

Competitiveness of Micro, Small and Medium Entrepreneurs during Economic Disruption

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ABSTRACT

Micro, small, and medium enterprises (MSMEs) are vital for the progress and growth of most countries economies. Globally, there is wide recognition of MSMEs' crucial role as drivers of economic growth and a key source of supplies and support services for major businesses. Hence, a thriving and expanding MSME sector indicates a healthy economy. Compared to larger businesses, they have particular difficulties surviving and expanding amid crises and calamities. Many MSMEs are typically unprepared when unexpected economic disruptions such as disasters and pandemics occur, which prevents them from operating normally. The study used a mixed-methods research design to determine the Competitiveness of Micro, Small, and Medium-sized Enterprises during Economic Disruption. Analyzed data revealed that challenges and opportunities encountered by the MSMEs had an adjectival interpretation of Almost Always or Frequently, indicating that MSMEs experienced both negative and positive, particularly in their businesses. There were lessons learned and best practices

experienced by the MSMEs. To overcome these challenges, MSMEs must possess contingency, adaptation, and resilience. Thus, MSMEs should use advantages to be inventive by consistently providing clients with novel and value-adding services to improve their financial performance even during economic disruption.

Keywords — Business and Management, competitiveness, economic disruption, MSMEs, challenges and opportunities, mixed-methods, Philippines

INTRODUCTION

Most nations' economic growth and development depend heavily on micro, small, and medium-sized enterprises (MSMEs). Globally, MSMEs are widely acknowledged for playing a critical role in stimulating economic growth and serving as important suppliers and support partners for large businesses. They act as a breeding ground for big businesses and new entrepreneurs. Hence, a thriving and expanding MSME sector signifies a growing economy. The MSME sector still faces many challenges that impede it from growing and developing to its full potential, despite regulations that attempt to create an environment favorable for MSME development (Villegas et al., 2020). How MSMEs address the current crisis will determine how the global economy will change.

MSMEs are more susceptible to natural disasters, which damage a business's property and equipment and physically and mentally affect business owners and staff members (Botzen et al., 2019). Several studies have been conducted regarding MSME's challenges. Studies like the Development of SMEs in ASEAN with Reference to Indonesia and Thailand Authors, the paper aims to examine the recent development of small and medium enterprises (SMEs), their experiences during the 1997/98 Asian financial crisis, and their main constraints in member countries of the Association of Southeast Asian Nations (ASEAN) with special reference to Indonesia and Thailand (Tambunan, 2008); the COVID-19: Small and medium enterprises challenges and responses with creativity, innovation, and entrepreneurship (Thukral, 2021); Resilience: resources and strategies of SMEs in a new theoretical framework (Alberti et al., 2018); Building resilience for the sustainability of MSMEs post COVID-19 outbreak: An Indian handicraft industry outlook (Agarwal et al., 2023).; Challenges and Opportunities of India's Micro Small Medium Enterprises in the New Era of Post COVID (Ranjan, 2021). However, the present study is focused on the competitiveness of MSMEs during economic disruptions.

MSMEs are often regarded as the Philippines' economic lifeblood and foundation (Flaminiano et al., 2021). MSMEs contribute considerably to the country's Gross Domestic Product, creating jobs for the expanding labor force and making up roughly 40% of the GDP overall (ADB Annual Report 2020, 2021). Compared with larger companies, they also have significant difficulties surviving and expanding amid crises and calamities. One such challenge is economic disruption. Micro businesses are typically unprepared when unexpected economic crises such as disasters and pandemics occur. Natural catastrophes can destroy a business's property and equipment and have a negative psychological and physiological impact on the owners and employees.

The Philippines is situated in a disaster-prone region. Thus, individuals and firms suffer significantly during disasters (Dagli & Ferrarini, 2019). Natural disasters affect all countries and businesses regardless of size. However, Asgary et al. (2020) found that smaller firms in developing economies often lack the resources to prepare for crises, leaving them more vulnerable than smaller firms elsewhere. According to the study of Liguori and Pittz (2020), the upheaval caused by the spread of COVID-19 is devastatingly affecting small businesses. A recent Goldman Sachs survey (2020) of 10,000 small business owners found that the coronavirus has already impacted 96 percent, and 51 percent report their business cannot survive three months of an economic shutdown. These alarming statistics suggest the economic fallout from COVID-19 will worsen for small businesses and their employees before it gets better.

