

**BUSINESS PERFORMANCE OF MICRO-ENTERPRISES IN NORTHERN MINDANAO, PHILIPPINES: A MULTINOMIAL LOGISTIC REGRESSION ANALYSIS**

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**Abstract:** This study investigated the factors that influence the business performance of micro-enterprises in Northern Mindanao. Specifically, it examined the profile, marketing practices, entrepreneurial orientation, access to finance, and business performance of these enterprises.

The study used responses from 417 micro-enterprises selected through stratified random sampling from the provinces of Bukidnon, Camiguin, Lanao del Norte, Misamis Occidental and Misamis Oriental. A descriptive-correlational research design was employed to attain the objectives of the study.

More than half of micro-enterprises employed 1-4 employees and undertook their business for not more than five years. Marketing practices are implemented most of the time. Their entrepreneurial orientation was high, access to finance was moderate to great, and their business performance for the last three years was average to good.

The aggregate multinomial logistic regression analysis reveals that among the variables used in the study, business age, marketing practices, entrepreneurial orientation, and access to finance significantly influence the business performance of micro-enterprises.

The multinomial logistic regression per industry analysis yields a different result. In merchandising industry sector, marketing practices, business age, and access to finance influence substantially business performance. In the service industry sector, entrepreneurial orientation, business age, and access to finance significantly influence business performance.

**Keywords:** Micro-enterprises, Business Performance, Multinomial Logistic Regression

### **1. Introduction**

In the Philippines, 89.63% of the businesses are classified as micro-enterprises (DTI, 2018). They are recognized for their contribution to economic development through providing opportunities for commercial trade, taxes and employment generation, and promotion of entrepreneurial potential (Rani, 2013). It serves as a platform for entrepreneurs to alleviate quality of living and to contribute to the productivity of the country.

Despite the contribution of micro-enterprises, more than two-thirds of the micro-enterprises have no growth at all. In developing countries, they are performing poorly (Kusi, Opata, & Narh, 2015). Thus, success among micro-enterprises is rare. Northern Mindanao (Region 10), Philippines, is an ideal location for investments and business ventures (DTI, 2018) but is also faces other challenges. In 2015, Northern Mindanao recorded a poverty incidence of 36.6%, which is much higher than the national poverty incidence of 21.6%. The fewer job opportunities and low household income can be attributed to the performance struggle faced by micro-enterprises. In addition, Northern Mindanao ranked 12th out of 17 regions in the country regarding Gross Regional Domestic Product (GRDP) growth for 2016-2017. Then, the high inflation rate (6.4%) in the country also affects their operation through the increase in transportation costs, cost of inputs, cost of operation, and interest rates in case of bank loans (Chua, 2018).

Thus, this study is timely to assess the performance of micro-enterprises in the region and identify the determinants that contribute therein.

## 2. Conceptual Framework

Generally, the variables used in the study were anchored to the Resource-based View of the Firm and Knowledge-Based Theory of where all firm-specific resources and capabilities, whether tangible or intangible and including firm attributes, influence business performance (Wernerfelt, 1984; Grant, 1996).

