



**SMALL AND MEDIUM SIZED ENTERPRISES (SME's) PERCEIVED
EXTERNAL ENVIRONMENTAL FACTOR AND ENGAGEMENT IN
MISAMIS OCCIDENTAL**

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This thesis entitled "**SMALL AND MEDIUM SIZED ENTERPRISES (SME'S) PERCEIVED EXTERNAL ENVIRONMENTAL FACTOR AND ENGAGEMENT IN MISAMIS OCCIDENTAL**" submitted by ARGUILLES, ZYZEL, BALUDO, VINCE EARL, and VILLARTA, CHRISTIAN in partial fulfillment of the requirements for the degree **Bachelor of Science in Business Administration**, has been examined and/is recommended for acceptance and approval for Oral Examination.

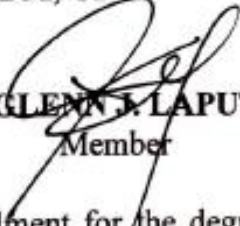

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ABSTRACT

Small and medium-sized enterprises (SME's) were recognized globally as essential contributors to economic growth and job creation, particularly in the globalized and competitive corporate landscape of the twenty-first century. This study explored how entrepreneurs perceived external environmental factors in relation to entrepreneurial engagement. This study utilized a descriptive-correlational research design, conducted in Ozamiz City with 278 chosen respondents using purposive sampling. Perceived External Environmental Factors and Entrepreneurial Engagement Questionnaires were used as instruments in collecting the data. *Mean, Standard Deviation, and Pearson Product Moment Correlation Coefficient* were used as data analyses. The results revealed that SME'S's entrepreneurs' level of perceived external environmental factors was very high while SME's entrepreneurs' level of entrepreneurial engagement produced a very high result as well SME's entrepreneurs' perceived external environmental factors postulates a highly significant result in their entrepreneurial engagement. The findings revealed that entrepreneurs actively engaged in their business operation, despite perceiving the challenging factors associated with environmental factors. However, when entrepreneurs perceived carefully the external factors, they become more attuned with their strategies to effectively tailor the regulatory requirements. Thus, SME's entrepreneurs perceived external environmental factors as important parameters before engaging with entrepreneurial ventures. In this vein, SME's entrepreneurs may determine the specific external environmental factors that are essential or critical to their business operations.

Keywords: *adaptability, entrepreneurs, entrepreneurial engagement, external environmental factor, social forces*

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INTRODUCTION

Rationale of the Study

Small and medium-sized enterprises (SME's) were associated as major contributors to economic growth and job creation in the globalized corporate landscape of the twenty-first century (Hansen, 2021). In this vein, entrepreneurs served as the primary catalysts for economic expansion, creativity, and prosperity. To achieve realistic results, both developed and developing countries opted to craft business policy frameworks to promote the value of entrepreneurship as a pivotal driver for fostering economic growth, development, and job opportunities (Scoppa, 2021). However, these entities faced multifaceted challenges, including the complexities of environmental factors that influenced their operations and strategic decisions (Beattie, 2022).

Countries such as the United States of America (USA), the United Kingdom (UK), Malaysia, India, China, Singapore, Thailand, Vietnam, and many others consistently emphasized the importance of entrepreneurship development (Proença & Soukiazis, 2022). Some renowned gurus explained that entrepreneurs moved resources from less productive to more productive areas for better results, making them more renowned for innovative approaches to market prospects (Beattie, 2022). Entrepreneurs acclaimed their dual roles as innovators and team players while making successful business ventures through their craftsmanship and inventions (Thompson, 2019).

However, entrepreneurs bear all the risks, and the majority of businesses ended in failure, which was highly associated with external environmental factors (Lehane, 2024). External environmental factors, which were beyond the control of businesses, greatly affected the performance and involvement of SMEs (Garcia, 2024). These factors encompassed economic conditions, regulatory environments, technological progress, sociocultural influences, and competitive forces (Ngoc and Ngo, 2019).

In a similar vein, despite making progress toward adopting international business standards, countries still encountered challenges such as political

instability, underdeveloped financial institutions, and extensive bureaucratic barriers (World Bank, 2014). In Egypt, Yemen, Syria, and Ukraine, the shifts from political forces hindered their entrepreneurial endeavors and business activities. Conversely, countries such as Turkey, Indonesia, and Chile effectively attracted and stimulated increased entrepreneurial initiatives while mitigating political factors (Euromonitor, 2021; World Bank, 2020).

