

Financial Literacy of Micro Entrepreneurs in Daet, Camarines Norte

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Abstract — *The study aimed to discover the level of financial literacy of Microentrepreneurs in Daet, Camarines Norte and the common challenges they encountered in pursuit of being financially literate. Specifically, it described the profile of Microentrepreneurs in terms of age, sex, civil status, educational attainment, finance-related seminars and training, number of employees and type of business ownership, determined their level of financial literacy in terms of financial management, savings, loans and investment, and financial planning. In addition, it sought to identify if there a significant relationship between the profile of respondents to their level of financial literacy and the common challenges they encountered in pursuit of being financially literate. The study utilized descriptive-correlational research design. This design is chosen to meet the objectives of the study, namely, to determine the profile and financial literacy level among micro-entrepreneurs in the Municipality of Daet along with financial management, savings literacy, debt literacy, investment literacy, and insurance literacy. And based on the findings, the researcher proposed an IEC Material which contain strategies on how to cope with identified challenges and topics on cash flow management for small business.*

Indexed Terms— *Financial Literacy, Micro-Entrepreneurs, Financial Management, Insurance, Loans and Investment*

I. INTRODUCTION

The rapid growth of microenterprises has played a significant role in fostering economic development and reducing poverty in many developing countries including the Philippines. These small-scale businesses are vital contributors to employment generation, income generation, and overall economic stability. However, microentrepreneurs are often face

with numerous challenges, particularly in managing their financial resources effectively.

Financial literacy, defined as the knowledge and understanding of financial concepts and the ability to apply them in decision-making, is crucial for microentrepreneurs. It empowers them to make informed financial choices, optimize resource allocation, and improve the long-term sustainability and profitability of their business.

This research aims to assess the level of financial literacy among microentrepreneurs in Daet, Camarines Norte, a province in Bicol Region of the Philippines. Daet is known for vibrant microenterprise sector, encompassing a wide range of businesses, such as retail stores, food stalls, and small-scale manufacturing.

Understanding the financial literacy levels of microentrepreneurs in Daet is vital for several reasons. First, it provides insights into current financial knowledge and skills of microentrepreneurs in the area, helping identify gaps and areas for improvement. Second, it enables policymakers and organizations involved in entrepreneurship development to design targeted interventions and educational programs to enhance financial literacy among microentrepreneurs. Third, it allows microentrepreneurs themselves to identify areas where they need to acquire or enhance financial knowledge to better manage their businesses and achieve sustainable growth.

To achieve the research objectives, a mixed-methods approach will be employed. The study utilized descriptive-correlational research design. A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example, behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation, or group (McMillan and Schumacher (2006). This design

is chosen to meet the objectives of the study, namely to determine the profile and financial literacy level among micro-entrepreneurs in the Municipality of Daet along with financial management, savings literacy, debt literacy, investment literacy, and insurance literacy.

The findings of this research will contribute to the existing body of knowledge on financial literacy among microentrepreneurs in the Philippines. The results can inform the development of targeted financial literacy programs, policies and interventions aimed at improving the financial capabilities of microentrepreneurs in Daet, Camarines Norte. Ultimately, the research endeavors to enhance the overall financial well-being of microentrepreneurs and foster sustainable economic growth in the region.

The municipality of Daet, the capital town of the Province of Camarines Norte was the locale of the study. It was the financial, educational, and commercial center of the province. Remo (2014) highlighted that Daet was one of the 399 municipalities which received prestigious awards such as in Cities and Municipalities Competitiveness Index (CMDI) wherein it assessed local government competitiveness using 28 metrics divided into three equally weighted pillars: economic dynamism, government efficiency, and infrastructure. One of the factors of sustainability of small business depends on a business owner's financial literacy and entrepreneur should review their knowledge, attitude and conduct about financial literacy.

In this context, the researcher was propelled by a great desire to determine the level of financial literacy and the challenges the micro-entrepreneurs encountered in achieving financial literacy and proposed financial literacy IEC material that addressed the identified challenges of the entrepreneurs based on the results of the study.

II. METHOD OF RESEARCH

The study utilized descriptive-correlational research design. A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example, behavior, opinions, abilities, beliefs, and knowledge of a particular

individual, situation, or group (McMillan and Schumacher 2006). This design was chosen to meet the objectives of the study, namely to determine the profile and financial literacy level among micro-entrepreneurs in the municipality of Daet along with financial management, savings literacy, debt literacy, investment literacy, and insurance literacy.

The correlational method was appropriate since the researcher wanted to discover whether there was a significant relationship between the profile of the respondents and their levels of financial literacy. In correlational study, the researchers collected data on the variables they want to study from a sample population. Statistical analysis were used to examine the strength and direction of the relationships between variables. The result was then represented as correlation coefficient, which indicated the degree and direction of the relationship.

The present study was descriptive in nature since it described the profile of the schools in terms of school classification, annual MOOE, educational qualification of the school head, years in service as school head and number of faculty and staff and the level of adherence in school-based management practices along leadership and governance, curriculum and learning, accountability and continuous improvement, and management of resources. It was also correlational since it described the association or relationship between the school profile and level of adherence in school-based management practices. In addition, it was used in describing the prevailing challenges faced by public secondary schools in adhering school-based management practices. Nonetheless, it was used in describing plan of actions to prepare the schools in adhering school-based management practices towards a better school performance.

- Population, Sample Size and Sampling Technique
The study population were micro- entrepreneurs who were engaged in the food industry in particular those who were managing restaurants, coffee shops, food catering services and canderia. Based on the data obtained from the Department of Trade and Industry, there are 150 micro-entrepreneurs who were in the food industry which included owners of restaurants, coffee shops, food catering services and canderia.

This study employed non probability sampling technique since the researcher selected units from a population using a non -random method. Hence, the researcher utilized the non-probability purposive convenience sampling in selecting the respondents of this study. There were ten (10) restaurant owners, twenty (20) catering services, and sixty (60) carenderia owners. While the remaining 20 out of 110 respondents were baker and products owners (10), coffee shops owners (10).

- Description of the Respondents

The data used in this study were collected from the micro- entrepreneurs in the Municipality of Daet, Province of Camarines Norte. The researcher employed purposive sampling, a non- probability sampling to choose sample. This allowed the researcher to focus on particular characteristics of a population that are of interest, which was best suited to respond with identified research questions. In this study, samples were chosen for the purpose of determining their profile and financial literacy. Specifically, target respondents were micro-entrepreneurs engaged in various micro-businesses. There were 110 micro- entrepreneurs who formed part of this study.

- Research Instrument

The survey questionnaire utilized in this study has four parts. Part I elicited the profile of the respondents. Part II measured the respondents' financial literacy along with the four dimensions. Part III assessed the different challenges encountered by the micro-entrepreneurs in achieving financial literacy. The researcher crafted and devised the main instrument of this study in order to measure the financial literacy of the micro- entrepreneurs. There were four areas on financial literacy such as financial management, savings, loans and investment, and financial planning. Each dimension of financial literacy has ten (10) statement indicators. A pilot test was done to ensure the validity and internal consistency of the questionnaire. Likewise, pilot testing determined which questions were not understood by the participants and the adequacy of the instructions. The researcher sought the advice of professionals in the business industry, master teachers, and school testing coordinators to comment on the questions' structure, content, and appropriateness.

The researcher conducted a dry run of the survey questionnaire to twenty (20) persons which was not part of this study. There five (5) Senior High School Teachers who have part of the dry run whose bachelor's degrees were related in finance accountancy, business administration and the like. Likewise, there were 12 micro- entrepreneurs who participated in the dry run. While the remaining three are two (2) master teachers and one (1) guidance counselor who provided inputs on how to further refined the tool utilized in this study. After completing the pre-testing surveys, the respondents were invited to comment or offer helpful criticism regarding the phrasing and sequencing, repetition, missing, and unclear items. The relevant suggestions and comments were incorporated into the questionnaire after the dry-run took place. Duplicate questions were removed, ambiguous questions were clarified, and additional questions were included to cater for omitted topics to create the final version of the questionnaire that was used for the study. The results was subjected to validity testing by a statistician to determine the reliability of the survey questionnaire. It shows Cronbach's alpha coefficient of 0.9022 which indicated a good internal consistency within the items of the questionnaire.