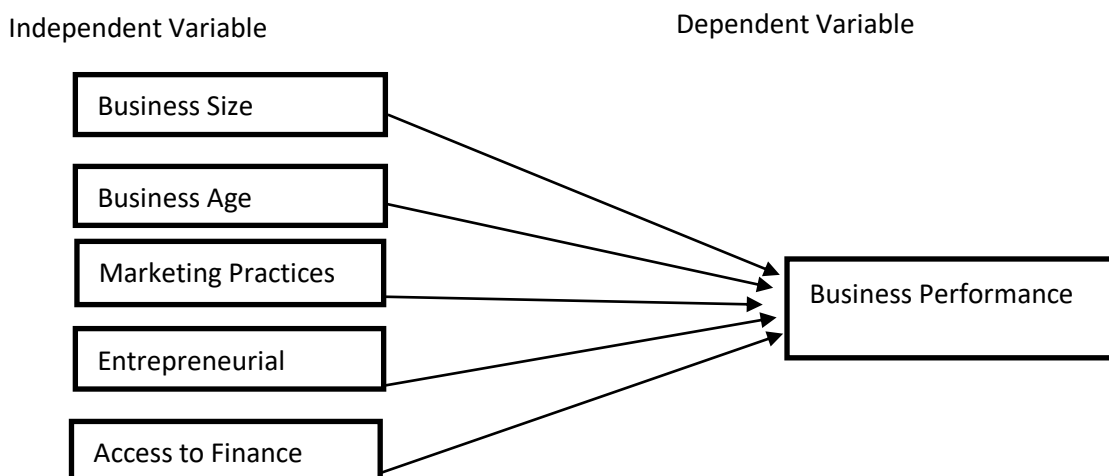


Figure 1. Schematic diagram showing the relationship of variables in the study

## 3. Hypotheses

This section presents the hypotheses of the study in null form. The study has five hypotheses.

- Ho1: The business size does not significantly influence business performance.
- Ho2: The business age does not significantly influence business performance.
- Ho3: The marketing practices do not significantly influence business performance.
- Ho4: The entrepreneurial orientation does not significantly influence business performance.
- Ho5: Access to finance does not significantly influence business performance.

## 4. Scope and Limitations

The study covers the micro-enterprises under sole proprietorship which are engaged in either merchandising, manufacturing, or non-professional service concerns registered and assisted in the Department of Trade and Industry (DTI). The study was conducted in Northern Mindanao (Region 10), Philippines. Geographically, this study covers the provinces of Bukidnon, Camiguin, Misamis Occidental, Lanao del Norte, and Misamis Oriental. The duration of the data gathering process was from October 18, 2018, to November 25, 2018.

## 5. Objectives of the Study

This study primarily aimed to determine the factors that affect business performance of micro-enterprises. Specifically, it sought to establish a profile of micro-enterprises in Northern Mindanao in terms of number of employees, age, and industry sector; determine the level of adoption to marketing practices of micro-enterprises in Northern Mindanao; ascertain the level of entrepreneurial orientation of micro-enterprises in Northern Mindanao; determine the level of access to finance of micro-enterprises in Northern Mindanao; describe the business performance of micro-enterprises in Northern Mindanao; and identify factors that predict the business performance of micro-enterprises as aggregate and in every industry sector in Northern Mindanao.

## 6. Review of Related Literature

### 6.1 Marketing Practices

Marketing is the management of markets that facilitate the exchange of goods/services and values among individuals or organizations to satisfy human needs and wants. The whole marketing process covers activities such as identification of specific markets, the establishment of target markets, promoting product/services, creating, and delivering value to customers and managing relationships with them (Kotler et al., 1999). The significance of the marketing concept is for them to achieve their goals and objectives (Gbolagade, Adesola, & Oyewale, 2013). Businesses that fail to adapt to the ever-changing trends and consumer atmosphere will most likely fail to ensure the business's survival (Stone & Desmond, 2007).

Marketing strategy has been a significant concern of organizations and a tool to achieve its goals and maximize firm performance (Saif, 2015). For instance, a study in the banking industry in Iran validated that marketing strategy significantly influences organizational performance (Akbari & Jalilian, 2015). The 4Ps of marketing is also called as marketing mix, was first introduced by E. Jerome McCarthy as a mixture of different ingredients which are essential in capturing a specific market (Van Waterschoot & Van den Bulte, 1992). The marketing mix is the set of marketing tools that a firm will combine and utilize to pursue its marketing objectives in the target market (Kotler, Armstrong, Saunders, & Wong, 1999). Marketing mix elements include product, price, place, and promotion. These elements are combined well to produce an efficient result (Isoraite, 2016). A study on small business enterprises in Nigeria emphasized that marketing mix factors have a strong positive relationship with their organizational performance (Aliu, Idris, & Oyedijo, 2012). The marketing mix elements or the 4Ps in marketing are essential for business firms to survive (Kuwu & Gakure, 2014). The 4Ps of marketing as a traditional classification of the marketing mix is widely used in marketing, including in marketing research (Van Waterschoot & Van den Bulte, 1992). The link between marketing strategy and business performance was already documented, studied, and analyzed by numerous empirical studies (Saif, 2015). Specifically, marketing strategies and 4Ps in marketing significantly influence small and medium enterprises (SMEs) (Kuwu & Gakure, 2014).