Meanwhile, political factors played a crucial role in shaping business landscapes, impacting everything from laws and regulations to economic stability and international growth potential (Aisen & Veiga, 2022). Understanding these dynamics was vital for business leaders and entrepreneurs, especially in tightly regulated sectors. For instance, political instability, as evidenced by cases like the escalation of violence due to political conflict in 2014, significantly hindered business development initiatives (Davis, 2022). Efforts are initiated to enhance political stability and trust in governmental institutions through anti-corruption measures. Challenges like corruption and political favoritism persisted, impacting economic growth (Villanueva et al., 2023). Studies suggested a clear link between political instability and economic performance, with unstable political environments often leading to ineffective policymaking, policy volatility, and macroeconomic/microeconomic instability (Boyles, 2022).

Accordingly, one of the primary factors that was common to both traditional economic assessments and non-economic analyses of the Philippines was the gradual division of the nation into economically inefficient units. This trend was influenced by political expediency, driven to perpetuate familial control over provinces and smaller administrative divisions. Even if productivity were to increase and facilitate a structural overhaul of the economy, concerns persisted regarding the required institutional resilience for such transformations to take hold (McKinsey & Company, 2020). This instability contributed to challenges such as limited job opportunities, insufficient investments, and income disparities, prompting entrepreneurs to increasingly turn to digital platforms to sustain

competitiveness amidst economic uncertainties and supply chain disruptions (International Labor Organization, 2024).

The swift expansion of digital technologies, accompanied by novel features, significantly altered competitive landscapes, leading to the transformation of conventional business approaches, frameworks, and operations (Bharadwaj et al., 2013). The Philippines and Malaysia emerged as the top two countries in e-commerce retail expansion, with annual growth rates of 25% and 23% respectively. Meanwhile, there were worries about the environmental risks associated with digitalization (Bieser & Hilty, 2018; Malmudin & Lunden, 2018).

Moreover, grasping these factors was essential for SMEs as they tackled challenges and seized opportunities in their external environment (International Trade Council, 2022). Economic conditions, such as regional stability, inflation rates, access to finance, and overall growth, could either support or hinder SME operations in Misamis Occidental. Regulatory frameworks, including government policies, tax regulations, and business licensing requirements, shaped the business landscape, where favorable policies could foster growth, and stringent regulations that create obstacles. Technological advancements boosted SME efficiency, productivity, and market reach, though limited access to technology and digital infrastructure posed significant challenges. Sociocultural dynamics, including cultural values, societal norms, and consumer behavior, influenced market demand and business practices, allowing SMEs to adapt their strategies to local needs especially dealing with competitive pressures (Poverty Action Org, 2024).

In the Philippines, SMEs accounted for a substantial portion of the business sector, providing jobs and contributing to the national GDP. Misamis Occidental, a province located in the Northern Mindanao region, offered a unique landscape for examining how external environmental factors impacted SMEs, given its diverse economy that included agriculture, fishing, and a growing service sector. Critical external environmental factors that significantly influenced SME performance were social forces, economic forces, technological advancement, competitive forces, and regulatory forces.

While there have been studies related to entrepreneurial leadership venture, there are still few studies concerning how SMEs perceived environmental factors postulating a significant relationship with entrepreneurs' engagement. The qualitative study of Durrani et al (2024) focused mainly on the depthness of selected environmental engagement without perceiving its relationship toward their engagement making this study a relevant undertaking. The limited body of research would fill a knowledge gap pertaining to relationship between SME's entrepreneurs perceived external environmental factors and entrepreneurial engagement within the context of Ozamiz City. By analyzing these barriers and their impacts, the research sought to offer practical suggestions to improve strategy adoption while providing valuable insights for policymakers, business support organizations, and SME's to foster a more supportive and enabling business environment in Ozamiz City.

Theoretical Framework

This study was anchored on the Institutional Theory by Lammers et al. (2014).

Institutional Theory was a sociological perspective that highlighted how institutions, encompassing rules, norms, and beliefs governing social behavior, significantly influenced the behavior and actions of organizations. This theory emphasized the impact of external social and cultural forces on organizational behavior, going beyond purely economic or rational considerations. Accordingly, organizations conformed to and adopted specific practices, rules, and structures due to pressures exerted by the broader institutional environment. The theory included the institutional environment, comprising social, political, and cultural contexts.

Institutional Theory shed light on how organizations navigated their environments, emphasizing the role of social context, norms, and legitimacy in shaping organizational behavior and decision-making processes. It had been widely utilized in organizational studies to explain change, adaptation, and survival within complex social contexts. It mainly involved gathering and applying information about trends, events, and connections in an organization's external surroundings to aid management in future planning.