According to the Department of Trade and Industry (DTI), Region 5 (Bicol) was not spared from the effects of the Covid-19 Pandemic. In Region 5, the provinces with revenue losses as a result of the temporary closure of businesses were Camarines Sur with PHP2.6 billion, Albay with PHP1.1 billion, Catanduanes with PHP625 million, Sorsogon with PHP464 million, Masbate with PHP389 million, and Camarines Norte with PHP148 M. Serrano July 2020 In Legazpi City; many businessmen saw the pandemic's effects firsthand in their businesses.

Given the considerable data on MSMEs' revenue losses and the fact that our country has frequently been affected by economic disruptions, the researcher chose this topic. To formulate a more comprehensive business competitiveness framework for micro, small, and medium-sized enterprises, this research study aims to assess the competitiveness of micro, small, and medium-sized enterprises amidst economic disruption in the 2nd District of Albay. Additionally, this study will help explain the lessons learned or best practices encountered by the MSME. This study aids in understanding the challenges and opportunities encountered

by MSMEs and, therefore, serves as a basis for crafting the competitiveness framework. Thus, the present study serves to expand the understanding of the MSMEs' ability to be competitive even in times of disruption.

FRAMEWORK

The researcher has proposed several theories to explain Frederick Morgeson on System Event Theory by introducing the concept of event system theory, which states that new, disruptive, and crucial occurrences (representing the strength of an event) are the most salient; The contingency theory of Management is a Leaders-Managerial-Adaptation theory, which means that the Leader tries to adapt to different situations (Fiedler & Chemers, 1974). According to Fiedler's Contingency Theory, a number of events, both internal and external, could have a significant impact on the best organizational structure. These elements include the organization's size, use of technology, leadership style, and capacity to adapt to changes in strategy (Shala et al., 2021). This study refers to the challenges encountered by the MSMEs and how they transformed them into opportunities. Entrepreneurs adapted to the changes brought by the disruption. Simple methods are not always the best ones for a business. As stated by Serifsoy and Teker (2020), it aims to be an exploratory study that showcases the considerable changes the companies, especially the global giants, face to withstand this long-lasting crisis.

Incentive programs and motivational strategies are the main emphases of the contingency approach to management to deal with internal contingencies and external circumstances. The contingency theory of leadership emphasizes that leadership effectiveness depends on matching a leader's style to the right situation.

Thus, the study was framed within the context of Porter's Competitive theory of strategy. The theory captured and reflected the various factors and contexts that MSMEs would consider and implement to improve their business operations to grow sales. Porter's theory of competitiveness by Michael E. Porter (1985) depends on long-run productivity, which requires a business environment that supports continual innovation in products, processes, and management. The four underlining conditions driving the global competitiveness of a country's companies include factor endowments, demand conditions, related and supporting industries (clusters), and the firm's strategy, structure, and rivalry (Ajitabh & Momaya, 2004).

OBJECTIVES OF THE STUDY

The study aims to assess the Competitiveness of Micro, Small, and Medium-sized Enterprises during Economic Disruption in the Province of Albay. Specifically, the study objectives were to (1) determine the Status of the MSMEs in the 2ND district of Albay in terms of the type of Business Operations, type of Ownership, Net Worth, and number of Employees, (2) identify the Challenges and Opportunities encountered by MSME's during the COVID-19 Pandemic along; (a) standard & government restrictions (b) operations management (c) financial management (d) human resource management (e) sales & marketing management and (f.) production & service delivery, (3) identify the lesson learned and Best Practices of MSME's in surviving the COVID-19 Pandemic, and (4) design a Business Competitiveness Framework for Micro, Small, and Medium-sized Enterprise to future proof from economic disruption.

METHODOLOGY

Research Design

The study utilized a mixed method approach where both quantitative and qualitative data were gathered and used in answering the research questions. This research design is done to provide a deeper insight into a study problem or issue compared to applying just one method.

This study's first and second objectives utilized the quantitative approach since the researcher will attempt to quantify and measure the different variables of challenges and opportunities. According to Bhandari (2020), quantitative research involves collecting and interpreting numerical data. It can be used to identify patterns and averages, predict outcomes, examine causal relationships, and generalize results to larger populations.

Meanwhile, the third objective of this study used the qualitative approach. A qualitative research design is frequently defined as subjective (rather than objective), where the findings are collected in a written format as opposed to a numerical one. Furthermore, the purpose of this is to get a comprehensive understanding of a specific topic, situation, or meaning based on direct observation (Creswell, 2018). Hence, the MSME's perspectives were better understood using a qualitative research design.