- Data Gathering Procedure

The researcher sought approval of the Dean of Camarines Norte State College, Graduate School through a formal letter duly signed and noted by the Thesis Adviser. The researcher also conducted a thorough review of the literature on financial literacy. It included articles, thesis, dissertation, and books. The gathered literature served as a secondary data of the study. This endeavor certainly assisted the researcher to craft and develop questionnaire or the instrument of the study. For the source of the primary data, the researcher utilized a validated questionnaire. The proponent of this study sought the expertise of the school's testing coordinator, master teachers, entrepreneurs, and MBA professionals to ensure the validity and reliability of the crafted and developed questionnaire.

The proponent of this study coordinated and sought the assistance of the personnel from the Business Licensing Permit Division of the Municipality of Daet to obtain the database of the micro entrepreneurs in

Daet. It was done through a formal letter. The respondents for this study were chosen via convenient, non-probability, and snowball sampling since they were readily available and represented the traits the researcher was interested in examining. The researcher individually handed out and distributed the questionnaires to the respondents. The respondents themselves arranged the retrieval of the completed questionnaire. In case the participants were hesitant to do the survey face-to-face due to the COVID-19 pandemic, the researcher has also prepared an electronic survey as a backup strategy. This blended approach on the distribution of the questionnaire certainly benefited the researcher and respondents in terms of time and practicality. Face-to-face communication would be more appropriate and feasible for microentrepreneurs who are not experienced with using technology. While millennial micro-entrepreneurs who were proficient with technology and electronic surveys through Google forms preferred them.

This study puts the highest premium and abide with the principle of autonomy. The participants of this study has the right to self-determination. All participants were willing to participate in the study without coercion. The researcher elicited their approval by accomplishing the informed consent to adhere with the Data Privacy Act or Republic Act No. 10173.

- Statistical Treatment of Data

The data were collected, tabulated, organized, and analyzed. For the analysis of closed-ended questions, a computer program called Statistical Package for Social Sciences (SPSS) was used. Data were analyzed by using descriptive statistics.

One of the most basic ways to describe the data value of variables was to construct a frequency distribution. The frequency distribution was employed to quantify the profile of the respondents as to their age, sex, civil status, educational attainment, finance related seminars and trainings attended, number of employees and type of business ownership. This study employed percentage in determining the frequency counts and percentage distribution of personal related variables of the respondents. Likewise, frequency analysis was employed by the researcher in measuring the

challenges encountered by the respondents in achieving financial literacy.

Another statistical technique used by the researcher was the weighted mean. It was used to determine the average responses of the different options provided in the parts of the survey questionnaire used. This statistical tool was very essential in measuring the financial literacy of the respondents along the four dimensions namely: financial management, savings, loans and investment, and financial planning.

Finding out whether there was a significant relationship between financial literacy and the respondents' profiles was another goal of this study. This study employed Somers' Delta Correlation Coefficient d and Contingency Coefficient C as statistical tools to test the significant relationship between the profile and the level of financial literacy of micro-entrepreneurs.

III. ANALYSIS AND INTERPRETATION OF DATA

The results and findings of this study serves as the basis in the crafting and development of IEC material for the micro-entrepreneurs. It highlights the presentation of the result of the study and discussed the findings, analysis and interpretation of data gathered from the respondents. Data are presented into table to sustain readability.

- Profile of Respondents

Tables 1 to 7 present the profile of the respondents in terms of age, sex, civil status, educational attainment, finance-related seminars and trainings attended, and number of employees of the micro-entrepreneurs in the Municipality of Daet, Camarines Norte. Tables 8 to 13 present the level of financial literacy in terms of financial management, savings literacy, loans and investment, and financial planning.

Age. Table 1 shows that majority of the micro-entrepreneurs were 31–35 years of age with a frequency of 24 or 21.8 percent, followed by 36–40 years of age with a frequency of 19 or 17.3 percent, followed by 41-45 years of age with 14 or 11.8 percent. The least were from 56-60 years of age and 61 years of age and above with six or 5.5 percent.

Table 1
Age Profile of the Respondents

| Age | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| 25 and below | 9 | 8.2 |
| 26-30 | 8 | 7.3 |
| 31-35 | 24 | 21.8 |
| 36-40 | 19 | 17.3 |
| 41-45 | 14 | 12.7 |
| 46-50 | 13 | 11.8 |
| 51-55 | 11 | 10.0 |
| 56-60 | 6 | 5.5 |
| 61 and above | 6 | 5.5 |
| Total | 110 | 100 |

The table above implies that majority of the respondents were under the age bracket which falls between 31 to 35. One possible explanation why there were few younger micro- entrepreneurs was that the labor market was unable to absorb all those job seekers and the need for the younger people to start up their business and creating opportunities through their own efforts were evident. It was followed by the 36 to 55 years old also have almost similar in numbers. Based on the interview conducted, the plausible reason why there were middle aged people who engage in micro - entrepreneurial endeavors because they were more capable of managing business due to accumulated financial, human and social capital over a lifetime career.

This was similar with the finding by in terms of relative share, the biggest age group bulge in the Philippines was 25 to 54 age group (Index Mundi, 2022). In addition, Chrysostome et al. (2017) indicated that small business was mainly owned by middle-aged entrepreneurs. Middle-aged entrepreneurs were better than young one because they have enough experiences, skills, and knowledge which lead them to become more successful. Furthermore, the yielded data affirmed the studies of Sucuahi (2017), Parilla (2017), Gallardo (2017). It also affirmed the findings of TEA (2018) who found out that majority of the micro-entrepreneurs were in their middle age. More than half or 52 percent of Filipino entrepreneurs were in the age group 18 to 44 years.

The result of this study also showed that respondents whose under the age bracket fall under 51 to 60 and 61 and above have both the least percentage in the profile of the respondents. One possible explanation why the older group has the least number of respondents was because they no longer feel safe to take higher risk and gamble the resources they accumulated over time. Also, given the health issues being encountered by the ageing population, they resort to enjoy retirement after years of hard work.

In a similar view, Ledesma (2021) cited that there seem to be a significant number of people in the country who has no idea how to save or investor who first learned about it later in life. In the Philippines, the majority of the people would much rather rely on chance than plan. As a result, Filipinos preferred to put their destiny in the hands of chance.

Sex. Table 2 exhibited the sex profile of the respondents, there are 67 or 60.9 percent out of 110 respondents were female micro- entrepreneurs. While the remaining 43 or 39.1 percent were male micro-entrepreneurs.

Table 2
Sex Profile of the Respondents

| Sex | Frequency | Percentage (%) |
|--------|-----------|----------------|
| Male | 43 | 39.1 |
| Female | 67 | 60.9 |
| Total | 110 | 100 |

It could be inferred from the results of the table that food businesses were still highly dominated or owned by female micro-entrepreneurs. It was expected that entrepreneurial activities that were related with food aside from education were top sectors for women entrepreneurial endeavors. The results of this study shows that there was high premium in terms of providing opportunities for women to engage in entrepreneurship activities. A greater number of females were engaged in enterprising works with their current occupation as housewives or taking care of the children alongside entrepreneurial activities.

It was similar with Sucuahi (2017) who found out that there were more female entrepreneurs than males. The

results of the study also supported the survey of Asia Pacific Foundation of Canada (2018) where women entrepreneurs comprised 70 percent of total respondents. It was noted that the Philippines consistently ranks within the top 10 in the world for gender parity in political and business leaders and as a regional leader around gender parity in entrepreneurship, with women, recently overtaking men entering the entrepreneurial space.

Civil Status. It could be gleaned from Table 3 that there were 75 out 110 respondents who were married, while there were 28 or 2.4 percent who were single and the remaining 7 or 6.4 percent were widowed.

Table 3
Civil Status of the Respondents

| Civil Status | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| Single | 28 | 25.4 |
| Married | 75 | 68.2 |
| Widowed | 7 | 6.4 |
| Total | 110 | 100 |

The data imply that majority of the respondents in this study were married. There were several advantages among married micro- entrepreneurs, one of them was the established support system. They may have supportive spouse, parents or relatives which can give emotional, financial and logistical support. The result was supported by Table 1 wherein the majority were within the age bracket of 31 to 35 years old which in the Philippine setting were ages wherein it was expected that they were mostly married with children.

On the other hand, married micro- entrepreneurs were facing a huge challenge on how to balance the domestic demands and the demands of their business. Furthermore, a balancing act often ensures because entrepreneurs need to devote sufficient number of hours to their family lives, which was both a goal in itself and a condition for ongoing family support to the new venture. Because of these varied demands, entrepreneurs need to possess certain protective mechanisms that composed their resilience capacity in order to successfully navigated the entrepreneurial process. The results coincided with the studies of Sucuahi (2017), Parilla (2017), Gallardo (2017) and

Lamug and Abasolo (2021) who found out that majority of the micro-entrepreneurs were married.