A significant study by Choo (2020) asserted that entrepreneurs might have opted to acquire and utilize such information for decision-making, which could impact organizational standpoints. Recognizing the economic, political, and social influences impacting operations was crucial to grasp the external factors of change, aiming to formulate effective strategies that maintained or enhanced their future position. This practice helped them prevent unexpected developments, recognize both threats and opportunities, gain a competitive edge, and enhance both long-term and short-term planning (Evans and Alire, 2013).

This theory proposed that organizations consistently observed and analyzed their external surroundings to pinpoint potential opportunities and risks. In the case of SME's in Misamis Occidental, business owners or managers conducted environmental scanning to recognize elements like market trends, regulatory shifts,

and competitive factors. These observations influenced their perceptions of risk and informed their decision-making procedures.

Thus, Institutional Theory offered a comprehensive framework to analyze the dynamics of Small and Medium-Sized Enterprises (SME's) in Ozamiz City regarding perceived external or environmental factors and entrepreneurial engagement. Institutional Theory elucidated how external institutional pressures, spanning social, political, and cultural contexts, shaped organizational behavior and decision-making within the SME's sector, emphasizing the significance of norms, legitimacy, and the broader institutional environment in guiding SME's responses to environmental challenges and opportunities.

Conceptual Framework

The existing literature underscored that the efficacy of entrepreneurial ventures was intricately tied to the entrepreneurial competencies of the individuals leading them (Aidin et al., 2022). However, external environmental factors, encompassing cultural nuances, ecological conditions, governmental directives, and more, significantly shaped entrepreneurial capabilities (Dabi et al., 2020). These external influences exerted a significant impact, first on the entrepreneur and subsequently on the entrepreneurial engagement initiatives (Lu et al., 2023).

Some scholars asserted that external environmental factors, in addition to internal individual factors, played a crucial role in shaping the entrepreneurial prowess of individuals. Dabi's research suggested that the entrepreneurial activities of returnee entrepreneurs were subject to varying influences based on the socio-economic contexts of different countries and regions. Essentially, the same entrepreneur might have experienced vastly different outcomes when undertaking entrepreneurial endeavors in diverse geographical settings (Dabi et al., 2020).

Research indicated that various elements impacted business operations within a given setting. These elements encompassed *economic conditions*, *political dynamics*, *legal frameworks*, *socio-cultural influences*, and *technological advancements* (Yusuf & Adesanya, 2021). *Environment*, as defined by Oginni and Faseyiku (2012), referred to the external pressures affecting individuals, businesses, and communities. *Social forces*, such as demographic changes, cultural trends, and shifts in consumer behavior, played a significant role in shaping market dynamics. For instance, an aging population might have increased the demand for healthcare services, while a growing interest in sustainability could have driven the demand for eco-friendly products (Bloom, 2020).

Similarly, in terms of *economic forces*, Omobolanle (2020) and Amadeo (2021) defined them as elements like inflation rate, exchange rate, and unemployment rate, among others, which directly impacted the performance of small-scale businesses. Small-scale businesses relied on the economic environment

for essential inputs which significantly influence the economic climate on the operations of such enterprises (Omobolanle, 2020).

In addition, *technological forces* stood out as crucial elements that significantly influenced the viability of SME's, given their pivotal role as the driving force behind national development. Technology played a determining role in defining what to produce, the target market, production methods, and various production techniques. It encompassed the pace of scientific advancements and the rapid growth of technology, which had the potential to profoundly impact society (Gamble, 2020). Technological advancement presented both opportunities and challenges for SME's, as staying updated with the latest technology could enhance efficiency and open new markets, but it also necessitated continuous investment and adaptation (Patterson-Waites, 2023). However, small-scale entrepreneurs encountered challenges in accessing new technologies, which hampered innovation and diminished the competitiveness of SME's (Kayanula & Quartey, 2021).

Moreover, *competitive forces* within an industry affected pricing, product quality, and innovation, requiring SME's to be aware of their competitors' strategies and find ways to differentiate themselves (Porter, 2008). Lastly, *regulatory forces*, such as government policies, regulations, and legal requirements, impacted how SME's operated, encompassing tax policies, labor laws, environmental regulations, and trade restrictions (Lin et al., 2022).

On the other hand, **entrepreneurial engagement** emerged as the dependent variable of the study. It is associated when aspiring entrepreneurs demonstrated an understanding of entrepreneurial environmental influences and a readiness to embrace risks. This engagement reflected the active involvement and commitment of individuals in entrepreneurial pursuits. As such, they had to embody *adaptability*, *creativity*, *purpose-driven passion*, and *flexibility* to uphold work-life balance and foster personal growth amidst change (Sagar, 2024).

