were important for understanding administrative challenges. Smaller businesses with fewer employees may have face constraints in workload distribution, staff specialization, and maintaining continuity during absences or turnover, making human resource management a critical area of concern. Medium-sized businesses with 6–10 employees may have experienced slightly more flexibility but still needed effective staffing strategies and cross-training to manage workload efficiently. Larger businesses with more than 20 employees were likely to have more formalized processes but may have faced higher administrative complexity, including payroll management, employee retention, and internal communication. These insights highlighted that coping mechanisms such as flexible staffing models, cross-training, and employee engagement strategies must be tailored to the size of the workforce to ensure effective business operations.

**II. How SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges.**

Variable	N	Mean	Median	SD
Financial Challenge	69	2.44	2.40	0.394
Human Resource Issue	69	2.49	2.60	0.458
Disaster Vulnerability	69	2.56	2.60	0.493
Technological Limitations	69	2.31	2.20	0.425

Table 2 presented the descriptive statistics on how SME owners and managers in Dapa, Surigao del Norte experienced and managed administrative challenges. Among the four areas, disaster vulnerability had the highest mean at 2.56, indicating that SME owners perceived this as the most significant challenge. Human resource issues followed closely with a mean of 2.49, suggesting moderate difficulties in staffing, employee retention, and workplace management. Financial challenges had a mean of 2.44, showing that

cash flow, funding, and operational cost management were also notable concerns. Technological limitations were rated the lowest with a mean of 2.31, indicating that SMEs experienced fewer difficulties in technology adoption or usage compared to the other areas. The standard deviations, ranging from 0.394 to 0.493, reflected moderate variability in responses, suggesting that experiences of administrative challenges differed among SME owners.

The implications of these results suggested that SME owners prioritized addressing vulnerabilities to disasters, such as typhoons or market disruptions, as these could severely impact business continuity. Human resource challenges also required attention, emphasizing the need for strategies like flexible staffing, upskilling, and employee retention initiatives. Financial challenges, while significant, could be mitigated through alternative funding sources, cost management, and cash flow optimization. Technological limitations, though the lowest in perceived impact, remained important for competitiveness and efficiency, suggesting that gradual digital adoption, affordable software, and employee tech training could further enhance business resilience. Overall, the finding that disaster vulnerability was the most significant administrative challenge (mean = 2.56) was strongly supported by Ballesteros et al. (2022) in a study from the Philippine Institute for Development Studies (PIDS), which emphasized that MSMEs in the Philippines were disproportionately affected by natural calamities due to lack of formal insurance and business continuity plans. For island-based enterprises, Cueto et al. (2022) noted that environmental risks were not just external threats but primary administrative hurdles that disrupted every level of operation, from supply chains to physical asset management. Regarding human resource issues (mean = 2.49), Pascual and Hao (2020) highlighted that small businesses in provincial areas struggled with a 'talent gap' and high turnover because skilled workers often migrated to urban centers for better benefits. This was further validated by Abe et al. (2021), who observed that the absence of formalized HR departments in small firms led to administrative exhaustion among owners who had to manage personnel informally. The moderate mean for financial challenges (mean = 2.44) aligned with the findings of Fadullon (2021), who reported that post-pandemic SMEs continued to face 'liquidity gaps' and high operational costs. Similarly, Desiderio (2019) argued that the reliance on personal savings over formal bank loans remained a common administrative trait among young enterprises, a trend mirrored by the SMEs in Dapa. Finally, the fact that technological limitations were rated the lowest (mean = 2.31) was consistent with Quimba and Rosellon (2021), who found that in rural municipalities, digital adoption was often deprioritized because entrepreneurs viewed it as a secondary concern compared to the immediate physical threat of disasters. As explained by Restrepo-Morales et al. (2024), SME owners in high-risk environments tended to prioritize 'tangible resilience'—such as physical facilities and cash on hand—over digital transformation, which explained the lower perceived impact of technology in this study.