### 6.2 Entrepreneurial Orientation

Significant empirical and conceptual attention was given to the construct "entrepreneurial orientation" over the years. It has become a central concept in entrepreneurship (Covin, Green, & Slevin, Strategic Process Effects on the Entrepreneurial Orientation- Sales Growth Rate Relationship, 2006). Entrepreneurial orientation is defined as the practice of strategy formulation by individuals who put up a business enterprise (Dess & Lumpkin, 2005). The formulation of strategy is an organizational wide phenomenon (Hart, 1992) that includes multiple management levels and is not formulated and dictated alone by the decision of the top management (Stevenson & Jarillo, 1990). These strategies may include corporate planning, analysis, decision making, and many aspects of organizational culture and value system (Hart, 1992). Entrepreneurial orientation represents a concept of entrepreneurial viewpoint in the corporate culture and various business processes and activities (Dess & Lumpkin, 2005) mainly on methods and styles in making business decisions. (Lumpkin & Dess, Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance, 1996). Entrepreneurship is the entrepreneurial content, while entrepreneurial orientation is the process (McGuinness, 2008).

Miller (1983) identified three dimensions of entrepreneurial orientation. These dimensions include innovativeness, risk-taking, and proactiveness (Miller D., 1983). Later, autonomy and competitiveness were added to the first three dimensions. Then, these five dimensions are present starting when a firm engages in a new entry (Lumpkin & Dess, Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance, 1996).

A study on the analysis of the effect of entrepreneurial orientation on business performance among SMEs in Timor Leste reveals that it has a positive influence and can result in improved performance of these enterprises (Soares, Moeljadi, Rohman, & Solimun, 2014). The same findings and results were found in the study of entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia (Mahmood & Hanafi, 2013). Linking entrepreneurial orientation to business performance was already documented by many scholars. In fact, a meta-analysis conducted among 14,295 companies in 51 studies, detected a moderately large correlation between entrepreneurial orientation and business performance (Rauch, Wiklund, Lumpkin, & Frese, 2006).

## 6.3 Access to Finance

Finance is hailed to be the lifeblood of any business firm. It is necessary to address all the needs of the business. Regardless of the business size and form, financing is required to fuel the day-to-day activities of the business (Paramasivan & Subramanian, 2016; Kung'u, 2011). Thus, it portrays a significant role in micro and small enterprises for them to grow and survive. The lack of access to finance is a significant contributor to failure in small and micro-enterprises (Fanta, Mutsonziwa, Maposa, Motsomi, & Khumalo, 2017).

The lack of access to finance is a common problem for micro-enterprises in starting up a business and growth for those existing firms (Fanta, Mutsonziwa, Maposa, Motsomi, & Khumalo, 2017). It is supported in the study of Kung'u (2011) where he emphasized that financial constraint is a significant constraint for the performance, particularly the growth of micro-enterprises. There is a financing gap among developing countries. Reports show that 29% - 35% of micro-enterprises are unserved, 23-29% are underserved, and only 38-46% do not need credit (IFC Advisory Services, 2013). Access to finance is one of the significant keys for business firms, including micro-enterprises, to attain sustainable growth (Senate of the Philippines, 2012).

## 6.4 Business Performance

In the past years, there has been a significant increase in interest in business performance measurement (Harif, Hoe, & Ahmad, 2013). In many research that study different areas of management, organizational performance was commonly used as a dependent variable (Richard, Devinney, Yip, & Johnson, 2009). Performance measurements are the fundamental activity that assesses and evaluates the performance of a business that cuts across the strategic, tactical, and operational dimensions of the organization (Hwang, Jun, & Park, 2014). The organizational performance reveals the degree to which an organization's financial and other objectives are achieved (Knight, 2000). Its measurements are conducted to have an appropriate degree of control (Harif, Hoe, & Ahmad, 2013) for the firm to grow and progress (Gavrea, 2011).

