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Exploring Factors Influencing Perceived Business Performance: A Quantitative Investigation among Sole Proprietorship Owners in Noveleta Cavite

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Abstract

This study explores the determinants of perceived business performance among sole proprietorship owners in Noveleta, Cavite. Recognizing the pivotal role of micro and small enterprises (MSEs) in economic development, the research examines various factors influencing the success of these businesses. Sole proprietorships, characterized by their lack of legal entity status and unlimited liability, represent a significant portion of the entrepreneurial landscape. The study aims to provide a detailed analysis at the local level, offering insights into how educational background, access to

credit, business experience, market linkage, and job satisfaction impact business outcomes. Existing literature, including studies from Ethiopia and other global regions, highlights the diverse and sometimes inconclusive nature of these determinants. This research contributes to a more nuanced understanding of the specific challenges and success factors faced by sole proprietorships, ultimately aiming to support more effective policy-making and business strategies tailored to the needs of these entrepreneurs.

Keywords: MSEs, Sole Proprietorship, Cavite

Introduction

In the twenty-first century, there's increased emphasis on entrepreneurship, particularly in establishing micro and small enterprises (MSEs). Research indicates that the performance of MSEs, led by entrepreneurs, significantly contributes to national development and societal well-being by generating employment, wealth, and innovations. Sole proprietorship, the most common business form for enterprises, lacks legal entity status, resulting in unlimited liability, which entrepreneurs consider when starting a business. Recognizing the importance of single-owner enterprises, various governmental documents such as industrial policy, MSE development strategy, and the growth and transformation plans I and II to accelerate growth and reduce poverty (Meressa, 2020).

To identify the determinants that influence the performance of sole entrepreneurs, a detailed and regular study at country, city, and firm level is important to provide result-oriented and sustainable support to the enterprises (Awoke, 2019^[2]; Gizaw, Tsega, & Hailegiorgis, 2019^[4]; Tekele, 2019). With reference to this, a small number of studies have been carried out in different parts of the country to identify determinants that influence the performance of MSEs. This includes the studies made (Assefa & Cheru 2018), (Gizaw *et al.* 2019)^[4], Meresa (2018), and Tekele (2019) to mention a few. However, these studies discuss constraints faced by MSEs in general without focusing on the possible differences between sole- and men-owned MSEs. Furthermore, these investigations also neither offer reliable results nor discuss the variables influencing the success of female entrepreneurs in the nation. They made an effort to investigate the elements that the MSEs' performance in Ethiopia. As far as the researcher is aware, there have been few studies examining the factors influencing the performance of sole entrepreneurs in other Country. One such study was carried out by Awoke (2019)^[2], which investigated the determinants of sole entrepreneurs' performance specifically in Ethiopia, Hawassa city. This study incorporated only education level, access to credit, business experience, market linkage, and job satisfaction to investigate performance influencing factors, ignoring more of business performance constraint variables discussed in the literature.

Correspondingly, besides research conducted within this context, previous studies have investigated the factors influencing the performance of sole entrepreneurs in MSEs across various regions worldwide. However, findings from both developed and developing nations have presented inconclusive results regarding these determinants. While the impact and significance of

variables on business performance differ across countries, regions, and firms, several common factors have been identified in the literature concerning sole entrepreneurs in MSEs. Some of these include educational attainment, access to financing and training, market access, legal and regulatory obstacles, networking opportunities, infrastructure deficiencies, and cultural influences, among others. These variables were collected from studies made by (Abiodun and Amos 2018); (Brixiová and Kangoye 2019); (Chathurangani *et al.*, 2019) [3]; George (2018); (Kanapathipillai and Azam 2019); (Mozumdar *et al.* 2020); (Muogbo and John-Akamelu 2019); Panda (2018) [7]; (Shakeel *et al.* 2020); Simion (2018); (Welsh *et al.*, 2018); Zeb 2018) through systematic review.

As a result, against this background, the purpose of this study was to explore determinants that influence the performance of sole proprietorship owners in MSEs in Noveleta, Cavite. The novelty of this paper is that it incorporated demographic variables and environmental influences so as to fill the gap in the sole proprietorship entrepreneurs' performance literature in developing countries. Most importantly, this paper tried to answer the question of what determinants influence the performance of sole entrepreneurs in MSEs in Noveleta, Cavite using regression analysis.

Objectives of the Study

This study aims to investigate the perceived business performance and its determinants among sole proprietorship owners in Noveleta, Cavite. Despite the prevalence of sole proprietorship businesses in the area, there is a lack of understanding regarding the factors influencing their perceived performance.