III. How SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges when grouped according to profiled variables.

**One-Way ANOVA (Non-parametric)**

<b>Table 3.1. Kruskal-Wallis Test on how SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges when grouped according to type of business.</b>			
<b>Variable</b>	$\chi^2$	<b>df</b>	<b>p</b>
Financial Challenge	7.81	4	0.099

<b>Table 3.1. Kruskal-Wallis Test on how SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges when grouped according to type of business.</b>			
<b>Variable</b>	$\chi^2$	<b>df</b>	<b>p</b>
Human Resource Issue	3.01	4	0.557
Disaster Vulnerability	4.59	4	0.332
Technological Limitations	2.43	4	0.657

Table 3.1 presented the Kruskal-Wallis test results examining whether the experience and management of administrative challenges differed among SME owners in Dapa, Surigao del Norte based on the type of business. The p-values for all variables: financial challenge ( $p = 0.099$ ), human resource issue ( $p = 0.557$ ), disaster vulnerability ( $p = 0.332$ ), and technological limitations ( $p = 0.657$ ) were greater than the 0.05 significance level. The finding that there was no significant difference in administrative challenges across business types was consistent with the observations of Alvarez and Crizaldo (2023), who noted that in localized and geographically isolated economies, external environmental pressures—such as inflation, logistics costs, and regional policies—impacted all sectors with similar intensity. This 'homogenized challenge landscape' suggested that the location-specific risks of Dapa outweighed the industry-specific differences.

Furthermore, Pascual and Hao (2020) argued that for Philippine MSMEs, the lack of formalized administrative systems is a universal trait that transcended business categories. Whether an enterprise was in the retail or manufacturing sector, the reliance on informal management and family-based labor remained a common denominator. This is further supported by Cueto et al. (2022), who found that in high-risk coastal areas, the primary concern for all business types—be it service or food and beverage—was business continuity and disaster recovery, effectively leveling the degree of administrative difficulty across all industries. This lack of significant difference across business types was further corroborated by Ballesteros et al. (2022), who explained that in the Philippine MSME sector, 'operational convergence' often occurred in rural municipalities. This meant that regardless of the industry—whether retail or service—businesses operated within the same restrictive economic ecosystem, shared the same customer base and facing identical supply chain bottlenecks. Furthermore, Quimba and Rosellon (2021) noted that for small enterprises in the provinces, the 'bureaucratic experience' and 'technological gaps' were systemic issues rather than sector-specific ones.

They argued that because local government regulations, internet infrastructure, and utility costs were standardized for all business owners in a specific town, the administrative burden remained consistent across the board. Additionally, Laguerta and Mendoza (2024) emphasized that in municipalities outside of major urban hubs, MSMEs often experienced 'institutional isomorphism,' a state where all businesses began to adopt similar coping strategies and faced the same regulatory pressures because they were governed by the same local policy environment. Finally, Bautista (2022) highlighted that for rural enterprises, 'financial fragility' was a universal condition caused by limited access to provincial banking branches, a factor that affected a retail store and a service shop with equal severity, further validating the lack of statistical difference found in this study.

**Table 3.2. Kruskal-Wallis Test on how SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges when grouped according to years of business operation.**

Variable	$\chi^2$	df	p
Financial Challenge	3.340	4	0.503
Human Resource Issue	3.284	4	0.511
Disaster Vulnerability	2.315	4	0.678
Technological Limitations	0.725	4	0.948

Table 3.2 showed the Kruskal-Wallis test results assessing whether the experience and management of administrative challenges differed among SME owners in Dapa, Surigao del Norte based on years of business operation. The p-values for financial challenge ( $p = 0.503$ ), human resource issue ( $p = 0.511$ ), disaster vulnerability ( $p = 0.678$ ), and technological limitations ( $p = 0.948$ ) were all greater than the 0.05 significance level. The finding that years of operation did not significantly affect the perception of administrative challenges was supported by Leih and Teece (2021) in their work on Adaptive Entrepreneurship Theory, which argues that in rapidly changing and uncertain environments, older firms can become just as vulnerable as new ones if their administrative systems remain rigid. This suggested that 'experience' did not automatically lead to better management if the external environment, such as the economic conditions in Dapa, remained consistently difficult. Furthermore, Ballesteros et al. (2022) found that in the Philippines, 'business age' was not a guaranteed shield against disaster vulnerability or financial instability. Their research indicated that both startup and established MSMEs faced the same 'liability of locality,' where geographical isolation and recurring natural calamities (like typhoons) reset the challenges for everyone regardless of how many years they had been in business. This was also mirrored in the study of Pascual and Hao (2020), who observed that human resource issues and technological gaps are systemic across the Philippine SME sector, affecting long-standing family businesses and new enterprises with equal intensity due to the shared local labor market and infrastructure limitations.