There has been no universal rule on how to measure business performance. The measure to be used will depend on the appropriateness of an industry (Neely, 2002). For instance, in the banking industry, performance indicators can be customer retention, customer penetration, asset, quality, capital adequacy, and loan loss. In contrast, the retail sector can be measured through capital expenditure, customer satisfaction, expected return in new store (Coopers, 2007). Several empirical studies in previous researches have adopted objective and subjective ways in measuring business performance (Venkatraman & Ramanujam, Measurement of Business Performance in Strategy Research: A Comparison of Approaches, 1986) which could be in the form of financial and non-financial indicators (Neely, 2002).

This study primarily aimed to determine the factors that affect business performance of micro-enterprises. Specifically, it sought to establish a profile of micro-enterprises in Northern Mindanao in terms of number of employees, age, and industry sector; determine the level of adoption to marketing practices of micro-enterprises in Northern Mindanao; ascertain the level of entrepreneurial orientation of micro-enterprises in Northern Mindanao; determine the level of access to finance of micro-enterprises in Northern Mindanao; describe the business performance of micro-enterprises in Northern Mindanao; and identify factors that predict the business performance of micro-enterprises as aggregate and in every industry sector in Northern Mindanao.

## 7. Methodology

A descriptive-causal research design was used in the study. Out of 5,580 micro-enterprises for the whole of Northern Mindanao, 449 micro-enterprises were randomly selected, but only 417 participated in the study. A stratified random sampling technique was used to determine the samples. Stratification was based on the proportion of micro-enterprises in the provinces of Northern Mindanao.

Self-administered and researcher-administered data collection techniques were adapted, which used a self-structured questionnaire as an interview guide. The questionnaire has five (5) main sections. The first section of the questionnaire was about the business profiles. The second section of the questionnaire evaluated the business' level of adoption of marketing practices. The third section of the questionnaire evaluated the business' level of entrepreneurial orientation. The fourth section evaluated the level of access to finance of the micro-enterprises. The

fifth section evaluated the business performance of the micro-enterprises in terms of the general condition of their enterprise, whether they have poor, average, or good business performance.

The research instrument was validated as to its contents by three (3) experts in business. The reliability of the questionnaire was confirmed with overall Cronbach’s Alpha value of 0.934 after pre-testing on thirty (30) micro-enterprises.

Multinomial Logistic Regression Analysis was used to assess the influence of the independent variables used in the study on business performance among micro-enterprises. Multiple group comparison was conducted where multinomial logistic regression was run in every type of industry.

This study observed and complied with the proper ethical considerations in conducting research. The compliance to ethical standards in research was in line with the Guidelines for Ethics in Research set by the Ateneo de Davao University.

**8. Results and Discussions**

**8.1 Profile of Micro-enterprises**

Business size. Table 1 shows the size of the micro enterprises in terms of the number of employees. Majority of the micro-enterprises has less than three employees.

**Table 1 business size of micro-enterprises**

Number of Employees	Frequency	Percentage (%)	Cumulative Percentage (%)
1	53	12.71	12.71
2	103	24.7	37.41
3	74	17.75	55.16
4	42	10.07	65.23
5	53	12.71	77.94
6	34	8.15	86.09
7	11	2.6	88.73
8	22	5.28	94.0
9	25	6.0	100.0
TOTAL	417	100.0	

The lesser size of their firm as measured by the number of employees could be explained by the limitation in their capitalization. Many employees might not be an immediate need of their enterprise considering the smaller product/service capacity of their business. Parilla (2013) has reported a similar result regarding employment size among micro-enterprises in Ilocos Norte, where it has 1-2 employees. Business firms are cautious in hiring the appropriate number of employees. This task is considered critical since too few employees can compromise good customer service. On the other hand, too many workers can lead to the underutilization of the firm’s resources and will just increase costs (Stack, 2014).

Business age. More than half of the respondent enterprises are in the infant stage of their business operations.