Educational Attainment. Table 4 exhibited the profile of the micro-entrepreneurs in Daet, Camarines Norte as to their educational attainment. Majority of the respondents were college graduate, 59 percent or with a frequency of 65, while 34 out of 110 respondents or 30 percent of them were high school graduates. Moreover, the remaining two percent and 8.2 percent were elementary and post graduate graduates, respectively.

Table 4
Profile of the Respondents as to Educational Attainment

| Educational Attainment | Frequency | Percentage (%) |
|------------------------|-----------|----------------|
| Elementary Graduate | 2 | 2.0 |
| High School Graduate | 34 | 30.8 |
| College Graduate | 65 | 59.0 |
| Post Graduate | 9 | 8.2 |
| Total | 110 | 100 |

It could be inferred from the results of this study that since entrepreneurship was focused on the discovery of opportunities and harnessing them, entrepreneurs who attained higher educational attainment were not only equipped with necessary cognitive skills to evaluate the emerging opportunities but also on how to exploit those opportunities. According to the data, a greater degree of education also enhanced self-confidence, which made it easier for people to consider engaging in entrepreneurial activity or starting a business. The perceived risk may also be lower since those people typically believed that, should their business fail, they would have an easier time finding employment.

In addition, based on the informal interview conducted to the micro-entrepreneurs who were college graduates, more than half of the group stated that the courses they took in college was somehow related to the type of business they offered. Some of them were already prepared by their parents to take over the family business while others intentionally selected

business courses because they saw better opportunities in owning a business rather than being an employee. The remaining portion of the group stated that though their college degree may not be related to business, they still pursue the path because they already has the skill, knowledge and expertise with regard to the product or service they offered.

Furthermore, the data revealed that the majority of the respondents had a college degree, which suggested that they were better equipped to study and apply management techniques in their companies to foster growth. It may be assumed that the majority of the college graduates who participated in this study and received degrees in business related fields. Hence, embarking on business was a way to optimize and take advantage of all the learnings they have acquired during their college days. Another plausible explanation was that most of the educated were trying to start their own businesses because they could not find jobs or because the government encouraged them to do so through the various programs and projects on entrepreneurship.

Those having low education may not get suitable job which pushed them to undertake entrepreneurship. Hence, the decision to launch a business was influenced by education. Many people started their own businesses because they lacked the official qualifications that corporate managers must possess. Due to their insufficient education, they might not be given consideration when it comes to promotions. This may serve as the catalyst for starting a new company and leaving the corporate world.

While the lowest of the total respondents were high school graduates. It could be inferred from the given data that possibly these respondents opted and decided to establish their micro- business out of their strong passion to really be an innovator and proved themselves that they can create their names in the field of business. On the other hand, it suggested that they either did not want to continue further education and preferred to work. They aspire to be autonomous and risk-takers, which were characteristics shared by today's young millennials.

Because it gave them the chance to be their own bosses and have control over their job, entrepreneurship

appealed to high school graduates. They might want to be unrestricted by conventional employment structures so they can make their own decisions, set their own schedules, and pursue their passions.

It was crucial to remember that becoming an entrepreneur was a difficult path that calls for commitment, tenacity, and a willingness to take chances. High school graduates who were thinking in starting their own business should carefully consider their motives, strengths, and level of readiness.

The results were corroborated by the studies of Sucuahi (2017), Parilla (2017), Gallardo (2017) who found out that majority of the micro-entrepreneurs were college degree holders. However, it contradicted the results of Global Entrepreneurship Monitor (2018) which found that majority of the respondents were not college graduates and a fraction or minority of them are college graduates.

Number of Finance-Related Seminars Attended. Table 5 shows that 72 percent of the respondents attended 1-3 financial related seminars while 17 percent of them attended 4-6 finance related seminars. While there were nine or eight percent attended 7 to 9 finance related seminars and the remaining two or one percent attended more than ten finance related seminars.

Table 5
Profile of the Respondents as to Number of Finance-Related Seminars Attended

| Number of Seminars Attended | Frequency | Percentage (%) |
|-----------------------------|-----------|----------------|
| 1-3 | 80 | 72.7 |
| 4-6 | 19 | 17.3 |
| 7-9 | 9 | 8.2 |
| 10 and above | 2 | 1.8 |
| Total | 110 | 100 |

As to seminars attended, most of the micro-business owner respondents have only attended 1 to 3 financial literacy seminars. The data implied that possibly micro-entrepreneurs do not prioritize attending the free entrepreneurial trainings and workshops provided by the government agencies like Department of Trade and Industry. Unfortunately, it took lot of time to manage a business, and everyone has busy schedules.

Microbusiness owners were theoretically free to take time off, but in practice they might not be able to do so because they were too involved in running their companies.

Hence, it could one of the plausible explanations why most of them has limited number finance related trainings and seminars attended. Another plausible explanation for the limited number of trainings attended by the micro- entrepreneurs was that government and other agencies like the Department of Trade and Industry do not coordinate with these micro-businesses for seminars that could improve their skills and competencies in managing the businesses. It could be an indicator of poor programs of these agencies of the government.

The yielded data was in consonance with the study of Hernandez et al. (2018) which asserted that micro-entrepreneurs have limited number of training on financial management.

Number of Employees. Table 6 illustrate that majority of the micro- entrepreneurs have an average employee of 1-3 with a frequency of 89 or seventy two percent while there are only 5 micro-entrepreneurs with more than 10 employees or one percent.

Table 6
Profile of the Respondents as to Number of Employees

| Number of Employees | Frequency | Percentage (%) |
|---------------------|-----------|----------------|
| 1-3 | 89 | 72.7 |
| 4-6 | 9 | 17.3 |
| 7-9 | 7 | 8.2 |
| 10 and above | 5 | 1.8 |
| Total | 110 | 100 |

The data shows that majority of the micro-entrepreneurs has one to three employees only. Typically, the number of employees depends on the nature, capitalization, and volume of business. Since, the SMEs were in the trading business and the amount of activity is relatively minimal, then they only employed a few people or workforce. The most prominent characteristics of micro- entrepreneurs was that they kept the size and scope of their business

manageable and accomplished all business-related responsibilities by themselves.

Likewise, they preferred completing tasks without hiring too many employees; even the most thriving micro-enterprises of the world have less than 10 people working for them. One plausible explanation to this finding was that too many employees increased costs and negatively impacted the business profitability (ILO, 2016). The statistics also showed that the majority of those businesses were sole proprietorships, or "working owners," which was classified as self-employment.

The data revealed that there were only five micro-entrepreneurs with employees of ten and above. It could be attributed to that fact that microenterprises were small businesses often funded with modest startup loans. The results conformed with the study of Parilla (2017) and Gallardo (2017) who found that majority of them have at least ten employees.

Type of Business Ownership. Table 7 revealed that majority of the micro- business comprised of sole ownership with a frequency of 87 or 79 percent, followed by partnership which was 13 percent or 15 out of 110 respondents. While the remaining were company owned and cooperative with 5.5 and 1.8 percent, respectively.

Table 7
Profile of the Respondents as to Type of Business Ownership

| Number of Employees | Frequency | Percentage (%) |
|---------------------|-----------|----------------|
| Sole | 87 | 79.1 |
| Partnership | 15 | 13.6 |
| Company | 6 | 5.5 |
| Cooperative | 2 | 1.8 |
| Total | 110 | 100 |

These results were consistent with the broader trend of private businesses operating as micro-enterprises and were not unexpected. The majority of people chose to conduct business alone, a pattern that may also be explained by a lack of understanding of different business models and the advantages of collaborative efforts. The dominant form of business organization

among the various MSMEs business entities in the study environment was a sole proprietorship. It was expected that for small businesses, the owners would choose the most straightforward and least complex business organization because of the limited capital, a lesser number of employees, and minimal reportorial requirements from the government. Furthermore, these businesses were owned by a single owner. This can be attributed to the fact that establishing sole proprietorship was less complicated and complex as compared to establishing corporations or partnerships. Moreover, out of the 110 respondents of this study there were only two cooperatives. Having this number of cooperative organizations was an indicator that the people were open to business organizations under a membership basis since, in a cooperative, all the members were the owner. They can participate during the voting at the general assembly for significant decisions to be carried out. However, it could be implied from the results of the study that despite of the many benefits of cooperatively owned business such as easy access to financial loans from state owned banks like LBP and DBP, tax exemption, lower overhead and the likes. The micro – entrepreneurs were still traditionally owned. One plausible explanation why there were only few micro - entrepreneurs employing the cooperative business model since this it typically requires the initial members to spend more time carefully contemplating the nature of the potential business, its purposes and structure, and how it will be run. It also entailed rigid compliance to some legal requirements such as filing of application to Cooperative Development Authority (CDA). Hence, the rigid processes of application and complexity of maintaining this business model was one of the reasons why micro-entrepreneurs seldom embarked in this entrepreneurial model.