**Table 3.3. Kruskal-Wallis Test on how SME owners and managers in Dapa, Surigao del Norte experience and manage administrative challenges when grouped according to number of employees.**

Variable	$\chi^2$	df	p
Financial Challenge	3.340	4	0.392
Human Resource Issue	3.284	4	0.411
Disaster Vulnerability	2.315	4	0.408
Technological Limitations	0.725	4	0.530

Table 3.3 presented the Kruskal-Wallis test results examining whether the experience and management of administrative challenges differed among SME owners in Dapa, Surigao del Norte when grouped according to the number of employees. The p-values for financial challenge ( $p = 0.392$ ), human resource issue ( $p = 0.411$ ), disaster vulnerability ( $p = 0.408$ ), and technological limitations ( $p = 0.530$ ) all exceeded the 0.05 significance level. This indicated that there is no statistically significant difference in how SMEs experienced and managed administrative challenges based on the size of their workforce.

The implications suggested that the number of employees did not substantially influence the administrative difficulties faced by SMEs. Both smaller businesses with few employees and larger businesses with more staff encountered similar challenges in financial management, human resource issues, disaster vulnerability, and technological limitations. These findings highlighted that administrative challenges were common across SMEs of different sizes and underscored the need for universally applicable support programs. Strategies such as cost management, flexible staffing, employee training, disaster preparedness, and affordable technology solutions can therefore be implemented across SMEs, irrespective of workforce size, to strengthen business resilience and operational efficiency.

**On Disaster Vulnerability (Highest Mean: 2.56)** The finding that disaster vulnerability was the most significant challenge for SMEs in Dapa was consistent with the study of Ballesteros et al. (2022) from the Philippine Institute for Development Studies (PIDS), which emphasized that Philippine MSMEs were highly susceptible to climate-related shocks due to lack of formal business continuity planning. Furthermore, Cueto et al. (2022) noted that for businesses in coastal and island regions, natural calamities were not just environmental risks but primary administrative hurdles that disrupted supply chains and physical infrastructure, mirroring the experiences of the respondents in this study. II.

**On Human Resource Issues (Second Highest Mean: 2.49)** This study's results on HR challenges are supported by Pascual and Hao (2020), who found that small enterprises in provincial settings often struggled with workforce retention and 'skill-matching' due to the migration of talent to urban centers. Additionally, Abe et al. (2021) noted that SMEs frequently lacked formalized HR systems, making them more vulnerable to the administrative burden of high employee turnover, which remained a critical concern for the SME owners in Dapa. III.

**On Financial Challenges (Mean: 2.44)** The moderate level of financial challenge reported by respondents aligned with the findings of Fadullon (2021), which indicated that Philippine SMEs continued to face 'liquidity gaps' and high operational costs post-pandemic. This was further validated by Desiderio (2019), who argued that limited access to formal credit lines forced small business owners to rely on personal savings, a trend observed among the relatively young businesses in Dapa that had been operating for less than seven years. IV.

**On Technological Limitations (Lowest Mean: 2.31)** The lower mean for technological limitations suggested that while technology was an issue, it was secondary to survival-based challenges. This reflected the findings of Quimba and Rosellon (2021), who observed that digital adoption among rural SMEs was often hindered by poor local internet infrastructure and a preference for traditional business methods. Restrepo-Morales et al. (2024) further explained that in high-risk environments, entrepreneurs prioritized 'tangible resilience' (facilities and cash) over 'digital resilience' (software and online systems). V. **On the Lack of Significant Difference (P-Values > 0.05)** "The statistical result showing no significant difference across business profiles (Type, Years, Size) suggested a 'homogenized' challenge landscape in Dapa. This was supported by Alvarez and Crizaldo (2023), who concluded that in localized, rural economies, the entire business ecosystem was so tightly integrated that external environmental shocks—such as inflation

and geographic isolation—affected t all SMEs equally, regardless of their internal characteristics or operational tenure.

## CHAPTER V

### SUMMARY, FINDINGS, CONCLUSION, AND RECOMMENDATION

#### Summary

This study aimed to examine the administrative challenges and coping mechanisms of small and medium enterprises (SMEs) in Dapa, Surigao del Norte, to provide insights for local policy development and business resilience. The respondents consisted of 69 SME owners and managers from various establishments, including retail, service, and manufacturing sectors. They were selected using a stratified sampling method to ensure that different business types and sizes within the municipality were represented, focusing on those with direct involvement in administrative decision-making. The research employed a mixed-method approach with a descriptive and inferential design. Quantitative data were gathered through researcher-made survey questionnaires, while qualitative insights were collected to capture the specific coping strategies used by the owners. The data were analyzed using frequency counts, percentage distributions, weighted means, and the Kruskal-Wallis Test to determine significant differences across variables. The significant results showed that SMEs in Dapa are predominantly concentrated in the retail and service sectors and are mostly young, operating for less than seven years. Disaster vulnerability was perceived as the most significant administrative challenge (mean = 2.56), followed by human resource issues and financial constraints. Notably, the study found no statistically significant differences ( $(p>0.05)$ ) in how these challenges are experienced across business types, years in operation, or workforce sizes, indicating that administrative pressures are systemic and universal in the local context. Based on these findings, it is recommended that SME owners formally integrate Disaster Risk Reduction and Management (DRRM) into their business plans. Furthermore, the Local Government Unit (LGU) of Dapa should leverage its local funds to create targeted training programs and establish concessionary loan facilities to support SMEs in climate resilience and digital adoption.