**Table 2 business age of micro-enterprises**

No. of Years in Operation	Frequency	Percentage (%)	Cumulative Percentage (%)
1-5 years	221	53.0	53.0
6-10 years	112	26.86	79.86
11-15 years	40	9.59	89.45
16-20 years	16	3.84	93.29
21 years and above	28	6.71	100.0

TOTAL	417	100.0	
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Northern Mindanao has recorded a 1.68% growth in the population in 2015 (PSA, 2018). The increase in the population in the region provides an opportunity for micro-enterprises to flourish in the past three years. The increase in the number of young micro-enterprises is visible in public places like schools, hospitals, and other government offices. On the other hand, the fewer count of micro-enterprises that survived in longer years could be attributed to the fact that micro-enterprises have high mortality rates (Jackle & Li, 2006).

Industry sector. The respondent business enterprises in the different industry classifications were dominated by the merchandising sector with considerable margin compared to the other industry sectors.

**Table 3 industry classification of micro-enterprises**

Industry Sector	Frequency	Percentage (%)	Cumulative Percentage (%)
Merchandising	237	56.8	56.8
Manufacturing	70	16.8	73.6
Service	110	26.4	100.0
TOTAL	417	100.0	

The result can be attributed to the reason that merchandising is one of the easiest businesses to engage with and simple to operate. This type of business has a low investment requirement. The industry’s momentum is attributed to population growth, economic and social development, and increasing purchasing power (Mordor Intelligence, 2017).

### 8.2 Marketing Practices

Regarding marketing practices, the respondents have an overall mean rating of 4.95, which implies that they implement marketing practices most of the time. Micro-enterprises know the essential role of marketing practices to succeed in the business endeavors. Their practices are focused on product and service improvements where promotion is given with the least attention by micro-enterprises. Micro-enterprises are attentive in considering what product/service to offer to the customers. These micro-enterprises are being market-oriented and not being complacent in product/service improvement. The study of Prasannath (2015) indicates that 56% of micro-enterprises are market oriented. His analysis has confirmed that a high level of market orientation leads to the sustainability of micro-enterprises.



Legend:

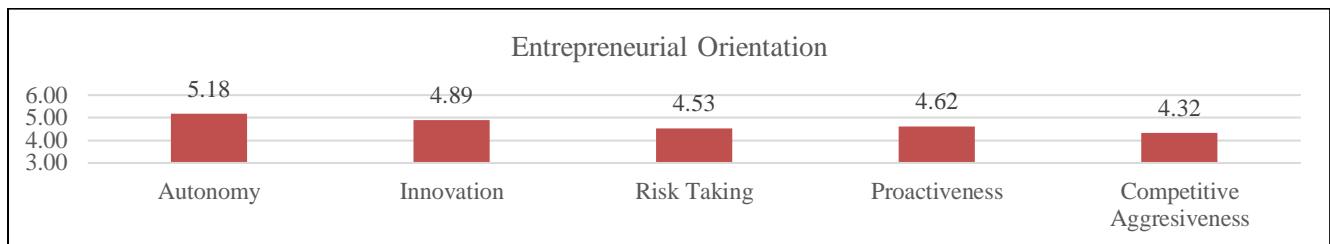
Range	Description	Range	Description
1.00-1.83	- Not Implemented	3.52-4.34	- Oftentimes Implemented
1.84-2.67	- Rarely Implemented	4.35-5.17	- Implemented Most of the Time
2.68-3.51	- Seldom Implemented	5.18-6.00	- Always Implemented

**Figure 2. Level of adoption to marketing practices of micro-enterprises**



### 8.3 Entrepreneurial Orientation

Regarding entrepreneurial orientation, the respondents have an overall mean rating of 4.74, which signifies those micro-enterprises are highly oriented about being an entrepreneur. This could mean that these micro-enterprises are being aware of embracing entrepreneurship in the context of doing business. The study of Parilla (2013) on micro-enterprises reveals that these enterprises are equipped with high entrepreneurial competencies. The Philippine government has strengthened its efforts to bring out entrepreneurial competencies among business owners in the past few years. The “Go Negosyo Act” was approved in 2014 and took effect in 2015 (DTI, 2018). The establishment of Negosyo Centers, together with the other programs of the DTI, contribute to the enhancement of the entrepreneurial potential among business owners.