Methods and Materials

The cross-sectional research method is employed in the investigation of the factors influencing perceived business performance among sole proprietorship owners in Noveleta, Cavite due to its ability to capture a snapshot of a specific point in time. According to Thomas (2020), a cross-sectional study is a type of research design in which you collect data from many different individuals at a single point in time. In cross-sectional research, you observe variables without influencing them. This approach allows researchers to gather data from a diverse group of sole proprietorship owners at a single moment, providing a comprehensive understanding of their current perceptions, attitudes, and factors they believe impact their business performance. Given the dynamic nature of business environments, cross-sectional research enables the examination of various internal and external factors that sole proprietorship owners perceive as influencing their business success. By focusing on a specific demographic like sole proprietors in Noveleta, Cavite, this research aims to explore the nuanced interplay between business strategies, market conditions, personal competencies, and external support systems within a localized context. The cross-sectional design facilitates the identification of patterns and correlations, shedding light on the multifaceted influences on perceived business performance among small business owners. This approach not only captures the current state of these perceptions but

also provides valuable insights for potential interventions and support mechanisms to enhance business outcomes in the region.

Conceptual Framework

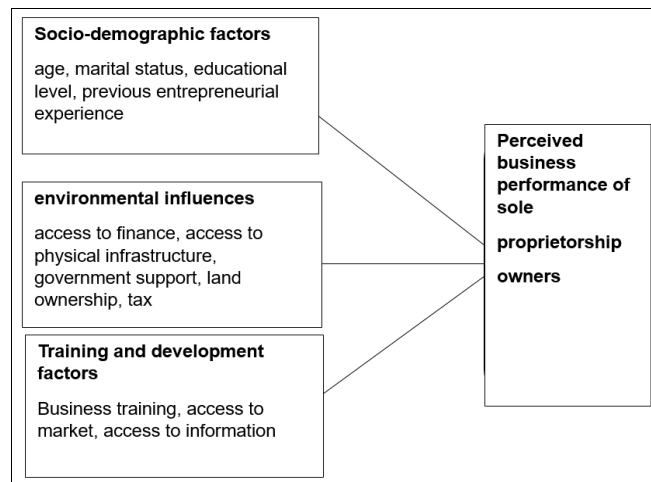


Fig 1: Conceptual Framework of the Study

The Conceptual framework identifies three key categories of factors: Socio-demographic factors, environmental influences, training and development factors. **Socio-demographic factors** include age, marital status, educational level, and previous entrepreneurial experience. These factors can influence the proprietor's risk tolerance, access to resources, and business acumen. **Environmental influences** include access to finance, access to physical infrastructure, government support, land ownership, and tax environment. These factors can affect the proprietor's ability to secure funding, obtain necessary permits and licenses, and operate their business profitably. **Training and development factors** include business training, access to markets, and access to information.

These factors can help the proprietor develop the skills and knowledge they need to succeed in business the conceptual framework suggests that these factors interact with each other in complex ways to influence the perceived business performance of sole proprietorships. For example, a proprietor with a high level of education and business experience may be more likely to succeed in a challenging business environment, while a proprietor with limited resources may benefit from access to government support and training programs.

Results and Discussion

A Google Survey was conducted with 100 respondents chosen through purposive and random sampling to ensure a diverse and representative sample. The average age of the respondents was 35 years, ranging from 18 to 45 years. while the rest (45%) had finished primary and secondary education. In terms of marital status, 65% were single, and 35% were married. The respondents had an average of 10 years of entrepreneurial experience, with a range from 1 to 20 years. This data highlights a young, predominantly single group with significant vocational education and varied entrepreneurial backgrounds.

Table 1: Based on the table 1, Entrepreneurship is influenced by a multitude of factors, both personal and environmental. A recent survey of 100 respondents aged 18-45 aimed to identify and analyze how various aspects such as age, marital status, education, previous entrepreneurial experience, and environmental factors like access to finance and government support affect business performance. Understanding these influences is crucial for developing strategies that can enhance entrepreneurial success and sustainability

	Mean	Rank
Socio-demographic factors		
Age	3.71	6
Marital status	3.43	11
Educational level	3.72	5
Previous entrepreneurial experience	3.74	4
Environmental influences		
Access to finance	3.51	7
Access to physical infrastructure	3.45	10
Government support	3.50	8
Land	3.76	3
Training and development factors		
Business training	3.89	2
Access to market	3.92	1
Access to information	3.50	9

Based on the table 1, Entrepreneurship is influenced by a multitude of factors, both personal and environmental. A recent survey of 100 respondents aged 18-45 aimed to identify and analyze how various aspects such as age, marital status, education, previous entrepreneurial experience, and environmental factors like access to finance and government support affect business performance. Understanding these influences is crucial for developing strategies that can enhance entrepreneurial success and sustainability.

