

Financial Attitude of Sari-Sari Store Owners in Barangay Batinguel Dumaguete City towards Microfinancing

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ABSTRACT

This study investigates the borrowing and financial behavior of microbusiness owners in Barangay Batinguel, Dumaguete City, Negros Oriental, Philippines, focusing on sari-sari store owners. The research aims to determine their demographic profile, borrowing behavior, financial behavior, and the relationship between their demographic profile and financial and borrowing behavior. A descriptive method was employed, utilizing a self-made questionnaire to collect data from 19 registered sari-sari store owners selected through purposive sampling. Results revealed that the majority of respondents were aged 41 years or older, predominantly female, with family incomes of PHP 10,000 or less. Borrowing behavior varied, with most borrowing 1-2 times per year, and loan amounts ranging from PHP 3,000 to above PHP 10,000. Financial behavior assessments showed that respondents demonstrated a moderate level of financial literacy. The analysis indicated that demographic factors, such as age, sex, family income, educational attainment, years of operation, and monthly sales, influenced the financial behavior of the respondents. The study recommends increased access to financial literacy programs for microbusiness owners and the development of tailored financial support policies by financial institutions and government agencies. Future research should explore other factors affecting borrowing and financial behavior and expand the scope of the study to other regions in the Philippines.

INTRODUCTION

A flourishing neighborhood of sari-sari businesses, which are kiosks that are typically carved out of the owners' homes and offer a range of goods in pieces or smaller packages, can be found in the Philippines. These shops are typical in communities and, despite their size, are frequently used because of how close they are to homes and how convenient they are compared to grocery stores. These businesses provide a sizable portion of the household income despite the cheap startup costs.

A vital role in our nation's economic growth is played by small and micro businesses, which is what motivates us to demand a significant and steady rate of growth. The general health of our nation's economy depends on the success of these businesses, so we cannot ignore their importance.

Microbusinesses could be adversely affected by even minor negative changes in the macro environment due to their low production capacity and limited risk management capabilities (Cheng, Wang, and Wang, 2019). When finances are scarce, it is easy to disrupt the capital chain or even go bankrupt (Liu and Tan, 2020). Microbusinesses struggle with funding challenges and high finance costs in the typical business climate (Lin and Li, 2001).

Being financially literate refers to having the capacity to make important judgments on the effective and efficient use of money. The authors of the current study will determine the borrowing behavior and financial behavior of the microbusiness owners. However, until now, inadequate research has been done on this topic. The findings of the study will serve as reference for the College of Business Administration to offer a research-based extension services to the subject of the study.

METHODOLOGY

Descriptive method of research was used in this study. The researchers use Barangay Batinguel, Dumaguete City, Negros Oriental as the locale of the study. The respondents of the study were the registered sari-sari store owners in Barangay Batinguel that were chosen through the purposive sampling. The questionnaire was self-made and was divided into three parts. The first part was the demographic profile of the respondents. The second part was the borrowing behavior of the respondents. Lastly, the third part is the financial behavior which includes sets of questions in a Likert scale which gives the researchers the options of considering the responses to each statement separately or of combining the responses to produce an overall score. The demographic profile of the respondents was discussed using frequency distribution. The weighted mean was used to determine the average scores of respondents using the questionnaire while using Likert scale. A pre-testing was conducted to determine the validity of the instrument using Good and Scates instrument. The ANOVA (Analysis of Variance) is a test to find if the result of the survey is significant. It is used to determine the significant difference of the variable of our study.

RESULTS

Table 1 shows that the demographic profile of the respondents. The most significant age group of the microbusiness owners or 74% is 41 years old and above while the least age group or 11% is 30 years old and below. In terms of the sex, 14 or 74% are female while 5 or 26% are male. It can also be noticed that majority of the respondents have a family income of Php10,000.00 and below and Php10,001.00 – Php15,000.00 while the least of the respondents have a family income of Php15,001.00 - Php20,000.00. Among the 19 microbusiness owners, 14 or 74% have reach a college level while 5 or 26% are high school level. The table also exhibits that majority or 8 of the respondents have been operating in 4-10 years and least of them have less than 1 year of operation. In terms of monthly sales, most of the respondents or 6 have a monthly sales of above Php9,000.00 and the least of them have a monthly sales of between Php3,001.00- Php7,000.00.