Adaptability was vital for entrepreneurial success as it enabled entrepreneurs to effectively navigate the constantly evolving business environment. Being adaptable means being receptive to new information, adjusting strategies, and

efficiently implementing changes. Research showed that adaptable entrepreneurs were more capable of managing market fluctuations and unexpected challenges, which led to greater business resilience and success (Smith & Doe, 2023). The capability to pivot and innovate in response to external pressures was crucial for maintaining a competitive advantage.

Furthermore, *creativity* drove innovation and was a key element of entrepreneurial activity. Creative entrepreneurs were capable of producing unique ideas, products, and solutions that set them apart from their competitors. It indicated that creativity was associated with higher levels of entrepreneurial success, as it promoted innovation and aided in discovering and seizing new market opportunities (Brown & Lee, 2022). Additionally, creative thinking allowed entrepreneurs to solve problems more efficiently and adapt their offerings to evolving customer needs.

Meanwhile, *purpose-driven passion* denoted the intense motivation that arose from a profound sense of purpose and dedication to one's entrepreneurial objectives. This intrinsic motivation significantly drove entrepreneurial persistence and resilience. Research indicated that entrepreneurs with a strong sense of purpose were more likely to overcome challenges and setbacks, as their passion bolstered their determination and commitment (Miller & Thompson, 2021).

Meanwhile, *flexibility* in entrepreneurship entailed the capacity to adjust strategies and plans according to changing circumstances. Entrepreneurs who exhibited flexibility could swiftly respond to market trends, customer feedback, and new opportunities. Flexibility was linked to improved decision-making and increased innovation, as it enabled entrepreneurs to experiment with different approaches and make quick iterations. Being flexible helped entrepreneurs sustain momentum and growth, even amid uncertainties (Garcia & Martinez, 2023).

Lastly, *personal growth* encompassed continuous learning and development, which was essential for entrepreneurial success. Entrepreneurs dedicated to personal growth actively pursued new knowledge, skills, and experiences to enhance their capabilities. This ongoing development not only

sharpened their business acumen but also strengthened their confidence and leadership skills (Walker & Evans, 2021). Personal growth activities, such as mentorship and professional development courses, contributed to long-term success and adaptability in the entrepreneurial journey (Omobolanle, 2020).

Entrepreneurial success depended significantly on the competencies of the entrepreneurs and external environmental factors such as cultural, ecological, governmental, and economic influences (Aidin et al., 2022; Dabi et al., 2020). External factors impacted entrepreneurs and their ventures differently depending on the context, which meant that the same entrepreneur might have faced varying outcomes in different regions (Dabi et al., 2020). Economic conditions, technological advancements, and competitive and regulatory forces all played critical roles in shaping business operations and performance (Yusuf & Adesanya, 2021; Omobolanle, 2020; Gamble, 2020; Porter, 2008; Lin et al., 2022).

Successful entrepreneurs needed to engage deeply with these external influences and be prepared to embrace risks. Key traits for success included adaptability, creativity, purpose-driven passion, flexibility, and a commitment to personal growth. Adaptability helped entrepreneurs navigate changes and maintain business resilience (Smith & Doe, 2023). Creativity fostered innovation and differentiated entrepreneurs from their competitors (Brown & Lee, 2022). Purpose-driven passion fueled persistence and resilience (Miller & Thompson, 2021). Flexibility allowed for quick responses to market shifts and enhanced decision-making (Garcia & Martinez, 2023). Finally, personal growth through continuous learning and development enhanced entrepreneurial capabilities and leadership (Walker & Evans, 2021).