The survey revealed that 57.8% of respondents believe age affects their business performance with the mean of 3.71, highlighting the influence of age on energy levels, risk tolerance, and adaptability. Additionally, 54.9% of respondents agree that marital status impacts business performance with mean 3.41, underscoring the importance of personal relationships in business success.

Education also plays a significant role, with 57.9% of respondents indicating that it impacts their business performance with mean of 3.71. The result is also consistent with the findings of beri (2019) who reported that business owners with higher education levels were more likely to state positive economic empowerment, and this result suggest that investing in education helps the empowerment of business in economy Similarly, 58.8% of respondents believe previous entrepreneurial experience influences their business performance with mean of 3.74. This implies that as the experience of an individual firm increases, the firm profitability also increases. This is to mean that older firms are more likely to maximize profit than younger firms because of the social capital they have gathered over time through experience. This finding also accords with the result of Rajan, Muralidharan, and Ravi (2019) [9] and Khaleque (2018) who stated that an enterprise's experience has a significant effect on the performance for the reason that older firms have more experience and a superior financial position to execute their business activities than their counterparts.

Environmental factors also significantly impact business performance. The survey shows mixed experiences regarding the accessibility of finance, with 41.1% rating it as high or very high and 45.1% remaining neutral with mean of 3.51. The availability of physical infrastructure is another crucial factor, with 40.2% finding it adequate and 47.1%

neutral with mean of 3.45. Ensuring access to necessary infrastructure is paramount.

Government support is also crucial, with 46.1% of respondents rating it as high or very high, mean of 3.50 This implies that sole enterprises that have access to government support packages such as devising policies and legal infrastructure, technology, incentives, and giving social recognition have performed better than their counterparts. In this context, the current study is consistent with the research findings of (Zeb *et al.* 2019). Additionally, 53.9% of respondents perceive tax levied on their business as high or very high mean of 3.76, indicating the significant impact of tax policies on profitability and sustainability. This implies that sole-owned enterprises paying lower taxes are able to increase their performance for a longer period of time than those that pay higher taxes. The finding of this study is consistent with that of Tee *et al.* (2019) and Atawodi and Ojeka (2019).

Land ownership provides stability and reduces operational costs, with 60.8% of respondents owning the land used for their business, mean of 3.89. This implies that sole entrepreneurs with secured land ownership as a working premise have a chance to maximize profit than their counterparts. Moreover, enterprises having convenient display room and selling premises have a chance of increasing firm profit than their counterparts. The finding of this study is consistent with that Awoke (2019) [2]. Training and development factors also play a critical role, with 39.2% rating business training accessibility as high or very high and 40.2% finding market accessibility adequate mean of 3.92. This implies that women entrepreneurs in MSEs that have access to business information grow faster than their counterparts because using information can improve and strengthen customer relationships, enhance firm image, enhance market linkage, and enable them to compete with other firms. The finding of this study is consistent with that of Mandawa (2019). Furthermore, 43.1% rate business information accessibility as high or very high with mean of 3.50, emphasizing the importance of relevant business information in driving opportunity exploitation This implies that sole entrepreneurs in MSEs that have access to business information grow faster than their counterparts because using information can improve and strengthen customer relationships, enhance firm image, enhance market linkage,

and enable them to compete with other firms. The finding of this study is consistent with that of Mandawa (2019).

Is there a significant relationship between perceived business performance of sole proprietorship owners to the outcome variables