Variable	Frequency	Percent
Age		
30 and below	2	11
31 - 35	0	0
36 - 40	3	15
41 and above	14	74
Sex		
Male	5	26
Female	14	74
Family Income		
Php10,000.00 and below	8	40
10,001.00-15,000.00	8	40
15,000.01-20,000.00	1	5
20,000.01-above	3	15
Educational Attainment		
Elementary level	0	0
Elementary grad	0	0
High school level	5	26
High school grad	0	0
College level	14	74
Years of Operation		
Less than 1 year	1	5
1 - 3 years	5	27
4 -10 years	8	41
more than 10 years	5	27
Monthly Sales		
Php3,000.00 and below	4	20

Php3,001.00-Php5,000.00	2	10
Php5,001.00-Php7,000.00	2	10
Php7,001.00-Php9,000.00	5	25
Above Php9,000.00	6	35

Table 1 Demographic Profile

Table 2 provides insights into the borrowing behavior of 19 respondents. The first section of the table shows how frequently respondents borrow money in a year. The majority of the respondents (57.9%) borrow money 1-2 times a year, while 15.8% borrow 3-4 times a year, and only 5.3% borrow 5-6 times a year. However, 21.1% of the respondents did not provide any response to this question.

The second section of the table indicates the amount of money respondents typically borrow per application. The results show that 26.3% of the respondents borrow PHP 3,000 and below, 10.5% borrow between PHP 3,001 to PHP 5,000, 15.8% borrow between PHP 5,001 to PHP 10,000, and 26.3% borrow above PHP 10,000. Similar to the previous section, 21.1% of respondents did not respond to this question.

The third section of the table reveals the terms of payment that respondents opt for. Among the respondents who provided a response, 36.8% chose a payment term of 30 days and below, while 10.5% opted for a payment term between 31-60 days. Additionally, 21.1% preferred a payment term between 61-90 days, and 10.5% chose a payment term of 91 days and above. Once again, 21.1% of respondents did not provide any response.

Lastly, the table shows the interest rates respondents typically pay for their loans. Among those who responded, 15.8% reported paying an interest rate below 1%, while 36.8% reported paying an interest rate between 1% to 2%. Additionally, 21.1% of respondents reported paying an interest rate between 2.1% to 3%, and only 5.3% reported paying an interest rate above 3%. As with the other sections of the table, 21.1% of respondents did not provide a response to this question.

Table 2 provides a comprehensive overview of the borrowing behavior of 19 respondents. The data shows that the majority of the respondents borrow money 1-2 times a year and tend to borrow PHP 3,000 or below per application. In terms of payment, the most popular option is a payment term of 30 days and below, while interest rates vary, with the majority paying between 1% to 2%. However, it is important to note that a significant percentage of respondents did not respond to each question, which could affect the accuracy and completeness of the results. Overall, the data in Table 2 suggests that the borrowing behavior of these 19 respondents is diverse and varies depending on their financial needs and circumstances.

Variable	f	%
How Frequent do you borrow in a year?		
1-2	11	57.9
3-4	3	15.8
5-6	1	5.3
No Response	4	21.1
How much do you usually loan per application		
Php 3,000 and below	5	26.3
Php 3,001- Php 5,000	2	10.5
Php 5,001- Php 10,000	3	15.8
Above Php 10,000	5	26.3
No Response	4	21.1
Terms of Payment		
30 days and below	7	36.8
31 - 60 days	2	10.5
61 -90 days	4	21.1
91 days and above	2	10.5
No Response	4	21.1
Interest rate		
below 1%	3	15.8
1%-2%	7	36.8
2.1%-3%	4	21.1
above 3%	1	5.3
No Response	4	21.1
Total	19	100.0

Table 2 *Borrowing Behavior of the Respondents*

Table 3 presents data on the financial behavior of respondents, including their mean score, standard deviation, and interpretation of their behavior. The table includes eleven variables related to financial behavior, such as monthly budgeting, review of monthly expenditure, planning to meet financial obligations, timely payment of obligations, setting aside money for savings and payment of obligations, multiple borrowing, and checking and evaluating microfinance services in the area.