Research Site

The research study was conducted in the province of Albay, specifically in the Second District. Albay is a province in the Philippines located in the Bicol Region, occupying the southeastern tip of the Luzon peninsula. The province consists of fifteen (15) municipalities and three (3) cities, namely Legazpi City, Tabaco City, and Ligao City. The second district includes the City of Legazpi, and other municipalities, namely Camalig, Daraga, Manito, Malilipot, and Rapu-Rapu. The researcher concentrates on Legazpi City and Daraga since most businesses are located in the area. It is also important to note that Albayanos are resilient, kind, joyful, and accommodating, thus making it the perfect place for studying the Competitiveness of the MSME during economic disruptions. Aside from this, the availability of data and its proximity to the researcher's location are additional factors that affected the selection of this study site.

Respondents

The 15 respondents of the study are registered MSMEs in Daraga and Legazpi City. For Microenterprises, 5 respondents; for small enterprises 5 respondents and medium enterprises, 5 respondents, a total of 15 respondents. The manager/owner of the MSMEs was the respondents of the study as they are an essential part of the research by sharing ideas and opinions necessary for the accomplishment of the study. Similarly, the MSME's managers/owners needed to respond to determine the lesson learned and best practices during the pandemic.

The confidentiality and privacy of the respondents were ensured, and voluntariness was given with utmost concern by the researcher by briefing them to refuse or withdraw at any time during the survey process.

Data Collection

The primary data was collected from the self-administered survey questionnaire and interview guide. Secondary data was collected from reliable books, articles, journals, and internet sources. The data collected was analyzed using descriptive statistics. Specifically, it used the 5 -point Likert Scale was used to represent the opinions and attitudes of the respondents toward the Challenges and opportunities encountered. The survey questionnaire was divided into two sections: The status of the respondents and the challenges and opportunities encountered by the MSME. For the interview guide, the primary data came from the one-on-one interview with the targeted respondents using open-ended questions. The responses from the interview were transcribed by the researcher.

This was supported by secondary data derived from a number of published online and/or printed related to the study. All data collected was assessed and consequently established recommendations.

Ethics Protocol

Before carrying out the study, the researcher had to seek the registered MSMEs in the Municipality of Daraga and Legazpi City. The target respondents received informed consent and agreed to participate with complete understanding and knowledge of the purpose of the study and all relevant facts regarding the topic, in line with APA's ethical standard. The participation of an MSME respondent in the study was a voluntary act. Furthermore, the researcher also values the privacy and anonymity of the respondents by protecting their personal, private, and sensitive information concerning the Data Privacy Act. No participants were excluded for any reason. The researchers obtained an Ethics Clearance from the Ethics Review Committee and also got signed informed consent from the respondents.

RESULTS AND DISCUSSION

The respondents of this study were 15 registered MSMEs. The Status of the Respondents, type of business operations, type of ownership, MSME's Net worth, and the number of employees were collected.

Table 1. Type of Business Operations

Type of Business	Frequency	Percentage
Service Business	5	33.30%
Merchandising Business	6	40.00%
Manufacturing Business	4	26.70%
<i>Total</i>	<i>15</i>	<i>100.00%</i>

Table 1 presents the type of Business Operations, where almost 40 percent of MSMEs are merchandising businesses, 33.30 percent are in the service business, and 26.70 percent are in the manufacturing business. The findings of the study on the Type of Business operations showed that the status of the respondents determined the MSMEs' type of operations. It can be interpreted that the type of operation has nothing to do with MSMEs' performance.

Table 2. Type of Ownership

Type of Ownership	Frequency	Percentage
Sole proprietorship	12	80.00%
Partnership	2	13.30%
Corporation	1	6.70%
<i>Total</i>	<i>15</i>	<i>100.00%</i>

Table 2 shows the status of the respondents in terms of the type of ownership of MSMEs in the Second District of Albay. Most of the MSMEs are registered as Sole proprietorships with a percentage of 80%. A sole proprietorship is a form of business owned by one person (Permwanichagun et al., 2014). According to Kim et al. (2020), sole proprietors may hire additional staff members, but there is only one owner of the company. There is no distinction in the law between the owner and the business entity for sole proprietors because they have full responsibility. As a solo proprietor, the owner often controls business decisions and reinvestments (Manenzhe et al., 2020).