Correlation Matrix		SOCEDEF AVERAGE	AGE	MARS	EDUL	PREEXP	EIF AVERAGE	ACCTPI	TAX	ACCF	GOVS	LAND	T&DF AVERAGE	BNTTRAINING	ACCTIF	ACCTM
SOCEDEF AVERAGE	Pearson's r	1														
	df	101														
	p-value	< .001														
AGE	Pearson's r	0.842	1													
	df	101	101	1												
	p-value	< .001	< .001													
MARS	Pearson's r	0.897	0.706	1												
	df	101	101	101	1											
	p-value	< .001	< .001	< .001												
EDUL	Pearson's r	0.834	0.541	0.684	1											
	df	101	101	101	101	1										
	p-value	< .001	< .001	< .001	< .001											
PREEXP	Pearson's r	0.684	0.610	0.693	0.676	1										
	df	101	101	101	101	101	1									
	p-value	< .001	< .001	< .001	< .001	< .001										
EIF AVERAGE	Pearson's r	0.545	0.462	0.486	0.423	0.502	1									
	df	101	101	101	101	101	101	1								
	p-value	< .001	< .001	< .001	< .001	< .001	< .001									
ACCTPI	Pearson's r	0.339	0.244	0.236	0.230	0.296	0.296	1								
	df	101	101	101	101	101	101	101	1							
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001								
TAX	Pearson's r	0.426	0.369	0.341	0.254	0.400	0.263	0.470	1							
	df	101	101	101	101	101	101	101	101	1						
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001							
ACCF	Pearson's r	0.428	0.385	0.412	0.320	0.290	0.296	0.498	0.467	1						
	df	101	101	101	101	101	101	101	101	101	1					
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001						
GOVS	Pearson's r	0.457	0.411	0.406	0.376	0.432	0.318	0.444	0.542	0.601	1					
	df	101	101	101	101	101	101	101	101	101	101	1				
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001					
LAND	Pearson's r	0.348	0.273	0.277	0.209	0.278	0.421	0.278	0.206	0.191	0.283	1				
	df	101	101	101	101	101	101	101	101	101	101	101	1			
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001				
T&DF AVERAGE	Pearson's r	0.433	0.418	0.383	0.323	0.338	0.389	0.386	0.507	0.542	0.461	0.518	1			
	df	101	101	101	101	101	101	101	101	101	101	101	101	1		
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001			
BNTTRAINING	Pearson's r	0.311	0.368	0.271	0.169	0.247	0.262	0.465	0.528	0.514	0.519	0.603	0.560	1		
	df	101	101	101	101	101	101	101	101	101	101	101	101	101	1	
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001		
ACCTIF	Pearson's r	0.413	0.361	0.368	0.330	0.360	0.412	0.372	0.363	0.356	0.276	0.151	0.606	0.560	1	
	df	101	101	101	101	101	101	101	101	101	101	101	101	101	101	1
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	
ACCTM	Pearson's r	0.339	0.293	0.301	0.299	0.272	0.467	0.346	0.474	0.441	0.330	0.071	0.779	0.533	0.403	1
	df	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101
	p-value	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001

The correlation matrix provides insight into the relationships between perceived business performance of sole proprietorship owners (SOCEDEF AVERAGE) and various outcome variables. The analysis reveals significant correlations between SOCEDEF AVERAGE and all the outcome variables considered. Specifically, there is a strong positive correlation with AGE ($r = 0.842, p < 0.001$), MARS ($r = 0.897, p < 0.001$), and EDUL ($r = 0.834, p < 0.001$), suggesting that as these variables increase, perceived business performance also tends to improve significantly. Additionally, SOCEDEF AVERAGE is significantly correlated with PREEXP ($r = 0.684, p < 0.001$) and EIF AVERAGE ($r = 0.545, p < 0.001$), indicating that prior experience and entrepreneurial intentions significantly relate to better perceived business performance. Other notable significant correlations include ACCTPI ($r = 0.339, p < 0.001$), TAX ($r = 0.426, p < 0.001$), and ACCF ($r = 0.428, p < 0.001$), which all show that accounting practices and tax considerations are important factors influencing perceived business success. The correlation with GOVS ($r = 0.457, p < 0.001$) suggests that government support also plays a significant role. Land acquisition and usage (LAND) is positively correlated ($r = 0.348, p = 0.001$), while training and development (T&DF AVERAGE) shows a positive relationship ($r = 0.433, p < 0.001$). Furthermore, business training (BNTTRAINING) ($r = 0.311, p = 0.001$), financial inclusion (ACCTIF) ($r = 0.364, p < 0.001$), and access to markets (ACCTM) ($r = 0.339, p = 0.002$) all have significant positive correlations with perceived business performance. All in all, the data indicates that perceived business

performance among sole proprietorship owners is significantly influenced by a range of demographic, experiential, and operational factors, underscoring the multifaceted nature of business success in this context.

Conclusion

The study conducted on sole proprietorship owners in Noveleta Cavite reveals a multifaceted landscape of business performance influenced by various socio-demographic, environmental, and training and development factors. Key findings indicate that age, marital status, educational level, and previous entrepreneurial experience play significant roles in shaping business outcomes. Younger entrepreneurs exhibit innovation and energy, while those with more experience bring wisdom and resilience to their ventures. Environmental factors such as access to finance, physical infrastructure, government support, and land ownership also critically impact business performance, providing essential resources and stability for growth. Moreover, the study underscores the importance of continuous learning and development, with access to business training, market information, and networking opportunities being pivotal for entrepreneurial success. The integration of these factors demonstrates the complex interplay that determines perceived business performance among sole proprietorship owners. Understanding these dynamics is crucial for developing strategies that foster entrepreneurial success and sustainability in this context. Overall, the findings highlight the significant influence of a combination of demographic, experiential, and operational factors on business performance, emphasizing the need for tailored support and development programs to enhance the efficacy of sole proprietorships in Noveleta Cavite.

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