The findings of this study supported the study of Gallardo (2017) who found that majority of SMEs were sole proprietorships involved in retailing and classified as small based on asset size. Similarly, the study conducted by Parilla (2017) also indicated that majority of micro-businesses in Ilocos Norte in retailing business are sole proprietors with less than P 500, 000.00 as initial capital from their savings and hired who were usually family members. Microbusinesses and small business owners can

handle and manage businesses, as revealed reasonable management practices.

- Level of Financial Literacy of Micro-Entrepreneurs along Financial Management, Saving, Loan and Investment and Financial Planning

Tables 8 to 13 present the level of financial literacy in terms of financial management, savings literacy, loans and investments, and financial planning. Each table also shows the weighted mean of each indicator with the interpreted result and its overall weighted mean.

Financial Management. Table 8 illustrates the level of financial literacy of micro -entrepreneurs in terms of financial management using ten statement indicators, each with weighted mean and interpretation that includes low, moderate and high. Among the ten statement – indicators, keep track and record the daily sales of my business and record all the incurred expenses in my business operations obtained the highest weighted mean value of 2.55 with an adjectival description of high. Furthermore, the indicators, record all inventory and stock purchases in the ledger and prepare budgetary allocation on all expenses incurred in running the business obtained second highest weighted mean value of 2.45 with an adjectival description of high.

While recording all new stock purchases in the book, report all revenues or sales to the government, and comply and submit on time all the reportorial requirements required by the government agencies like income tax returns and financial statements like income statement, cash flow, and balance sheet, etc. obtained a weighted mean of 2.37 or with adjectival rating of high.

Table 8
Level of Financial Literacy of Micro-Entrepreneurs
in terms of Financial Management

| | Indicators | WM | Interpretation |
|----|--|------|----------------|
| 1. | Keep track and record the daily sales of my business | 2.55 | High |

| | | | | | | | |
|----|---|------|------|--|--|------|------|
| 2. | Record all my inventory or stock purchases in the ledger | 2.45 | High | 9. | Conduct inventory or physical counting of stocks regularly | 2.40 | High |
| 3. | Record all the incurred expenses in my business operations | 2.55 | High | 10. | Record all new stock purchases in the book | 2.40 | High |
| 4. | Keep track and record all the collectibles/receivables in the book of account | 2.40 | High | | Over-all Weighted Mean | 2.43 | High |
| 5. | Prepare budgetary allocation on all expenses incurred in running a business | 2.45 | High | <hr/> <i>Legend:</i> 2.34-3.00 <i>High</i> 1.67-2.33 <i>Moderate</i> 1.00-1.66 <i>Low</i> | | | |
| 6. | Report all revenues or sales to the government | 2.37 | High | The results of this study implied that respondents believed and put a high premium on the importance of good record keeping practices and solid cash flow. Without good records, it was simply impossible to determine the financial condition or profitability of the business. It was worth to note that majority of the respondents agreed that it was very crucial for micro entrepreneurs to make a habit of recording their business transactions every day since it will assist in making them informed, efficient and precise decisions at any time. Well-kept accounting records act as a reminder of a person's deductible credits and expenses. The results of this study supported the studies of Hernandez et al. (2021) found out that small and medium businesses used financial management strategies like financial planning, investment, and working capital management extensively. However, the results of this study were inconsistent with the study of Plakalovic et al. (2019), Topimin (2020), Barte (2017) who found out that the owners/managers of surveyed SMEs possess low financial skills and these were shown by the non-recording of transactions, improper recording techniques, highly deficient recording materials and poor records safekeeping practices, absence of a systematic income and expense evaluation or absence of income statement, minimal or lack of cash planning. | | | |
| 7. | Comply and submit on time all the reportorial requirements required by the government agencies like income tax returns and financial statements like income statement, cash flow, and balance sheet, etc. | 2.37 | High | | | | |
| 8. | Prepare budget | 2.36 | High | | | | |

Among the ten – statement indicators, report all revenues or sales to the government and comply and submit on time all the reportorial requirements required by the government agencies like income tax returns and financial statements like income statement, cash flow, and balance sheet, etc., obtained the lowest result but still interpreted as high. It could be inferred from the yielded results that the respondents of this study were aware of their obligations to the nation and to report their incomes fairly and become tax compliant individuals voluntarily. It was to help the economy and the national government achieved its maximum capacity and avoid unnecessary costs of non-compliance. Furthermore, the findings implied that entrepreneurs’ decision about tax compliance affected the organization’s cost and profit. Nevertheless, compliance with tax regulations is essential for business owners. This study’s findings has multiple management ramifications. The imposition of ethical norms and standards was a crucial component of successful management, and taxes was one aspect that may present owners with ethical issues.

The findings were in contrast with study of Topimin (2020) who found out that the majority of micro-business entrepreneurs were confused with basic financial terminology, and their understanding of financial literacy was limited to a few specific financial activities such as record keeping and seeking out convenient financial resources, indicating a low level of financial literacy.

Savings Literacy. Table 9 displayed the level of financial literacy of micro- entrepreneurs in Daet, Camarines Norte. The first column provided the ten statement indicators, while the second portrayed weighted mean and the last column depicted the adjectival descriptions.

Table 9
Level of Financial Literacy of Micro-Entrepreneurs
in terms of Savings Literacy

| | Indicators | WM | Interpretation |
|----|--|------|----------------|
| 1. | Allocate a certain amount from net business profit for savings | 2.44 | High |

| | | | |
|----|---|------|----------|
| 2. | Read literature like books, journals, magazines, and online articles on how to maximize savings benefits in a bank | 2.10 | Moderate |
| 3. | Do comparison – shopping when buying needed supplies and materials for the business | 2.36 | High |
| 4. | Consult experts like financial advisors and bankers on the different terms and conditions relative to the opening of saving accounts | 1.93 | Moderate |
| 5. | Take into consideration the difference between the base rate, and the nominal and effective interest rate before opening of saving accounts | 2.15 | Moderate |
| 6. | Keep separate saving accounts for the personal/family emergency funds and another saving account intended for the business | 2.33 | Moderate |

| | | | |
|-----|--|------|----------|
| 7. | Strategize ways and means to ensure that there will be less if not zero wastage of resources and manpower in the business operations | 2.39 | High |
| 8. | Regularly save in the bank savings accounts | 2.20 | Moderate |
| 9. | Withdraw from the saving accounts only if there is a need for additional capital for business expansion or operation | 2.10 | Moderate |
| 10. | Do a comparative analysis among banks that offer high yield interest | 1.94 | Moderate |
| | Over-all Weighted Mean | 2.19 | Moderate |

The statement or indicator allocating a certain amount from net business profit for savings obtained the highest mean value of 2.44 with a qualitative description of high followed by the indicator strategizing ways and means ensuring that there will be less if not zero wastage of resources and manpower in the business operations with the weighted mean of 2.39 and interpreted as high as well. While, consult experts like financial advisors and bankers on the different terms and conditions relative to the opening of saving accounts obtained the lowest mean value of 1.93 or moderate.

The yielded data implied that majority of the micro entrepreneurs know the relevance of savings their funds in the banks. The practice of saving money was especially important for the owners of micro and small businesses, who typically have limited access to credit despite playing an important position in both the manufacturing of goods and the employment of people. This was fairly evident given that they can initiate a low-scale investment gradually. The only way to make this a reality was to actively plan and commit to saving money.

In addition, given their dynamic and productive characteristics, small and medium enterprises (SMEs) were seen as crucial for a country's economic growth, employment creation and innovation. Their lacked of access to financing has often been cited as one of the major constraints affecting their performance and competitiveness. Lacked of access to financing implies that a substantial number of SMEs cannot obtained financing from banks and other sources in order to start up, innovate, grow and develop their enterprises.