Table 3. MSMEs Net Worth

Net Worth (Estimated Present Value in Peso)	Frequency	Percentage
Below Php 100,000.00 to 500,000.00	3	20.00%
500,001.00 to 1,000,000.00	2	13.30%
1,500,001.00 to 2,000,000.00	2	13.30%
2,500,001.00 to 3,000,000	2	13.40%
3,000,000.00 and above	6	40.00%
<i>Total</i>	<i>15</i>	<i>100.00%</i>

Table 3 presents the MSME's Net worth. The tables show that most MSMEs have more than 3 million Net worth or a percentage of 40%. Research on the efficient utilization of the resources that the business provides to managers in accomplishing organizational goals can be a key performance indicator and a defining aspect of effective and ineffective managers (Nkechi & Sunday, 2020).

Table 4. Number of Employees

Number of Employees	Frequency	Percentage
1-10	5	33.30%
10 - 25	4	26.70%
25 – 50	4	26.70%
50 and above	2	13.30%
Total	15	100.00%

Table 4 shows the status of the MSME number of employees in the Second District of Albay. Most of the MSMEs have only ten below or a percentage of 33.30% employees in their business. MSMEs with 50 or 26.70% below employees are MSMEs that operate as merchandise and service businesses. While 50, with a percentage of 13.30% above employees, operates as a manufacturing business. In this case, that frequency with a few employees can be analyzed and their capital is only enough to open a business. That's why during the pandemic outbreak, there are MSMEs that cut their operation due to a lack of financial sustainability. In this scenario, having a few employees can affect the performance of the institution. Due to this, the employees will have numerous duties and responsibilities that can lead to ineffectiveness and inefficiency in their performance. The study of Engetou (2017), which claims that a lack of employees increases workload and less supervision, can be used to corroborate this. The workload consists primarily of job obligations, a common occurrence in many organizations today.

Table 5. Challenges Encountered by the MSME's Standard and Government Restrictions

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Adherence to statutory taxes	5.00	AA
2. Adherence to Health and Safety protocols	4.86	AA
3. Adherence to salary and wages standards	5.00	AA
4. Compliance with permits and license	5.00	AA
Average Weighted Mean	4.97	AA

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 5 revealed that all the indicators under the Challenges Encountered by the MSME's Standard and Government Restrictions are interpreted as Almost Always, wherein Adherence to statutory taxes, Adherence to salary

and wages standards, and Compliance to permits and licenses have the highest mean 5.0 while Adherence to Health and Safety protocols got the lowest mean 4.86. Furthermore, the average weighted mean of Standards and Government restrictions is computed at 4.97, which was also interpreted as almost always. This implies that the respondents exhibit challenges in standard and government restrictions. The government has enforced lockdowns, school closures, quarantines, travel restrictions, and other health protocols for everyone to keep away from this unseen virus. Government regulations ensure that safe and healthy working conditions be maintained, which contributed to the challenges for the MSMEs.

As assessed by Talabis et al. (2021), to lessen the effects of the COVID-19 pandemic, the national government of the Philippines, through the recommendations made by its Inter-Agency Task Group on Emerging Infectious Diseases various quarantine measures, with each level having a corresponding degree of rigidity ranging from enable all businesses to function at a specific capacity to keeping only the essential businesses open. Additional restrictions include preventing people of a certain age group from leaving their homes. Depending on the severity of the pandemic in their area, the local government units (LGUs), including municipalities and provinces, may adopt any of these strategies. The goal is to limit the spread of diseases and fatalities while lessening the pandemic’s financial toll.

Table 6. Challenges Encountered by the MSME’s Operations Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Logistics management	3.60	F
2. Supply chain management	4.46	F
3. Inventory Control	4.47	F
4. Manpower attendance	4.73	AA
Average weighted Mean	4.32	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 6 shows MSME’s challenges encountered along Operations Management; the data revealed the average weighted mean is 4.32 with an adjectival interpretation of frequently. Logistics management got the lowest total weighted mean of 3.60 with an adjectival interpretation of frequent. Supply chains constantly face new problems that go way beyond the traditional issues

of supply and demand uncertainty, particularly due to the impact of worldwide disruptive events. According to research by Raquiza (n.d.), most businesses had trouble coordinating their supply and value chains, resulting in a scarcity of raw materials and challenges with distribution, shipping, and logistics.