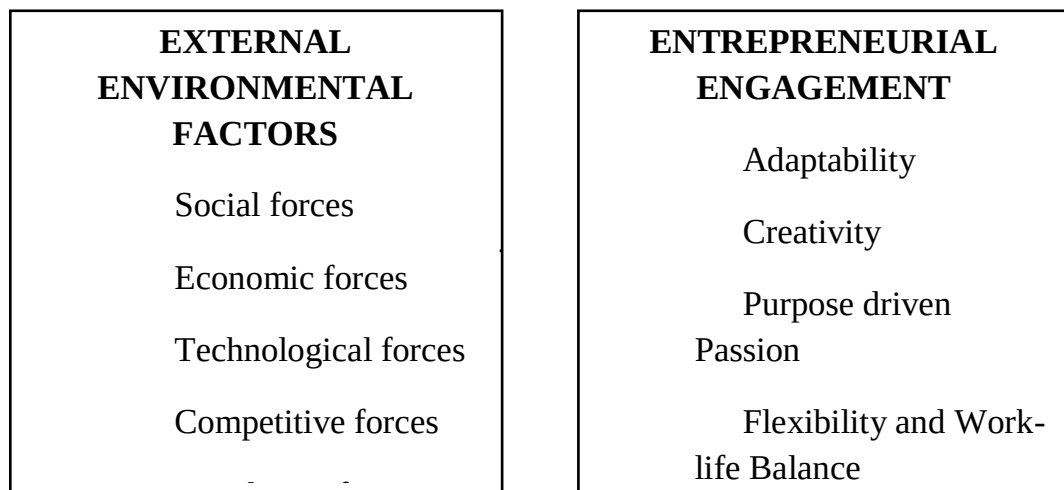


Figure 1: Schematic Diagram of the Study

Statement of the Problem

This study explored the relationship between SMEs' entrepreneur's perceived external environmental factors and entrepreneurial engagement. Specifically, the study sought to answer the following research questions:

1. What is the level of SME's entrepreneur's perceived external environmental factors in terms of social, economic, technological, competitive and regulatory forces?
2. What is the level of SMEs' entrepreneur's entrepreneurial engagement in terms of adaptability, creativity, purpose-driven passion, flexibility, work-life balance, personal growth, and challenge?
3. Is there a significant relationship between SME's entrepreneur's external environmental factors and entrepreneurial engagement?

Null Hypotheses:

Ho1: There is no significant relationship between SME's entrepreneurs' external environmental factors and entrepreneurial engagement.

Significance of the Study

This study holds importance for several reasons;

For aspiring entrepreneurs, the researchers investigated the strategies to address challenges and obstacles that the entrepreneurs faced such as external environmental factors by emphasizing its importance to entrepreneurial engagement.

For policy-makers, the researchers scrutinized potential measures to encourage entrepreneurship, including ways to lower financial barriers and streamline regulations.

For business support organizations, the researchers explored how mentorship programs, financial assistance, and resource provision can empower startups.

For future researcher, the study can be a basis for a qualitative approach that could complement quantitative data for a more in-depth understanding of perceived environmental factors and engagement among SME's entrepreneurs.

RESEARCH METHODOLOGY

Design

This research employed a quantitative research approach integrating the descriptive-correlational design proposed by Lathom & Radocy (1995). It establishes a more concrete approach to data collection, interpretation, and analysis. Descriptive research aimed to accurately and systematically describe a population, situation, or phenomenon, employing statistical analysis to investigate natural phenomena without manipulating variables. Furthermore, the correlational research design aimed to assess the degree of relationship between multiple variables, operating within natural settings without experimental manipulation. This approach describes variables and their naturally occurring relationships, providing a static depiction of situations and establishing relationships among chosen variables. This design was appropriate for the study as it explored relationship between SMEs' perceived external environmental factors, and engagement.

Setting

The study was conducted in Ozamiz City, focusing on selected SME's owners. Ozamiz City is recognized for its robust business community, which actively fosters entrepreneurship and drives the growth of over 14, 476 registered SME's as of 2022. This active participation plays a crucial role in enhancing the vitality and development of the local economy. Located in the province of Misamis Occidental in the Philippines, Ozamiz City is a vibrant urban center known for its strategic location as a gateway to both the Mindanao and Visayas regions. The city's supportive business environment, coupled with its rich cultural heritage and scenic landscapes, makes it an ideal place for small and medium-sized enterprises to flourish. The presence of SME's in Ozamiz City serves several crucial purposes for the local community. Firstly, SMEs are a significant source of employment, providing jobs to a large portion of the population and thereby reducing unemployment rates and poverty levels. Secondly, SMEs stimulate local supply chains by sourcing materials and services from nearby suppliers, which helps to

circulate money within the local economy and support other local businesses. Thirdly, SMEs contribute to a diversified and resilient economy, which can better withstand economic fluctuations compared to an economy reliant on a few large enterprises. Furthermore, the entrepreneurial activities fostered by SMEs drive innovation and competition, leading to improved products and services. The synergy between local government initiatives and the entrepreneurial spirit of the residents has positioned Ozamiz City as a significant contributor to regional economic progress. Government policies and programs that support SME's growth, such as access to financing, business development services, and infrastructure improvements, complement the efforts of local entrepreneurs. This collaboration creates a conducive environment for business growth and economic development. As a result, Ozamiz City not only thrives economically but also serves as a model for other cities aiming to develop their SME's sectors and enhance local economic resilience.