In a recent Philippines Institute for Development Studies (PIDS)-Economic Research Institute for ASEAN and East Asia (ERIA) survey of the barriers faced by 101 SMEs from the electronics, automotive, garments, and food sectors, Aldaba et al. (2010) indicated that financing constraints have remained one of the most critical barriers affecting SME growth. The surveyed firms cited the following financing problems: shortage of working capital to finance new business plans, difficulties in obtaining credit from suppliers and financial institutions, insufficient equity, and expensive cost of credit.

The results of the study were consistent with Lestari et al. (2020) who found that respondents were aware of savings on the importance of savings in the financial wellbeing of the micro-entrepreneurs. The results contradicted the study of Sucuahi (2017) who found that the majority of the business owners did not deposit their extra money in the bank or invest in the cooperative.

Whereas, consult experts like financial advisors and bankers on the different terms and conditions relative to the opening of saving accounts obtained the lowest

mean or moderate. The data revealed that many small business owners choose not to consult a financial counselor or were hesitant to do so. The micro-entrepreneurs were face with multiple responsibilities.

Occasionally, microentrepreneurs were responsible for packaging, deliveries, direct client interaction, and property upkeep. From a financial standpoint, many things can go wrong in a business. Mismanagement of funds, cash flow issues, and delayed or overpaid vendor accounts resulted in the failure of many new enterprises. Hence, consulting a financial counselor helped a lot in managing the money in particular along with saving.

The results of this study were agreement with the research conducted by the American College (2018) it was found that 60 percent of business owners who participated in the study claimed they had not spoken with a financial counselor. Few of them had created a plan to deal with any future business-affecting developments. However, the results of this study was contradictory to the results of the study of Volpe et al. (2017) who found that respondents consult financial advisors to arrive with a well informed and sound financial decisions and plans.

Loans and Investment. Micro- enterprises required additional cash capital from to time to maintain cash flow. It required substantial amount of working capital to ensure smooth operation of business activities and boost profitability. Loan proceed could be utilized for purchase of new equipment hiring and training of stadd, expansion purposes and the likes. Similar to this, a micro-entrepreneur who was zealously expanding his business and investing all of the profits would succeed by spreading out his investments. Through the use of equity mutual funds, he can diversify his firm, take advantage of other market-available business prospects, and raised money at competitive rates for use in the future. Long-term planning was essential for businesses, as were regular investments. Equity mutual funds may undoubtedly be a key component of this process.

Table 10
Level of Financial Literacy of Micro-Entrepreneurs
in terms of Loans and Investment

| | Indicators | WM | Interpretation |
|----|---|------|----------------|
| 1. | Take into consideration the costs and benefits before availing loans or credits for the business operations/expansion | 2.20 | Moderate |
| 2. | Examine the interest rate, terms, and conditions before availing loans/credits | 2.18 | Moderate |
| 3. | Avail of the loan offering from banks/cooperative than from loan shark or 5/6 | 2.05 | Moderate |
| 4. | See to it that I pay on time the loans or credits availed. | 2.19 | Moderate |
| 5. | Minimize bad debts/loans | 2.12 | Moderate |
| 6. | Diversify investments and change them depending on the returns or yields | 2.01 | Moderate |
| 7. | Read literature like books, journals, magazines, or online articles on various investment portfolios like stocks, bonds, insurance, and the likes | 1.89 | Moderate |
| 8. | Consult financial advisors or experts to gain a full understanding of the various investment portfolios | 1.90 | Moderate |

| | | | |
|----|--|------|----------|
| 9. | Invest the excess cash in marketable securities to draw profit or other profit-making ventures | 1.82 | Moderate |
| 10 | Examine and study thoroughly investment alternatives | 1.84 | Moderate |
| | Over-all Weighted Mean | 2.02 | Moderate |

Among the five statement -indicators that measured the level of financial literacy of micro- entrepreneurs along with loans, taking into consideration the costs and benefits before availing loans or credits for the business operations/expansions, paying on time the loans or credit availed and examining the interest rate, terms and conditions before availing loans/credits obtained the highest mean value of 2.20, 2.19 and 2.18, respectively, with a qualitative description of moderate. Whereas, the indicators with the weighted mean of 1.82, 1.84 and 1.89, respectively, were investing excess cash into marketable securities to draw profit or other profit-making ventures, examining and studying thoroughly investment alternatives, and reading literature books, journals, magazines or online articles on various investments portfolio like stocks, bonds, insurance and the like.

The data implied that respondent- entrepreneurs were financially prudent and diligent since they take into account the possible repercussions of securing loans and debts. Securing loans from formal and informal sources posed risks specially if the borrowed additional cash capital was not well utilized.

Hence, small business owners should weigh all considerations before deciding to move forward with the loans. It could be inferred from the results of this study that majority of the respondents believed that availing of loans or credits must be for the purpose of business operations and expansion. Small businesses that has been in operation for a few years can reach a point when they feel that the time was right to take the next step and pursue business expansion.

Furthermore, the yielded data implied that micro-entrepreneurs were extra cautions and conduct cost

analysis benefits as to the advantages and downsides of availing loans or credits since they have scarce and limited capital that might be compromised if the terms and conditions of the loans were not met. Hence, the micro- entrepreneurs of this study were risktakers yet they were taking calculated risks. It was worth to note that in business taking a risk in particular financial decisions that will involved the fiscal stability and continuity must be taken into account.

However, many small businesses faced barriers such as inadequate access to capital or funds. Applying for a small business loan was the best way to make the dream of business growth come true. With the injection of a capital loan, companies can explore new options such as expansion, hiring more people to meet the growing demand, purchase new equipment, upgrade the facilities, and the likes, however, micro entrepreneurs has an especially difficult time obtaining loans from formal lenders to start or expand their businesses. Similar with Cassar (2017), where it found out that funding, especially from outside sources, like banks, turned out to be increasingly necessary as firms begin growing.

Whereas, invest the excess cash in marketable securities to draw profit or other profit-making ventures obtained the lowest mean or moderate. Marketable securities were liquid financial instruments that can be quickly converted into cash at a reasonable price.

The data implied that most of the micro-entrepreneurs were not yet highly aware on the benefits or advantages of investing excess in marketable securities such as treasury bills, mutual funds, retail treasury bonds, stocks and the likes. The yielded results indicated that there was a need for government agencies and financial institutions like banks to educate micro -entrepreneurs on how to maximize these financial instruments as one of the investment modalities. The results of this study were in agreement with Simbre and Barriga (2022) which revealed that were aware of the stock market investments and the possible return of the investment, but moderately aware of the process of investing.

Financial Planning. Another objective of this study was to measure the level of financial planning among

micro- entrepreneurs in Daet, Camarines Norte. Among the ten statement indicators, prepare the cash budget obtained the highest mean value of 2.30 or moderate.

While, established a well laid out contingencies section in the financial plan which described potential problems with the individual business, the market, or the economy in general got the lowest mean value of 2.06 or moderate.

Table 11
Level of Financial Literacy of Micro-Entrepreneurs
in terms of Financial Planning

| Indicators | WM | Interpretation |
|---|------|----------------|
| 1. Prepare a projected statement that reflect revenue, costs, and expenses. | 2.22 | Moderate |
| 2. Prepare a projected income statement/budget | 2.20 | Moderate |
| 3. Prepare projected cash flow and cash outflow | 2.20 | Moderate |
| 4. Prepare the cash budget. | 2.30 | Moderate |
| 5. Put up a system to keep track of expenses and income | 2.15 | Moderate |
| 6. Establish a well laid out contingencies section in the financial plan which describes potential problems with the individual business, the market, or the economy in general | 2.06 | Moderate |

| | | |
|---|------|----------|
| 7. Update financial plan quarterly/regularly | 2.23 | Moderate |
| 8. Make forecasts on the future demand and supply of the goods produced or sold | 2.22 | Moderate |
| 9. Make projections on the future operating expenses of the businesses | 2.15 | Moderate |
| 10. Analyze projected income statement/ budget | 2.14 | Moderate |
| Over-all Weighted Mean | 2.19 | Moderate |

The results of the study implied that majority of the respondents of this study acknowledge the importance of preparing the cash budget. The respondents were highly aware that proper cash management was crucial to achieve the targeted goals and objectives by enhancing their allocation and planning in the cash. This showed that most majority of the micro - entrepreneurs in this study applied good practices in managing their cash. The cash management practices were essential for every business to increase profitability, sustainability, and future planning. Cash management practices also included cash budgets and cash flows. Cash management was important in describing the inflow and the outflow of cash, which referred to the movement of cash in the receiving to payment cycle.