Table 7. Challenges Encountered by the MSME's Financial Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Profit generation	4.46	F
2. Cash flow management	4.46	F
3. Cost management and costing concerns	4.47	F
4. Accounts Receivable Turnover	4.46	F
Average Weighted Mean	4.46	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 7 revealed that all the indicators under MSME's Challenges encountered along Financial Management are interpreted as "frequently", wherein cost management and cost concerns have the highest mean of 4.47 with an adjectival interpretation of frequently. That suggests MSMEs had issues with the price of their goods or services. This is consistent with a study by Velita (2022), which found that the COVID-19 pandemic had negatively impacted business operations and profitability. If this trend persists for a number of months, many businesses will have to close because they will be unable to cover their expenses since no sales transactions have occurred. The worst case scenario was when they were unable to repay their loans and debts to banks and other lending organizations, incurring heavy penalty fees. How to continue paying their employees' salaries is another issue because they are required to do so because they have families to support and must purchase their requirements and wishes during the crisis.

Table 8. Challenges Encountered by the MSME's Human Resource Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Employee satisfaction	4.67	AA
2. Employee Health and Well-Being	4.60	AA
3. Job availability and task assignment	4.74	AA
4. Employee turnover	4.20	F
Average Weighted Mean	4.55	AA

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2- Occasionally, 1-Never

Table 8 shows MSME’s challenges encountered in Human Resource Management; the data revealed the average weighted mean is 4.55 with an adjectival interpretation of Almost Always. This implies that MSMEs find difficulties in managing their employees. Moreover, Job availability and task management got the highest total weighted mean of 4.74 with an adjectival interpretation of almost always. At the same time, Employee turnover got the lowest total weighted mean of 4.20 with an adjectival interpretation of frequently. That implies people need a job to survive. Owners of MSME companies are worried about the health and welfare of their workers. The influence of locus of control and motivation on business performance, as well as the effect of locus of control and motivation on business performance with learning as moderation, as indicated by the study by Agustina et al. (2017). With a focus on control, motivation, and life - long learning, MSME entrepreneurs must adapt their personality attributes in response to the disruption-era shifts in consumer behavior. This is also true with the employees.

Table 9. Challenges Encountered by the MSME’s Production and Service Delivery

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Availability of skilled workers	4.66	AA
2. Protocol on the limitation of the number of employees	4.00	F
3. Communication problems with customers	3.94	F
4. Resistance and capacity to acquire technology	3.87	F
Average Weighted Mean	4.12	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2- Occasionally, 1-Never

Table 9 shows MSME’s challenges encountered in Production and Service Delivery. The data revealed the average weighted mean is 4.12 with an adjectival interpretation of frequently. Resistance and capacity to acquire technology got the lowest total weighted mean of 3.87 with an adjectival interpretation of frequent. Furthermore, that implies According to the study by Reuschke et al. (2021), there are mobility limitations, health risks, limited hours for banking and business transactions, and higher operational costs as a result of stricter transportation regulations that affect the delivery of the goods and services that consumers order online.

Table 10. Challenges Encountered by the MSME's Sales and Marketing

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Declining sales volume	3.47	S
2. Marketing to new customers	4.26	F
3. Communication barriers (Psych & technical)	3.93	F
4. Developing & implementing promotions	4.20	F
Average Weighted Mean	3.96	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2- Occasionally, 1-Never

Table 10 shows MSME's challenges encountered in Sales and Marketing Management. The data revealed the average weighted mean is 3.96 with an adjectival interpretation of frequently. The computed average weighted mean shows that MSMEs faced difficulty in their sales and Marketing. This is in accordance with the claim made in the article by Abi Fadel (2021), which states that as a result of globalization and increased competition on a worldwide scale, businesses have seen their market shares decline and their profits decrease. Velita (2022) believes that online businesses were a successful marketing strategy for essential and non-essential goods and services, but delivery and operating costs presented a major challenge for all MSMEs.

Furthermore, Marketing to new customers got the highest total weighted mean of 4.26 with an adjectival interpretation of frequently. That implies MSMEs find difficulty looking for new customers. The opportunity to market to a new customer was made available by the government restrictions brought on by the pandemic. The loss of sales and income resulting from a decline in demand and supply, as well as the government-mandated closure of their business establishments, according to Velita (2022), was the pandemic's worst impact.