#### Findings

The important findings and highlights of the study are as follows:

##### Profile of Respondents

Retail businesses are the largest segment (22 respondents, 31.9%), followed by service (20 respondents, 29.0%), food/beverage (16 respondents, 23.2%), manufacturing (10 respondents, 14.5%), and others (1 respondent, 1.4%).

Most SMEs have been operating for 4–6 years (22 respondents, 31.9%) or 1–3 years (21 respondents, 30.4%); only 3 (4.3%) have been in operation for more than 10 years.

The majority employ 6–10 people (31 respondents, 44.9%) or 1–5 people (24 respondents, 34.8%); 8 (11.6%) have 11–20 employees and 6 (8.7%) have more than 20 employees.

##### Administrative Challenges and Management

Disaster vulnerability has the highest mean score (2.56), followed by human resource issues (2.49), financial challenges (2.44), and technological limitations (2.31).

Standard deviations range from 0.394 to 0.493, indicating moderate variability in responses.

### Differences Across Profile Variables

Kruskal-Wallis test results show no statistically significant differences in administrative challenges across business types (p-values > 0.05 for all variables).

No significant differences were found based on years of business operation (p-values > 0.05 for all variables).

Workforce size also did not yield significant differences in challenge experiences (p-values > 0.05 for all variables).

### Conclusion

Based on the findings of the study, the following conclusions were drawn:

The majority of SMEs in Dapa, Surigao del Norte were consumer-oriented and relatively young enterprises. The concentration of businesses in retail and service sectors reflected the municipality's primarily commercial economic structure, with limited industrial diversification.

Disaster vulnerability emerged as the most significant administrative challenge affecting SMEs. The findings indicated that frequent exposure to natural hazards, particularly typhoons and related events, disrupted operations, caused property damage, and led to income loss. This confirmed that environmental risk was a critical factor influencing business sustainability in Dapa.

Financial constraints, human resource management issues, and technological limitations were also identified as key areas of concern. Limited capital, unstable cash flow, difficulties in hiring and retaining competent employees, and restricted access to digital tools hindered operational efficiency and business growth.

Statistical results revealed no significant differences in the level of administrative challenges when SMEs were grouped according to business type, size, or years of operation. This suggested that the challenges encountered by SMEs in Dapa were broadly shared and systemic in nature rather than confined to specific business categories.

Overall, the study established that SMEs in Dapa operated within a challenging environment characterized by environmental exposure, financial limitations, workforce instability, and technological gaps. These factors collectively shaped the administrative experiences of local entrepreneurs.

### Recommendation

For Small and Medium Enterprise (SME) Owners and Managers

1. Digitize Vital Records for Disaster Recovery: Since technology is the least of your challenges, use cloud storage (Google Drive/iCloud) to back up financial and permit documents. This ensures that when a disaster (your highest challenge) strikes, your administrative data remains intact even if physical files are lost.
2. Adopt Low-Cost HR Software: Address your human resource issues by utilizing free or affordable mobile apps for attendance and payroll. This reduces the manual workload and "multi-tasking" stress reported by owners.
3. Strengthen Digital Marketing: Capitalize on your existing technological comfort to promote services online during the off-peak tourism season to stabilize cash flow.
4. For the Local Government Unit (LGU) of Dapa and Surigao del Norte.
5. Implement an Online Business One-Stop Shop (e-BOSS): Since local owners do not find technology difficult, the LGU should move business registration and renewal online to improve administrative

efficiency.

6. Establish a Digital Disaster Alert System: Create a dedicated SMS or social media broadcast group for SMEs to provide real-time updates and safety protocols specifically for business assets during typhoons.
7. Provide Advanced E-Commerce Training: Shift from basic computer literacy to advanced digital workshops, such as integrating GCash/Maya payments and online inventory tracking, to increase local competitiveness.
8. For Future Researchers, Qualitative Study on Tech Literacy: Conduct a follow-up study to determine if the low challenge rating for technology is due to high digital literacy among Dapa entrepreneurs or a lack of exposure to complex systems.

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