Furthermore, it could be inferred from the given data that micro-entrepreneurs of this study see cash flow as a useful indicator of financial health of the enterprise. As a micro-enterprise with good cash flow position means that they can settle monthly overheads, pay staff on-time and have enough cash available to meet financial obligations. Hence, cash management also was the most crucial task for entrepreneurs in order to maintain the profitability and sustainability of the business. The results were consistent with Karajieh and Ibrahim (2017) which revealed that businesses implement high level of cash management practices.

On the other hand, establishing a well laid out contingencies section in the financial plan which described potential problems with the individual business, the market, or the economy in general obtained the lowest or moderate. Every type of business was likely to experience some form of financial upheaval which in turn, affected not only immediate day to day operations, but the potential ability of a business to recover and re-establish itself once stability returns. The yielded data demonstrated that respondents lacked the sense of foresight in terms on how to proactively face potential challenges in the business in particular during financial crisis.

Significant Relationship Between the Profile of the Micro-Entrepreneurs and their Level of Financial Literacy

The Table 12 shows the result of the significant relationship between the profile and the level of financial literacy of micro-entrepreneurs using Somers' Delta Correlation Coefficient d and Contingency Coefficient C as statistical tools. It can be observed from the table that the age profile of the respondents has no significant relationship in the financial literacy along financial management (-0.034, p -value=0.589), savings literacy (-0.122, p -value=0.064), loans and investment (-0.086, p -value=0.197), and financial planning (-0.086, p -value=0.240) at 0.05 significant level. The p -values of the indicators were all greater than 0.05 (p -values>.05), thus, the variables were not significantly correlated.

The age of the respondents has nothing to do with their financial management literacy. It implies that age does not define the level of financial literacy of the micro-entrepreneurs. It is supported by the Table 4 results wherein majority of the respondents were college graduates and Table 2 results which shows that the micro-entrepreneurs belong to millennials or in their 30s. The results of the study contradict Anshika et al. (2021) and Lestari et al. (2020) which indicated that

the entrepreneur's age has a positive and statistically significant relationship on many aspects of financial literacy for SMEs.

Likewise, the sex profile of the micro-entrepreneurs and their level of financial literacy were also tested using Contingency Coefficient C . From the table, it can be inferred that the sex profile whether male or female and their financial literacy along the indicators considered obtained no significant relationship since the p -values were all greater than 0.05 significant level (p -values>0.05). Hence, the sex profile of the respondents has nothing to do with their level of financial literacy. The yielded results opposed with the study of Lestari et al. (2020) which found respondents' gender was significantly related with their degree of financial literacy.

The same results were obtained along civil status profile. The micro entrepreneurs whether, single, married or widowed obtained no significant relationship along financial management (0.151, p -value=0.633), savings literacy (0.123, p -value=0.791), loans and investment (0.170, p -value=0.516) and financial planning (0.212, p -value=0.271) at 0.05 significant level. Again, the p -values were all greater than 0.05 significant level (p -values>0.05), thus, the civil status profile of the respondent was not significantly related to their financial literacy.

Furthermore, Table 12 also revealed that the profile of the respondents in terms of educational attainment profile and their financial literacy garnered significant relationship along the different indicators except for savings literacy (d =0.100, p -value=.271). Using Somers' Delta Correlation Coefficient d , the educational attainment of the respondents has significant relationship along financial management (d = 0.204, p -value=0.023), loans and investment (d =0.231, p -value= 0.004) and financial planning (d =0.214, p -value=0.012) at 0.05 significant level.

Table 12
 Test for Significant Relationship between the Profile of the Mico-Entrepreneurs and their Level of Financial Literacy

| Profile | Financial Literacy | | | | | | | |
|--------------------------------|----------------------|---------|------------------|---------|----------------------|---------|--------------------|---------|
| | Financial Management | | Savings Literacy | | Loans and Investment | | Financial Planning | |
| | Test Statistics | p-value | Test Statistics | p-value | Test Statistics | p-value | Test Statistics | p-value |
| 1. Age | -.034 | .589 | -.122 | .064 | -.086 | .197 | -.086 | .240 |
| 2. Sex | .136 | .356 | .143 | .315 | .123 | .430 | .128 | .398 |
| 3. Civil Status | .151 | .633 | .123 | .791 | .170 | .516 | .212 | .271 |
| 4. Educational Attainment | .204* | .023 | .100 | .271 | .231* | .004 | .214* | .012 |
| 5. Number of Seminars Attended | .108 | .254 | -.004 | .969 | -.212* | .043 | -.034 | .753 |
| 6. Number of Employees | .194* | .028 | .145 | .127 | -.082 | .391 | .106 | .273 |
| 7. Type Business Ownership | .300* | .001 | .161 | .115 | -.029 | .768 | .181 | .074 |

*Correlation is significant at 0.05 level

In addition, the number of seminars attended by the micro-entrepreneurs and their financial literacy obtained no significant relationship along the indicators considered except for loans and investment (d=-0.212, p-value=0.043). The result for loans and investment has inverse relationship in terms of number of seminars attended. It means, the more seminars attended the lesser in loans because micro-entrepreneurs were extra cautions and conduct cost analysis benefits as to the advantages and downsides of availing loans or credits since they have scarce and limited capital that might be compromised if the terms and conditions of the loans were not met . Hence, having higher attendance in seminars will result to a more financially literate micro-entrepreneur.

The relationship of the number of employees and the financial literacy were also tested. The table shows that among the indicators considered it is only along financial management (d=0.194, p-value=0.028) where the number of employees obtained significant relationship. It means that, the number of employees of the micro-entrepreneurs was significantly related to

their level of financial literacy on financial management. One plausible explanation for the yielded results is that micro- entrepreneurs were taken into account financial management as one of the crucial components in running a business because it was considered the bread and butter of the people employed in the enterprise.

The higher the number of people employed in enterprise micro-entrepreneurs were more diligent and critical in using the available resources to ensure that welfare and benefits of the employees will be given without compromising the financial viability and profitability of the business. Hence, the number of employees were significantly related to the financial management of an micro- enterprise because it could make or break the business.

On the other hand, the financial literacy of the micro-entrepreneurs along savings literacy, loans and investment and financial planning obtained no significant relationship in terms of the number of employees.

Finally, the profile of the respondents in terms of type of business ownership and their financial literacy gained no significant relationship among the indicators considered except for financial management ($c=0.300$, $p\text{-value}=0.001$) at 0.05 significant level. The type of business ownership whether, sole, partnership, company or cooperative has something to do with the financial literacy of the micro-entrepreneurs in terms of their financial management.

The yielded results implied that the respondents of this study put a high premium on the financial management to ensure that their enterprises will not be financially in troubled. It could be attributed that most of the micro- enterprises in this study were family founded. Hence, they were very diligent in ensuring that their enterprises were financially sound and vibrant because they have long term orientation and give importance to their reputation in order to transfer their family business to following generations as legacies. As a consequence, they were prudent in managing their financial resources. However, their financial literacy along savings literacy (0.161 , $p\text{-value}=0.115$); loans and investment ($d=-0.029$, $p\text{-value}=0.768$); and financial planning ($d=0.181$, $p\text{-value}=0.074$) have $p\text{-values}$ greater than 0.05 ($p\text{-values}>0.05$), thus, the variables considered have no significant relationship.

It was worth to note that the profile of the respondents in terms of educational attainment and training profile and their financial literacy garnered significant relationship along the different indicators on financial literacy. The data implied that higher education improved an entrepreneur's ability to solve challenges and seize opportunities, helped the firm develop and innovate. Education boosts entrepreneurs' skills, motivation, self-confidence, problem-solving ability, commitment, and discipline. Education improved research, communication, insight, and inventiveness. Formal education helped entrepreneurs learn about production techniques and product designs. Economies with more educated workers and entrepreneurs advance faster technologically. The finding was compatible with the human capital hypothesis, which described human capital as the most valuable capital. Human capital was frequently conceived in terms of a person's total abilities, educational background, and productive potential.

Educational achievement was frequently used as a as one of the indicators for human capital.

On the basis of the premises of the human capital theory, it would be reasonable to assume that microentrepreneurs with greater levels of education would be more effective and efficient in managing their business finances. They may also be more likely to comprehend money management concerns. Additionally, the human capital theory provides a framework to assess financial management of entrepreneurs by considering education, experience, networks, problem solving skills and adaptability. By recognizing the significance of human capital, policymakers, investors and entrepreneurs can make informed decisions regarding financial management and resource allocation.