Table 11. Opportunities Encountered by the MSME's Standard and Government Restrictions

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Tax Exemptions and holidays	4.07	F
2. Seminars/Webinars/Information Dissemination	3.94	F
3. Relaxed Licensing and permits Requirements	3.73	F
4. Financial and Non-financial Aid to MSMEs	3.46	S
Average Weighted Mean	3.80	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 11 presented the MSME Opportunities Encountered along Standard and Government Restrictions in the Province of Albay. The average weighted mean obtained by the indicators is 3.80, with an adjectival interpretation of “Frequently”. This implies that MSMEs have also experienced support from the Government with regard to the following indicators: Tax exemptions and holidays, Attended webinars for information dissemination, relaxed licensing and permit requirements, and Financial & non-Financial aid to MSMEs. This can be supported by the article by Balisacan Jr. (2020), which explains how the government has taken several steps to assist MSMEs in surviving difficult times. As an example, the Department of Finance (DoF), Bureau of Internal Revenue (BIR), and Social Security System (SSS) have released Joint Memorandum Circular Nos. 001-2020 and 002-2020. Also, the Bayanihan to Heal as One Act’s Implementing Rules and Regulations of Section 4 (AA) (Republic Act No. 11469). Due to the relief provided, no additional documentary stamp duty (DST) will be charged. The Department of Trade and Industry (DTI) recently released Memorandum Circular No. 20-12, which grants MSMEs who have stopped operations owing to the ECQ a 30-day grace period on commercial rent before paying interest, penalties, fees, and other charges. No eviction for non-payment.

Table 12. Opportunities Encountered by the MSME’s Operations Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Develop alternative logistic approaches	3.33	S
2. Technology application in supply acquisition	4.00	F
3. Development of alternative technology & processes	4.14	F
4. Availability of web-based trainings for employees	3.93	F
Average Weighted Mean	3.85	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 12 presents the MSME’s Opportunities encountered in Operations Management. The average weighted mean obtained by the indicators is 3.85, with an adjectival interpretation of “Frequently.” The data showed that MSMEs had the opportunity to still continue their business activities and maximize profitability. This is supported by the study conducted by (Cueto et al., 2022). The findings revealed that their company activities continued despite the pandemic, and they acknowledged the importance of government measures and

interventions in ensuring the survival of MSMEs. The participants also reacted positively to economic downturns because they had become resilient due to business continuity training, productivity gains, and subsidies.

Table 13. Opportunities Encountered by the MSME's Financial Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Introduction & availability of financial software	3.80	F
2. Enhancement of online payment systems	4.27	F
3. Enhanced eBanking facilities	4.27	F
4. Investment in the accounting system	3.73	F
Average Weighted Mean	4.02	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 13 revealed that all the indicators under MSME's Opportunities encountered along Financial Management are interpreted as "frequently," with an average weighted mean of 4.02, wherein Enhancement of online payment systems and enhanced e-banking facilities both have the highest mean of 4.27. At the same time, investment in the accounting system got the lowest mean of 3.73. The COVID-19 epidemic has also expedited the adoption of digital technology by existing businesses in several dimensions. The effect continues after one year of full reopening, according to a study by Cong et al. (2021).

Table 14. Opportunities Encountered by the MSME's Human Resource Management

Indicators	Total Weighted Mean	Adjectival Interpretation
1. More opportunities to hire quality employees locally	4.33	F
2. New Employee (retrenched from big companies brings new ideas)	3.46	F
3. Acquire a technology-based HR system	3.26	F
4. Improve organizational structure	4.06	F
Average Weighted Mean	3.78	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 14 revealed that all the indicators under MSME’s Opportunities encountered along Human Resource Management are interpreted as “frequently,” wherein more opportunities to hire quality employees locally got the highest mean of 4.33. While acquiring a technology-based HR system got the lowest mean of 3.26. Furthermore, the average weighted mean of MSME’s Opportunities encountered along Human Resource Management is computed at 3.78, which was also interpreted as frequently. This implies that MSMEs find opportunities how to manage their human resources effectively, as mentioned in the indicators. This is related to the study conducted by Ogunyemi (2020) that states that Six major themes emerged as a result of methodological triangulation and the use of a thematic data analysis technique: (a) enhancing competitive advantage through the business structure; (b) distribution channels, product range, and leveraging networks; (c) human capital development; (d) turning difficulties into opportunities for innovation and enhancing business performance; (e) raising consumer awareness of products; and (f) using data analysis to improve decision making.

Table 15. Opportunities Encountered by the MSME’s Production and Service Delivery

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Demand shift provides an opportunity for innovation	4.66	AA
2. Innovation along with delivery/customer interaction	4.00	F
3. Develop a new scheme/Implement a New system	3.94	F
4. New Technology in production and service delivery is made available	3.86	F
Average Weighted Mean	4.12	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 15 presents the MSME’s Opportunities encountered along Production and Service Delivery in the Second District of Albay. The average weighted mean obtained by the indicators is 4.12, with an adjectival interpretation of “Frequently.” The data showed that demand shift provided an opportunity for innovation and got the highest total weighted mean of 4.66 with an adjectival interpretation of almost always. This implies that MSMEs welcome

the opportunity for innovation. In the post-pandemic world, service providers must continue to strengthen their efforts to ensure that all customer segments receive the essential services (food, healthcare, housing, education, etc.) they demand. This is according to a study by Wang et al. published in 2021. Due to the pandemic's social, economic, and operational challenges, voluntary service providers are unable to meet the increased demand.