Legend:

Range	Description	Range	Description
1.00-1.83	- Not Oriented	3.52-4.34	- Moderately Oriented
1.84-2.67	- Very Slightly Oriented	4.35-5.17	- Highly Oriented
2.68-3.51	- Slightly Oriented	5.18-6.00	- Very Highly Oriented

Figure 3. Level of entrepreneurial orientation of micro-enterprises

### 8.4 Access to Finance

The majority (258 or 61.87%) of the respondent firms have moderate access to capitalization. Only a very few (6 or 1.44%) of them have no access to any source of capitalization.

Table 4 access to finance of micro-enterprises

Items	Frequency	Percentage	Cumulative Percentage
No Access	6	1.44	1.44
Little Access	99	23.74	25.18
Moderate Access	258	61.87	87.05
Great Access	54	12.95	100.00
TOTAL	417	100.00	

Access to capitalization is not considered a significant issue among micro-enterprises in Northern Mindanao. External sources of capitalization are now highly available both in government agencies and in private credit institutions. In Asia, the Philippines is one of the countries which has a well-developed microfinance industry that helps marginalized sectors. However, there are only around 30% of Filipinos take advantages of the availability of formal financial services (Torres, 2013).

### 8.5 Business Performance

Regarding business performance, the highest frequency is on micro-enterprises with good performance, then followed by those with average performance.

**Table 5 business performance of micro-enterprises**

Items	Frequency	Percentage (%)
Poor Performance	14	3.40
Average Performance	191	45.80
Good Performance	212	50.80
TOTAL	417	100

Almost half of the micro-enterprises with average performance still get positive financial gains but not substantial enough to significantly increase their profits and assets. The study of Mendoza (2015) concluded that in 2012-2015 micro, small and medium enterprises in the Philippines had good performance in terms of leverage, liquidity, activity, and but not with profitability.

8.6 Factors that Influence Business Performance

8.6.1. Aggregate

There are 4 out of 5 independent variables that have significant contributions to the model. These variables are business age, marketing practices, and entrepreneurial orientation, and access to finance.

**Table 6 likelihood ratio test- aggregate**

Effect	Model Fitting Criteria	Likelihood Ratio Test		
	-2 Log Likelihood of Reduced Model	Chi-square	df	Sig.
Intercept	571.153a	.000	0	
Business Size	574.604	3.450	2	.178
Marketing Practices	578.802	7.648	2	.022*
Entrepreneurial Orientation	577.497	6.343	2	.042*
Business Age	611.037	39.883	8	.000*
Access to Finance	603.583	32.409	6	.000*

Note: \*p < 0.05

Business age as a significant predictor of business performance should be taken into consideration by younger enterprises who are prone to business failure than those businesses which existed for longer years. Practically, the older enterprises tend to perform better since they have already mastered dealing with the challenges and difficulties of their operations.

Marketing practices contribute to attaining better business performance. The result implies that micro-enterprises have already given adequate attention and effort in ensuring that the product/service that they offer to satisfy the needs and wants of their customers. They are now evolving into market-oriented enterprises.

Entrepreneurial orientation is relevant in attaining better business performance. These enterprises have already adapted innovation and creativity in their business, especially those enterprises under the manufacturing and service sector.

Greater access to finance enables these firms to increase and improve their investments. It also allows them to improve their product/service offerings and expand to a broader market.

8.6.2 Per industry sector

In the analysis of the manufacturing sector, the model fitting information resulted in a non-significant result. Thus, further analysis was aborted.



**Table 7 likelihood ratio test- merchandising sector**

Effect	Model Fitting Criteria	Likelihood Ratio Test		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	305.660a	.000	0	
Business Size	311.484	5.824	2	.054
Marketing Practices	314.930	9.270	2	.010*
Entrepreneurial Orientation	309.159	34.99	2	.174
Business Age	352.519	46.860	8	.000*
Access to Finance	318.393	12.733	6	.047*

Note: \*p < 0.05

In merchandising sector, the multinomial logistic regression analysis indicates that marketing practices, business age, and access to finance are likely to affect business performance.