According to Beverly and Sherraden (2017), human capital develops "disciplined work habits and traits that may be directly related to productive economic performance" Therefore, increased financial management performance may be anticipated. The results of this study support the study of Anshika et al. (2021), Sucuahi (2017) who discovered that entrepreneurs with a higher degree of education has significantly higher level of financial literacy.

Common Challenges Encountered by Micro-Entrepreneurs in the Pursuit of Being Financially Literate

One of the objectives of this study was to determine the common challenges encountered by in the pursuit of being financially literate. Table 13 displayed that sudden and unexpected expenses obtained the highest frequency of 71 or rank 1 followed by lacked of access to finance and bank facilities with frequency of 68 or rank 2 while the lowest are other challenges with frequency of 14 or rank 11 followed by lack of required collateral with the with the frequency of 18 or rank 10. Stiff business competition, little access to modern technology, and unavoidable lifestyle factors such as impulsive buying were also the common options selected by most of the respondents with the frequency of 58, 57 and 56 respectively.

Table 13
Common Challenges Encountered by
Micro-Entrepreneurs

| | Indicators | Frequency | Rank |
|-----|--|-----------|------|
| 1. | Unavoidable lifestyle factors such as impulsive buying | 56 | 5 |
| 2. | Instant gratification instead of looking forward to a long-term financial goal | 24 | 9 |
| 3. | Lack of required collateral | 18 | 10 |
| 4. | Sudden and unexpected expenses | 71 | 1 |
| 5. | Lack of access to finance and bank facilities | 68 | 2 |
| 6. | Stiff business competition | 58 | 3 |
| 7. | Lack of training on financial literacy quarterly/regularly | 41 | 7 |
| 8. | High collection of receivables | 57 | 4 |
| 9. | Little access to modern technology | 31 | 8 |
| 10. | Overconfidence about financial knowledge | 14 | 11 |
| 11. | Others | 10 | 12 |

The table shows the sudden and unexpected expenses was the major problem being encountered by micro-entrepreneurs. There were sudden and unexpected expenses that may affect businesses such as equipment failure, taxes, increase in the suppliers' price, insurance, rent increase, office equipment, damaged inventory, delayed payments and the likes. It could be inferred from the given data that micro-entrepreneurs in this study tend to neglect allocating an emergency fund. An emergency fund was a sum of money set aside specifically to assist in meeting unforeseen

expenses connected with the operation of a business. These expenses could be incurred as a result of a period of weak sales or an unanticipated incident, such as damage to their business or inventory caused by a natural disaster. The majority of these costs cannot be expected, and virtually all business owners will have to deal with them at some point during the course of their company's existence.

The second challenge encountered by the micro-entrepreneurs was the lack of access to finance and bank facilities. The data implied that one of most challenging barriers to SME expansion identified in the study was a lack of access to capital. Micro-entrepreneurs has limited access to finance, which impedes their development and eventual growth. It could be implied from the given data that financial constraint remains a major challenge facing among micro-entrepreneurs in Daet, Camarines Norte. Their main sources of capital were retained earnings and informal savings and loan associations, which were volatile, insecure, and offered little opportunity for risk sharing. Access to formal finance was limited due to the high risk of default among SMEs and insufficient financial facilities. Small businesses frequently failed to meet the conditions imposed by financial institutions, which regard SMEs as a risk due to inadequate guarantees and a lack of information about their ability to repay loans. Lack of access to long-term credit for small enterprises forces them to rely on high-cost short term finance.

There were various financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. Van Aardt and Fatoki (2017) added that the difficulties faced by micro-entrepreneurs in accessing credit facilities are attributed to their perceived higher risk profile. Lending institutions regarded them as riskier enterprises for a number of reasons which include: uncertain competitive environment; inadequate accounting systems; more unpredictable operating environment in the developing and emerging markets; assets not properly registered; delayed payments for the products and services rendered; less equipped in terms of both human and financial resources to withstand economic resources.

Microenterprises required capital in order to purchase assets, finance their operational activities, and cover their basic expenses. Acquiring capital was necessary for growth. Access to financial capital was possible through a wide variety of internal and external resources, including but not limited to personal savings and debt. The study findings suggested that the external credit facility has played a catalyst role in augmenting the state of empowerment and entrepreneur development, implying that venture capital sources motivated them to enter the process of entrepreneur development, especially those who were scared of inadequate capital support.

In the study of Andriamahery (2022), they advocated that financial services accessibility, among micro-entrepreneurs by offering micro or specialized credit, open an avenue for entrepreneurship development. It was because of their limited economic resources and financial constraints that dwindle the speed of entrepreneur development activities. Furthermore, the ability to secure funding was essential to the success of any business, regardless of whether it was in its infancy, growth, or maturity phase. The failure of many enterprises may be traced back to a lack of adequate financial assistance that would have enabled the companies to begin their operations on solid and secure ground. As such, the growth and performance of micro -entrepreneurs may be greatly affected by their access to finance. Limited access to finance means that the entrepreneurs may not be in a position to take on opportunities as and when they arise.

This result was consistent with the findings of OECD INFE (2011) which indicated that smaller SMEs in the Philippines had a more difficult time gaining access to external financing, mostly due to a lack of documentation, collateral, and appropriate financial statements. Typically, firm size was connected with a company's access to financing. Typically, smaller businesses has a more difficult time obtaining financing. Smaller companies typically has fewer collateral choices, a riskier profile, less accounting and financial management expertise, and a greater informality rate. The yielded data were consistent with the findings of Carter (2019) that inadequate financing was one of the most significant challenges that many different types of small businesses face was inadequate financing. He added that the majority of

proprietors of small businesses finance the establishment of their companies through personal savings or contributions from family and they were dependent on the revenue that was generated by the business in order to provide for themselves and their family while the business becomes established and begins operating.

The third challenge that micro- entrepreneurs encountered in managing their entrepreneurial activities was the stiff business competition. The data implied that micro- entrepreneurs must keep in mind that enterprises were always changing, and as a result, they will gain knowledge and opportunities brought about by the stiff business competition. There were many aspects beyond the business that might affect its success, such as the political climate, economic climate, and regulatory environment.

Hence, maintaining market dominance was more challenging now than ever before due to economic unpredictability and technology-driven disruption. Since micro-entrepreneurs has fewer resources at their disposal and are unable to compete on the basis of their size, they need to focus on innovation to carve out a unique space for themselves. Micro- entrepreneurs must have product and process innovation were necessary for the competitiveness of SMEs. In order for SMEs to improve their competitiveness, they need to scale up their product innovation skills (Aksoy, 2017). Therefore, it was crucial to the success of a micro-enterprises to comprehend the interplay between external factors, human capital strategies, and the performance of small and medium-sized enterprises (SMEs) to produce a competitive advantage that can be maintained over time.

The significance of technology specially information and communication technology in improving and developing the business performance has long been recognized. From the starting process of creating goods and services through the delivery and payment of the purchase, IT has many forms of applications to all types of enterprises small, medium and enterprises (SMEs). It was revealed that among the total number of respondents there are 57 found that limited access to technology as one of their challenges as micro-entrepreneurs. It could be attributed to the fact that small businesses operate on very constrained and

limited financial terms and do not have sufficient capital to invest towards integration of ICT in their business. Likewise, most of them do not possess any technical skills and are unaware of the capabilities that IT may bring to their business.

Moreover, infrastructure was a basic need for any form of IT implementation to work. Lack of such infrastructure will be a major barrier to the use of IT within the business. In such circumstances, the professional skills of external expertise, and the external assistance were the significant factor of IT adoption. For instance, micro-entrepreneurs could maximize the utilization of digital software for accounting and financial management to make it simpler to monitor and generate financial reports for a business. Additionally, the increased use of digital processes enhances a company's capacity to organize its documents, such as financial statements. Thus, a higher level of digital accounting and financial management could make the company more appealing to external creditors, particularly if the creditor requires the company's financial statements, as do the majority of banks and other formal sector lenders.

Similar findings were noted by Al (2016) which identified the firm's technological capacity as a significant factor in determining a firm's access to credit markets, primarily due to the competitive advantages brought about by increased technology use. Using digital software for accounting and financial management also streamlines the process of record-keeping, allowing businesses to meet the record-keeping requirements of formal financial institutions. In support of this, Alusen and Javier (2018) had revealed in their study that most of the respondents were using a manual type of accounting system compared with computerized accounting system because of its lower incurring costs and it was relatively easy to use, and preferred by small businesses because it only had a minimal number of transactions compared to larger businesses.