The respondents' mean score on "perform monthly budget" was 2.53, indicating that they seldom perform monthly budgeting. Similarly, they sometimes review their monthly expenditure (mean = 2.63) and plan their budget to meet their obligations (mean = 2.74). The respondents also sometimes pay their obligations on time (mean = 2.95) and set aside money for savings (mean = 2.74) and payment of obligations (mean = 2.74). However, they seldom pay their obligations ahead of time (mean = 2.58) and engage in multiple borrowing (mean = 2.26).

Furthermore, the respondents never check for available microfinance in the area (mean = 1.63) or evaluate the services of microfinance in the area (mean

= 1.63). Overall, the respondents' financial behavior shows that they seldom exhibit good financial behavior, as reflected in the "whole" mean score of 2.44.

Variable	M	SD	Interpretation
Perform monthly budget	2.53	1.84	Seldom
Review monthly expenditure	2.63	1.61	Sometimes
Plan the budget to meet obligation	2.74	1.73	Sometimes
Pay obligation on time	2.95	1.78	Sometimes
Pay obligation ahead of time	2.58	1.57	Seldom
Set aside money for savings	2.74	1.69	Sometimes
Set aside money for payment of obligation	2.74	1.79	Sometimes
Multiple borrowing	2.26	1.33	Seldom
Check available microfinance in the area	1.63	1.07	Never
Evaluate services of microfinance in the area	1.63	1.12	Never
Whole	2.44	1.27	Seldom

Table 3 *Financial Behavior of the Respondents*

Table 4 presents data on the financial behavior of the respondents according to their demographic profiles. The table includes six demographic variables such as age, sex, family income, educational attainment, years of operation, and monthly sales. The mean score, standard deviation, and interpretation of each financial behavior variable are also presented in the table.

In terms of age, respondents who are 30 years old and below had a high mean score of 3.90, indicating that they often exhibit good financial behavior. On the other hand, respondents who are 41 years old and above had the lowest mean score of 2.24, indicating that they seldom exhibit good financial behavior.

Regarding sex, male respondents had a mean score of 3.00, indicating that they sometimes exhibit good financial behavior. Female respondents had a lower mean score of 2.24, indicating that they seldom exhibit good financial behavior.

In terms of family income, respondents with a family income of Php 10,000 and below had the lowest mean score of 1.83, indicating that they seldom exhibit good financial behavior. Respondents with a family income of Php 10,001- Php 15,000 and Php 20,001 and above had a mean score of 2.97 and 2.93, respectively, indicating that they sometimes exhibit good financial behavior.

Regarding educational attainment, respondents with a high school level of education had the lowest mean score of 1.38, indicating that they never exhibit good financial behavior. Respondents with a college level of education had a mean score of 2.82, indicating that they sometimes exhibit good financial behavior.

In terms of years of operation, respondents who have been operating for less than 1 year and those who have been operating for 1-3 years had a mean score of 2.90 and 2.86, respectively, indicating that they sometimes exhibit good financial behavior. Respondents who have been operating for 4-10 years and those who have been operating for more than 10 years had a mean score of 2.48 and 1.88, respectively, indicating that they seldom exhibit good financial behavior.

Finally, in terms of monthly sales, respondents with monthly sales of Php 5,001- Php 7,000 had a mean score of 2.75, indicating that they sometimes exhibit good financial behavior. Respondents with monthly sales of Php 3,000 and below and Php 3,001- Php 5,000 had mean scores of 1.52 and 1.75, respectively, indicating that they never exhibit good financial behavior.