Respondents

The respondents of the study were the 278 SMEs owners, determined using the Raosoft Calculator, based on the 14, 476 registered in Ozamiz City SMEs with a 95% confidence level and a 5% margin of error. These respondents were chosen through a purposive sampling technique. The following criteria were used for qualifying the respondents: (1) they must be registered as Small and Medium Scale Enterprise (SME) business owners in Ozamiz City, with assets ranging from Php 500,000 to Php 100 million and employing between 10 and 499 employees; (2) they must have a working capital requirement of at least Php 100,000; and lastly, (3) must provide informed consent to participate in the study, emphasizing ethical consideration and respect for individual autonomy. SME's that did not meet these established criteria were excluded from the study to maintain the integrity and credibility of the research findings.

Instruments

The following research instruments were utilized in gathering the data from the respondents:

A. *External Environmental Factors Questionnaire*. This is a four point-Likert scale questionnaire that was adapted and modified from Lupena (2024). The questionnaire consists of 5 constructs: Social Forces, Economic Forces, Technological Forces, Competitive Forces, and Regulatory Forces. It has 20 indicators (see Appendix A).

In determining the level of Perceived External Environmental Factors among Small and Medium Enterprises, the following scale was used:

Responses	Continuum	Interpretation
4- Strongly Agree	3.25-4.0	Very High (VH)
3-Agree	2.50-3.24	High (H)
2-Disagree	1.75-2.49	Low (L)
1-Strongly Disagree	1.0-1.74	Very Low (VL)

B. *Entrepreneurial Engagement Questionnaire*. This is a four point-Likert scale questionnaire that was adapted and modified from Gerber (2001) and Ries (2011). The questionnaire consists of 5 constructs: Adaptability, Creativity, Purpose driven Passion, Flexibility and Work-Life Balance, Personal Growth and Challenge. It has 20 indicators (See Appendix B).

In determining the level of entrepreneurial engagement among Small and Medium Enterprises, the following scale was used:

Responses	Continuum	Interpretation
4- Strongly Agree	3.25-4.0	Very High (VH)
3-Agree	2.50-3.24	High (H)
2-Disagree	1.75-2.49	Low (L)
1-Strongly Disagree	1.0-1.74	Very Low (VL)

Data Collection

Prior to commencing the study, the researchers obtained a letter of consent from the Dean of the College of Business and Management and was conferred by the thesis adviser. Once authorization was granted, the researchers distributed the

questionnaires to the respondents. Face-to-face data collection was conducted among selected SME's, with all respondents receiving a formal letter of consent allowing the researchers to access and interact with them. Before completing the survey questionnaires, the respondents were provided with a consent letter. Upon completion, the researchers retrieved the questionnaires. Subsequently, the collected data were tallied, evaluated, and analyzed using statistical methods.

Ethical Considerations

The researchers followed the Bryman and Bell's Ethical Protocol (2007), which outlines ten key ethical principles for conducting research. First and foremost, respondents were protected from harm, and their dignity were respected at all times. Informed consent was obtained from all the respondents before the conduct of the study, ensuring their privacy were safeguarded and the confidentiality of the collected data. The anonymity of both individuals and organizations involved in the research were maintained. Additionally, any form of deception or exaggeration concerning the research's objectives were strictly avoided. Researchers were transparent about any affiliations, funding sources, or conflicts of interest were declared. Throughout the study, the communication was conducted with honesty and transparency, ensuring that no misleading information or biased data presentation occurred. These principles served to uphold ethical standards and integrity in the research process.

Data Analysis

The following statistical tools were used in analyzing and interpreting the data collected in this study:

Mean and Standard Deviation. These tools were used to measure perceived external environmental factors, and engagement of SME's.

Pearson Product-Moment Correlation Coefficient. This tool was used to identify the extent of the relationship among the variables: Perceived External Environmental Factors, and Engagement.

RESULTS AND DISCUSSION

Level of SME's Entrepreneurs' Perceived External Environmental Factors

Table 1 shows the level of SME's entrepreneurs' perceived various external environmental factors, including social, economic, technological, competitive, and regulatory forces. The overall perception of these external factors among SMEs' entrepreneurs is rated as Very High ($M=3.57$; $SD=0.35$). This indicated that SMEs' entrepreneurs place considerable importance on external environmental factors by becoming more receptive to any regulatory forces, technological advancement, social trends, economic realities and even competitive business environment making their business operation to move in cycle. They recognized that their external environment was crucial to their success, leading them to prioritize strategies that enabled them to adapt to these pressures.