**Table 8 likelihood ratio test- service sector**

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	124.707a	.000	0	.
Marketing Practices	126.491b	1.784	2	.410
Entrepreneurial Orientation	131.484	6.777	2	.034*
Business Size	126.009b	1.302	2	.522
Access to Finance	141.519	16.813	4	.002*
Business Age	141.050	16.344	8	.038*

Note. \*p < 0.05

In the service sector, the multinomial logistic regression analysis indicates that entrepreneurial orientation, business age, and access to finance are likely to impact business performance.

**Table 9 per industry analysis summary**

Merchandising	Manufacturing	Service
Marketing Practices	There is no model fit	-
Business Age	-	Business Age
Access to Finance	-	Access to Finance
-	-	Entrepreneurial Orientation

In the per industry analysis, marketing practices, business age, and access to finance are significant predictor of business performance in merchandising industry. On the other hand, business age, access to finance, and entrepreneurial orientation are the significant predictor of business performance in service industry.

**9. Conclusion**

In the profile of micro-enterprises, most micro-enterprises have 1-4 employees while more than a quarter of them have 5-9 employees in terms of business size. In terms of business age, most micro-enterprises are in early stage of their business undertaking of about 1-5 years. Then, most micro-enterprises are into merchandising type of business.

Marketing practices are implemented most of the time by micro-enterprises. Among the 4Ps of marketing, practices concerning the product are the ones highly adopted. It is followed by practices concerning place, price, and promotion, respectively.

Entrepreneurial orientation among micro-enterprises is high. This entrepreneurial orientation comprises five dimensions: autonomy, innovativeness, proactiveness, risk-taking, and competitive aggressiveness. The order of the dimensions is based on the degree of orientation among micro-enterprises in descending order.

The access to finance among most micro-enterprises is characterized as moderate to great.

Business performance of most micro-enterprises for the last three years is characterized to be average to good.

In aggregate, business age, marketing practices, entrepreneurial orientation, and access to finance are most likely to play a significant impact on business performance.

In merchandising sector, marketing practices, business age, and access to finance are most likely to influence business performance.

In service sector, entrepreneurial orientation, business age and access to finance are likely to impact business performance. Specifically, the high adoption of marketing practices is most likely to have poor performance than average performance.

### 10. Recommendations

Based on the results, this study has drawn the following recommendations:

**Government sector.** The government sector through its various agencies must continuously expand its support to micro-enterprises. Establishing additional Negosyo Center (business centers) in every city and municipality in Northern Mindanao could be a great help to micro-enterprises. It will help micro-enterprises improve their marketing practices. They will be taught about proper packaging, pricing methods, and the like. Concerning access to finance, it will be an opportunity for them to have financial literacy and financial management training.

**Micro-enterprises.** Considering that business age is a significant predictor of business performance, micro-enterprises should strive hard in attaining longer sustainability and survival of their business. Even if these businesses face many problems and challenges, they should keep going. They should not get discouraged and surrender easily in their business endeavor and shutting down must not be an option. These enterprises must understand that after they hurdle the first ten years of their operation, the chance of business failure is very low. Thus, after those ten critical years, the chances of getting better performance are high.

**Marketing practices** must be constantly embraced and enriched by micro-enterprises. These micro-enterprises must not remain static in their marketing efforts and strategies. On the other hand, micro-enterprises must continuously enhance their entrepreneurial orientation. They can still learn a lot from entrepreneurial fora, training, lectures, magazines, and interviews on successful entrepreneurs. In seeking for an external source of funds, micro-enterprises should take advantage of the availability of various financing institutions. They should choose financing firms with good credit terms to minimize their cost for loan interest.

**Academe.** The Higher Educational Institution (HEIs), which offers business-related courses, can also re-visit and enrich their curriculum. They can add subjects and put more emphasis on marketing and entrepreneurship. The academe can also conduct intensive extension programs for micro-enterprises. The business professors in universities can share their expertise and provide consultation to these businesses to help them attain business sustainability. This study can be a foundation for future research exploring other factors that influence business performance.

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