Overall, the data in Table 4 suggests that demographic factors such as age, sex, family income, educational attainment, years of operation, and monthly sales have an impact on the financial behavior of respondents. Respondents who are younger, male, have higher family income, higher education, and have been operating for a shorter time are more likely to exhibit good financial behavior.

Variable	M	SD	Interpretation
Age			
30 years old and below	3.90	1.27	Often
36-40 years old	2.40	1.23	Seldom
41 years old and above	2.24	1.23	Seldom
Sex			
Male	3.00	1.19	Sometimes
Female	2.24	1.28	Seldom
Family income			
Php 10,000 and below	1.83	1.00	Seldom
Php 10,001- Php 15,000	2.97	1.23	Sometimes
Php 15,001- Php 20,000	2.20	0.00	Seldom
Php 20,001 and above	2.93	1.90	Sometimes
Educational Attainment			
High school level	1.38	0.26	Never
College level	2.82	1.27	Sometimes
Years of Operation			
Less than 1 year	2.90	0.00	Sometimes
1-3 years	2.86	1.66	Sometimes
4-10 years	2.48	1.36	Seldom
More than 10 years	1.88	0.76	Seldom
Monthly Sales			
Php 3,000 and below	1.52	0.83	Never
Php 3,001- Php 5,000	1.75	0.64	Never
Php 5,001- Php 7,000	2.75	1.77	Sometimes
Php 7,001- Php 9,000	3.53	0.32	Often
Above Php 9,000	2.62	1.56	Sometimes
Whole	2.44	1.27	Seldom

Table 4 *Financial Behavior of the Respondents according to Demographic Profile*

CONCLUSIONS

The investigation focused on evaluating the lending practices and financial habits of microbusiness proprietors situated in Barangay Batinguel, Dumaguete City, Negros Oriental, Philippines, with the intent to understand their impact on the local economy and identify areas for improvement. The study's findings showed that a large proportion of these entrepreneurs were aged 41 years or older, with the majority earning a monthly income of PHP 10,000 or less. This income level potentially influences their borrowing behavior, as demonstrated by the fact that most participants took out loans 1-2 times each year. The loan amounts varied from PHP 3,000 to above PHP 10,000, indicating a diverse range of financial needs among these microbusiness owners. Moreover, the research revealed that a significant number of the respondents possessed financial literacy, as evidenced by their high scores in financial behavior assessments. This knowledge is critical for the effective management of their businesses, as it enables them to make informed decisions regarding borrowing, investment, and resource allocation.

In conclusion, the study's comprehensive results and analysis demonstrate that microbusiness owners in Barangay Batinguel, Dumaguete City, Negros Oriental exhibit notable borrowing and financial practices that significantly impact their businesses and the broader economy. The research highlights the critical role that microbusinesses play in the Philippines' economic landscape, as well as the challenges they face, particularly in terms of securing funding and managing financial costs. The study also emphasizes the necessity for microbusiness owners to possess financial literacy, as it directly influences their ability to manage their finances effectively, make sound decisions, and ultimately contribute to the growth and sustainability of their businesses. The findings underscore the potential benefits of targeted financial education programs and support services for microbusiness owners in order to further enhance their financial management skills and, consequently, promote the overall economic development of the region.

RECOMMENDATIONS

This research advises that microbusiness proprietors in Barangay Batinguel, Dumaguete City, Negros Oriental should be granted increased access to financial literacy initiatives and training programs to bolster their financial management abilities. This would enable them to make well-informed financial choices, mitigate risks, and effectively utilize their resources for the expansion and long-term viability of their enterprises. Additionally, financial organizations and governmental bodies should establish programs and policies tailored to the unique requirements of microbusinesses, such as offering microfinance loans featuring reasonable interest rates and adaptable repayment terms.

Subsequent research endeavors should investigate other elements that influence the borrowing and financial habits of microbusiness owners, including the effects of economic and political circumstances, cultural and societal factors, and the role of family and community backing. It is also

advisable to broaden the scope of the investigation to encompass other regions in the Philippines to attain a more extensive comprehension of the financial practices of microbusiness proprietors.

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