Regulatory Forces received the highest score ($M=3.63$; $SD=0.34$). This indicated that government regulations were considered among entrepreneurs to operate their business legally. They usually take a keen eye by becoming more adaptive to what the government needs in business operation including the requisite for having business permits, licenses, and other operational requirements for their business to stay competitive and legal in general. Moreover, they likely perceive the importance of engaging with any affiliating business organizations and partners to stay updated with regulatory changes while becoming more innovative in adapting and implementing new business practices.

Meanwhile, Competitive Forces followed ($M=3.58$; $SD=0.33$). As entrepreneurs consider this factor, they become more strategic in advancing competitive product lines to stay in the competition by consistently updating the competitiveness of their product offering and feature specifications. They conduct competitor analysis by analyzing business opportunities and growth to stay relevant in the competition. Likewise, they continuously conduct market trends whenever possible to ensure that they could anticipate competitive threats and make strategic activities through market analysis.

Relatively, Technological Forces are perceived to be very high ($M=3.57$; $SD=0.37$). Entrepreneurs perceived it as one of the environmental factors for consideration since technology driven society flourish recently. In this vein, adopting to technological advancement is a key factor for effective business operation. They highly associate technology as effective and efficient way to modify business transactions, while ensuring efficient results and business outcome including computerized business transactions, social media integration for promotion and even having Point of Purchase Displays (POP) transactions.

Subsequently, the very high result of Economic Forces ($M=3.54$; $SD=0.31$) asserts that while fluctuations of economy affect their business operations, they also associate it as a game changer activity. It allows them to seek for business opportunities and take advantage of innovative products and offer significant price mechanisms to stay competitive. In this vein, they usually conduct forecasting activities to mitigate risk that their business encounters. On the other hand, they make use of diversified investments to ensure that they could still cope with the pressing economic problems that will amplify business growth and performance.

However, despite the least mean score garnered by Social Forces ($M=3.53$; $SD=0.40$), it was still rated as very high. This indicates that entrepreneurs consider the significant trends in the market by regularly accepting the opinions from their social network as part of their business strategies. They highly believe that one way to stay competitive is to understand carefully the needs of the market and to stay on trend including the shifting behaviors of customers. Making this as a pivotal sense, entrepreneurs found the relevance of market research to establish clearly the demand from the community where they operate. However, the low standard deviations among these external environmental factors indicates uniformity in SMEs' perceptions making them to assert that these factors are perceivable in the business operation.

The findings corroborate with pieces of literature signifying that external environmental factors were perceivable among business entrepreneurs in shaping the strategies and operations of SMEs. Accordingly, regulatory forces, such as

government policies, regulations, and legal requirements were perceived appropriately as to how SMEs operate (Ngoc and Ngo, 2019). In accordance with its provisions, SMEs likely comply regulatory tax requirements labor laws, environmental regulations, and trade restrictions (Lin et al., 2022). Additionally, competitive forces within an industry affected pricing, product quality, and innovation, which required SMEs to be aware of competitors' strategies and find ways to differentiate themselves.

Meanwhile, Gamble (2020) indicated that technological forces were crucial for the viability of SMEs, as technology drove national development and played a key role in determining production choices, target markets, and production methods. Moreover, social forces, including demographic changes, cultural trends, and shifts in consumer behavior, significantly shaped market dynamics; for example, an aging population may have increased the demand for healthcare services, while a growing interest in sustainability may have driven the demand for eco-friendly products (Bloom, 2020).

Furthermore, Omobolanle (2020) and Amadeo (2021) identified economic factors such as inflation rates, exchange rates, and unemployment rates as critical elements that directly impacted the performance of small businesses. Ideally, small-scale businesses relied on the economic environment for essential inputs, emphasizing the economic climate's influence on their operations (Omobolanle, 2020). While technological advancements presented opportunities for SMEs to enhance efficiency and enter new markets, they also posed challenges, as keeping up with the latest technology required ongoing investment and adaptation (Patterson-Waites, 2023). However, small-scale entrepreneurs often faced difficulties accessing new technologies, which hindered innovation and reduced the competitiveness of SMEs (Kayanula & Quartey, 2021).

Thus, SMEs are more adept at considering the perceived external environmental factors since their core strategies and business operations are affected. While SMEs perceived environmental factors as important considerations when engaging in business venture, it is imperative that they may remained vigilant

and responsive to these factors to ensure their viability and competitiveness in a dynamic market while dealing these challenges optimistically. Nevertheless, SMEs may leverage business opportunities to ultimately achieve sustainable growth and success through becoming more receptive and adaptive to the pressing external environmental factors.