Proposed IEC Material to Improve the Financial Literacy of the Microentrepreneurs

This study aimed to propose an IEC material that may help the micro-entrepreneurs in Daet, Camarines Norte on how cope with the identified challenges that

faced as micro-entrepreneurs. The researcher was proposing a Primer on Financial Management for Micro-entrepreneurs. The primer specifically contained topics on cashflow management for small businesses. Understand how cash flow keeps a business alive. Cash was king. A business can be profitable on paper, yet fail from a lack of cash flow. Important aspects of cash flow included the timing of accounts payables and receivables, inventory turnover, fixed expense loads and other areas. Without a solid foundational knowledge of such areas and the effects they have on cash flows, a business owner was handicapped in managing cash.

Likewise, small business financial planning and forecasting. Learn how to record and track business income and expenses. While entrepreneurs do not need to be accountants, they do need to know how to accurately record revenues and expenses. The primer also included the tips on how to avoid unexpected expenses in the food business, importance of insurance in micro-entrepreneurship and tips before getting an insurance.

The Complete Guide to Managing Small Business Finances, Philippine bonds for beginners and Small Business Insurance were the bases used by the proponent in crafting the IEC Material.

Furthermore, the researcher provided a Filipino version of the primer to ensure that it will be easily understand the different terms, concepts and principles on attaining financial literacy as micro-entrepreneurs. These topics contained in the primer will be a great help among the micro-entrepreneurs in Daet, Camarines Norte since these were the components of the financial literacy that they found very challenging. The Department of Education, SDO – Camarines Norte and Camarines Norte State College may intensify the promotion, integration and mainstreaming of financial literacy across the curriculum, hence both booklets will be distributed to the said institutions. The researcher will coordinate with DEPED Basud District Financial Literacy/Chaching Coordinator and PSDS for the distribution of the said materials to the secondary students and with the help of the Extension Services Division and units of CNSC Graduate School and

CBPA, the same materials will also be disseminated to their students.

IV. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presented the findings of the study entitled: Financial Literacy of Micro-entrepreneurs in Daet, Camarines Norte. This chapter also included the conclusions and recommendations of the study. This study aimed to determine and answer the following: the profile of micro-entrepreneurs in terms of: age; sex; civil status; educational attainment; finance-related seminars and training attended; number of employees; and type of business ownership. This study was not only interested to determine the level of financial literacy of micro-entrepreneurs in Daet, Camarines Norte in terms of: financial management; savings; loans and investment; and financial planning but also to measure whether there was a significant relationship between the profile of the respondents and their level of financial literacy.

Likewise, financial literacy equips entrepreneurs with the knowledge and skills needed to make informed financial decisions. Micro entrepreneurs often have limited resources and face unique financial challenges.

This study intended to determine the common challenges encountered by micro-entrepreneurs in the pursuit of being financially literate, and IEC material may be suggested based on the study's findings. The descriptive-correlation research method was used in this study. To address the aforementioned issues, a survey questionnaire was given to a select group of microbusiness owners in Daet, Camarines Norte.

V. FINDINGS

The findings of the study were summarized as follows:

1) The majority of the respondents were under 31 to 35 years old with a frequency of 24 or 21.8 percent and they were predominantly female micro-entrepreneurs with frequency of 67 or 60.9 and the remaining 43 or 39.1 percent were male micro-entrepreneurs. In terms of civil status majority of them or 75 out of 110 respondents who were married, while there are 28 or

2.4 percent who were single and the remaining 7 or 6.4 percent were widowed and 65 out of 110 respondents were college graduates while the remaining 30 percent were high school graduates. The study also revealed that 72 percent of the respondents attended 1-3 financial related seminars while 17 percent of them attended 4-6 finance related seminars. While there were 9 or 8 percent attended 7 to 9 finance related seminars and the remaining 2 or 1 percent attended more than ten finance related seminars and majority of them employed 1-5 employees followed by 6-10 employees with a frequency of 24 or 21 percent. While there were small businesses 11 or 10 percent who employed 11-15 employees. Furthermore, majority of them were comprised of sole owners with a frequency of 87 or 79 percent, followed by partnership which was 13 percent or 15 out of 110 respondents. While the remaining are company owned and cooperative with 5.5 and 1.8 percent respectively.

2) The data revealed that financial literacy of micro-entrepreneurs in Daet, Camarines Norte among the various dimensions of financial literacy only financial management obtained the qualitative description of high with a quantitative value of 2.43. It was followed by savings and financial planning and management with an overall weighted mean of 2.19 or moderate while loans and investment obtained the lowest overall weighted mean of 2.02 or moderate.

3) The yielded results revealed that p-values were all greater than 0.05 significant level ($p\text{-values} > 0.05$) along with age, sex, civil status, finance related seminars and training attended, number of employees and type of business ownership were not significantly related to their financial literacy. Furthermore, the data revealed that the profile of the respondents in terms of educational attainment profile and their financial literacy garnered significant relationship along the different indicators except for savings literacy (.100, $p\text{-value} = .271$). Using Somers' Delta Correlation Coefficient, the educational attainment of the respondents has significant relationship along financial management (.204, $p\text{-value} = .023$), loans and investment (.231, $p\text{-value} = .004$) and financial planning (.214, $p\text{-value} = .012$) at 0.05 significant level.

4) The data revealed that sudden and unexpected expenses obtained the highest frequency of 71, followed lack of access to finance and bank facilities with a frequency of 68. While stiff business competition obtained a frequency of 58 or rank three and little access to technology was a fourth rank or with a frequency of 57.

5) The proposed IEC material titled: Primer on Financial Management for Micro – Entrepreneurs may help the micro-entrepreneurs in Daet, Camarines Norte on how cope with the identified challenges and it specifically contained topics on cashflow management for small businesses.

CONCLUSION

Based on the results of the study, the researcher arrived at the following conclusions:

- 1) The majority of the respondents were under 31 to 35 years old, predominantly female micro-entrepreneurs, married, college graduate, attended 1-3 financial related seminars with 1 to 5 employees, and sole proprietors;
- 2) The financial management practices of micro-entrepreneurs in terms of financial planning, majority acknowledged the importance of preparing the cash budget, loans and investment on the other hand, take into consideration the costs and benefits before availing loans or credits for the business operations/expansions. Whereas, under savings literacy, micro entrepreneurs allocated a certain amount from net business profit for savings and lastly, under financial management, they kept track and record the daily sales of my business and recorded all the incurred expenses in business operations.
- 3) There was no significant relationship between the age, sex profile, civil status, numbers of seminar attended, and business ownership were also showing no significant relationship to financial literacy. On the other hand, the relationship of number of employees showed significant relationship only along financial management and no significant relationship along savings literacy, loans and investment, and financial planning.

4) The sudden and unexpected expenses was the major problem being encountered by micro-entrepreneurs; and

5) Based on the results of the study, the proposed IEC material titled: Primer on Financial Management for Micro – Entrepreneurs was crafted to help the micro-entrepreneurs in Daet, Camarines Norte as it focused on cashflow management for small businesses.

RECOMMENDATIONS

Based on the conclusions of this study, the researcher arrived at the following recommendations:

- 1) The Department of Education, SDO – Camarines Norte and Camarines Norte State College Extension Services Division may intensify the promotion, intergration and mainstreaming of financial literacy across the curriculum.
- 2) The Local Government Unit of Daet may revisit the existing programs and projects for micro-entrepreneurs and solicit the inputs of the micro-entrepreneurs on how to further enhance and make them relevant and responsive to their needs.
- 3) The micro-entrepreneurs in this study may establish their own cooperative to make them more competitive and facilitate the access on financial resources. Hence, the Cooperative Development Authority (CDA) of Camarines Norte may provide technical assistance on how to start -up a cooperative among food micro -entrepreneurs in Daet, Camarines Norte.
- 4) The Camarines Norte Bankers Association may initiate flexibility in their credit schemes to enable the micro -entrepreneurs have more access on credit facilities. Credit facilities maybe made available easily and assistance should be provided by financial institutions and banks to the micro entrepreneurs.
- 5) The proposed IEC material titled: Primer on Financial Management for Micro – Entrepreneurs was crafted to help the micro-entrepreneurs in Daet, Camarines Norte may be presented to them for possible utilization.
- 6) Future researchers may conduct an in-depth study targeting broader scope and focusing not only in food businesses but in other industries as well since

the scope of this research only focuses on food businesses in Daet area.

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