Table 16. Opportunities Encountered by the MSME's Sales and Marketing

Indicators	Total Weighted Mean	Adjectival Interpretation
1. Develop a new marketing strategy	3.47	S
2. Develop a New System of Communication	4.26	F
3. Innovation of Market Penetration Practices	3.93	F
4. Diversify the market and enhance Customer Service	4.20	F
Average Weighted Mean	3.97	F

Legend: 5-Almost Always, 4-Frequently, 3-Sometimes, 2-Occasionally, 1-Never

Table 16 presents the MSME's Opportunities encountered in Sales and Marketing. The average weighted mean obtained by the indicators is 3.97, with an adjectival interpretation of "Frequently." The data showed further that developing a new system in communication got the highest total weighted mean of 4.26 with an adjectival interpretation of frequently. That implies MSMEs, to increase sales, welcome the new way of communication in reaching their customers through the use of social media. This is supported by the results of the study indicate that the use of social media for marketing has a positive effect on the performance of MSMEs, especially in increasing sales, customer relationships, productivity, and creativity. This means that the better at managing social media for marketing, the better the performance of MSMEs will be, according to Syaifullah et al. (2021).

Meanwhile, developing a new marketing strategy got the lowest total weighted mean of 3.47 with an adjectival interpretation of sometimes. This gave weight to research by Purba et al. (2021), which found that digital marketing has been used to raise consumer awareness. The real economy is referred to as an innovation or improvement in marketing tactics.

Lessons learned and best practices of MSMEs during the Pandemic

When MSMEs were interviewed about their lessons learned and best practices during the pandemic, they revealed that having a contingency plan is important, as is adaptability to changes and aligning your strategies to the new trends. Relationships are also important factors in surviving during crises, as is being resilient to overcome whatever challenges you encounter.

A contingency is the potential for a negative event, such as a pandemic, economic downturn, natural disaster, fraud, or terrorist attack, to occur in the future. This was revealed by the respondents during the interview. As one of the respondents says, *“Secure to have a backup plan in all means of surviving the day-to-day operations of the business.”*

Adaptability to changes was also mentioned by the respondents during the interview. One respondent says, *“Be ready to adapt to the changes.” Use whatever online social media platform to advertise your shop.*” During the pandemic, MSMEs have adopted new strategies to cope with COVID-19’s negative effects, and most are micro in nature. The major business strategies adopted to survive the adverse effects of the pandemic are as follows: following health protocols, finding suppliers in nearby towns, and using whatever online social media platform to market your business. Likewise, the study of Deshmukh and Haleem (2020) revealed that COVID-19 disruptions are expected to present new working models as well as possibilities to develop competencies and explore the new international market.

Another response from the respondent is to implement a new approach tailored to the preferences of the client with a modern technological twist. It was also determined that this pandemic teaches MSMEs a lesson to become digital in their transactions and adopt a quicker delivery system to continue serving and serving their customers with the utmost attention to detail. The Internet, notably social media, has transformed how businesses do business. In many respects, it has upended the conventional business paradigm by enabling businesses to communicate instantly with their customers, become more responsive to market possibilities and challenges, and expand their customer base. It’s now a common practice (Velita, 2022).

Some SMEs respond to the crisis by applying creativity to problems to obtain opportunities. Thukral E. (2021). By enabling people to establish and expand their professional networks more quickly and successfully online, it has evolved into a method of networking. Social media is becoming a crucial networking component that cannot be disregarded. According to Respondent A, one of the best practices is to “adhere to the demands of most numbers of consumers, the use of the internet and social media.”

According to recent surveys, Social media also enables businesses to maintain constant communication with their contacts to develop enduring ties. While social media has raised this model and increased the possibility that you are meeting people, nothing matches face-to-face, real engagement, especially in business. Who are interested and engaged in what you are talking about, Porter et al. (2016). On the other hand, recent surveys indicate that social media enables businesses to regularly communicate with their customers to establish lasting partnerships. While social media has improved this model, making it more likely that you are meeting someone they are attentive to and involved with what you are saying, Porter et al. (2016) note that nothing replaces face-to-face, and personal interaction, especially in business.

It is also noted that SMEs adjusted their supply chains and implemented redundant infrastructure to help them get through the pandemic. Businesses that are knowledgeable about the difficulties and opportunities of digitalizing their goods and services could overcome e-commerce hurdles or even the switch from traditional to digital commerce (Costa & Castro, 2021).

Another response from the respondent is to implement a new approach tailored to the preferences of the client with a modern technological twist. In her research, Velita (2022) also determined that this pandemic teaches MSMEs a lesson to become digital in their transactions and adopt a quicker delivery system to continue serving and serving their customers with the utmost attention to detail. The Internet, notably social media, has transformed how businesses do business. In many respects, it has upended the conventional business paradigm by enabling businesses to communicate instantly with their customers, become more responsive to market possibilities and challenges, and expand their customer base. It's now a common practice.

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Rukumnuaykit (2022), in his study *Business Survival in Times of COVID-19*, also suggested that MSME businesses need to focus on human resource management. The study conducted by Agustina et al. (2021) gives credibility to the respondent's statement, “Best practice is to take care of your staff.” The personal qualities of people managers who run businesses are also crucial for MSMEs to be capable of surviving the COVID-19 pandemic. Likewise, in the study of Flaminiano et al. (2021), one enterprise they spoke with stressed the

value of developing connections with several suppliers to guarantee a sufficient.

According to Maritz et al. (2020), entrepreneurs are the unsung heroes of the outbreak because they were unfazed by its turbulence. According to Lopes de Sousa Jabbour et al. (2018), entrepreneurship is crucial in creating a sustainable economy because it seeks, develops, and takes advantage of new economic opportunities that can profit from resolving social and environmental issues.

Business Competitiveness Framework for MSME

The Diamond Model by Michael Porter serves as the foundation for the proposed competitiveness framework for MSMEs. Porter's model, a framework in the shape of a diamond, aims to explain why some industries inside a particular country are competitive worldwide while others may not be. And why can some businesses in particular nations innovate consistently while others may not? With this understanding from Porter (1985), the researchers were motivated to create a framework for measuring the competitiveness of MSMEs based on the four factors Porter suggested: firm strategy, structure, and rivalry; factor conditions; demand conditions; and related and supporting industries. If these circumstances exist, MSMEs are compelled to constantly develop and innovate. When going overseas, the competitiveness that will emerge from this is advantageous and even vital. The framework outlines factors that determine the relative strength of entities, which drives them to become better than the rest. Besides some of the available and identifiable attributes in the environment, MSMEs can create their strengths to empower their competitiveness. These factors make MSMEs more competitive.

CONCLUSION

Type of business operations, type of ownership, Net worth, and the number of employees as part of the Status of the respondent showed no bearing on the Competitiveness of the respondent. All six variables of challenges and opportunities encountered by the MSMEs had an adjectival interpretation of Almost Always or Frequently, indicating that MSMEs experienced both negative and positive particularly to their businesses, overall making it a significant factor in designing the MSME competitiveness framework. There were lessons learned and best practices experienced by the MSMEs. To overcome these challenges, MSMEs must possess contingency, adaptation, and resilience, as discussed in the theoretical framework for the Competitiveness of MSMEs during economic

disruptions. The designed business competitiveness framework for MSMEs will guide MSMEs in the second district of Albay, especially in forthcoming disruptive events, natural disasters, or pandemics. This is based on Porter's (1985) Theory of competitiveness which functions as dynamic progressiveness, innovation, and a capability to change and improve. Understanding the business competitiveness framework is crucial for all MSME enterprises. Future scholars and readers can use this study to determine how competitive MSMEs are during economic disruptions.

TRANSLATIONAL RESEARCH

The result of the study could be translated through a journal article for international publications, newsletters, radio, social media, and other media for information dissemination and to revisit their marketing strategies. Additionally, the government can support MSMEs in terms of access to capital, technological capability, marketing, and all requirements for business registration. Governments have used financial incentives like tax breaks and credits, grants, subsidies, and other similar measures to encourage technical innovation in MSMEs. To speed up digital innovations in MSMEs and the economy overall, the government must move quickly to upgrade the IT infrastructure in the Province of Albay and towards further studies. Finally, a framework that focuses on Competitiveness may be adopted by MSMEs and may be introduced to educators and students to meet the research objectives, which are primarily geared towards enhancing and sustaining the competitiveness of MSMEs in times of economic disruptions.

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