Table 1
Level of SME's Entrepreneur's Perceived External Environmental Factors
(*n*=285)

Constructs	M	SD	Interpretation
Regulatory Forces	3.63	0.34	Very High (VH)
Competitive Forces	3.58	0.33	Very High (VH)
Technological Forces	3.57	0.37	Very High (VH)
Economic Forces	3.54	0.31	Very High (VH)
Social Forces	3.53	0.40	Very High (VH)
SME's Entrepreneur's Perceived External Environmental Factors	3.57	0.35	Very High (VH)

Note: 3.25-4.0 (Very High) ; 2.50-3.24 (High) ; 1.75-2.49 (Low) ; 1.0-1.74 (Very Low)

Level of SME's Entrepreneurial Engagement

Table 2 shows the level of entrepreneurial engagement among SME's entrepreneurs in areas such as adaptability, creativity, purpose-driven passion, flexibility, work-life balance, personal growth, and challenge. The overall engagement received a Very High rating, (*M*=3.57; *SD*=0.32). This indicated that SMEs entrepreneurs were highly engaged in key entrepreneurial qualities and stay focused on their personal aspirations and goals while becoming more adept and optimistic in achieving business success. It reflects a strong commitment to these aspects, suggesting that entrepreneurs in SMEs actively cultivated these traits in their personal and professional lives.

With regard to its respective constructs, Personal Growth and Challenge received the highest score which is rated as very high (*M*=3.61; *SD*=0.32). It asserts that entrepreneurs prioritized self-improvement and embracing challenges as a way to advance both personally and professionally. They firmly believed that engaging

in entrepreneurship allow them to become more resilient in facing adversities and setbacks in their quest for entrepreneurial endeavor. Additionally, they become more focused in achieving their personal goals to have financial freedom while focusing on their personal motives and aspirations in life.

Meanwhile, flexibility and work-life balance is the second construct with the highest result indicating a very high score ($M=3.58$; $SD=0.31$). It entails that they engaged in entrepreneurship because they could manage their time effectively and efficiently without interruptions making them to have autonomy or independence. In this vein, they could achieve work life balance while optimizing to free themselves from burnout as they are the manager of their own business.

Purpose-driven passion also received a very high rating ($M=3.58$; $SD=0.30$). This indicates that SMEs entrepreneurs engaged in entrepreneurial venture as they have a clear mindset of becoming successful in their own venture. They usually believe that their business abilities usually served as their driving mechanism to continue craft their passion and skills while becoming more inclined to achieve their distinct purpose. Subsequently, they find a successful endeavor if they meet gain financial independence and freedom compared to becoming regular employees.

Similarly, creativity also garnered a very high result ($M=3.55$; $SD=0.33$). It indicates that while SMEs engage in entrepreneurship, they likely engage to develop their creative prowess by making innovative products found in their environment. They take proactive role in providing solutions by generating more practical solutions to the different problems found in the community. Their proactive roles are congruent in making a culture of innovation and business opportunities making a significant counterpart to the community and promote wealth maximization from the sales and revenues generated.

Despite the least score generated in the adaptability construct, it is still interpreted as very high result ($M=3.53$; $SD=0.32$). The result indicates that SMEs' entrepreneurs were adaptive to whatever changes and challenges within their business environment. They become more resilient in seeing business opportunities

more extensively. On the other hand, they also seek for new business opportunities to innovate and improve their business operations. Ideally, it is their perception that for the business to comply with the trends adaptability is the key. In this vein, they seek proactive approach in finding relevant advice from their business peers or industry experts to strategize and make use of those limited resources whenever possible. Consequently, they become more resilient in addressing market changes significantly as customer feedbacks are essential for business success. However, the low standard deviation implies that there was consistent agreement among entrepreneurs about the importance of these qualities for their engagement and success. Entrepreneurial mindset and active participation in practices fosters business growth and personal development.

The findings of the study were supported with pieces of literature signifying that entrepreneurial engagement demonstrates that aspiring entrepreneurs clearly provide an understanding of entrepreneurial environment that influences their readiness in embracing risks. This engagement reflected the active involvement and commitment of individuals in entrepreneurial pursuits.

SME entrepreneurs assigned to qualities such as adaptability, creativity, purpose-driven passion, work-life balance, and personal growth was well-established in entrepreneurship literature. Walker & Evans (2021) highlighted that personal growth involved ongoing learning and development, which were critical for entrepreneurial success. Entrepreneurs who prioritized personal growth actively sought new knowledge, skills, and experiences to enhance their abilities. This continuous development not only sharpened their business skills but also boosted their confidence and leadership capabilities. Engaging in activities like mentorship and professional development courses contributed to long-term success and adaptability in their entrepreneurial journey.

Meanwhile, flexibility in entrepreneurship meant the ability to adjust strategies and plans in response to changing conditions (Garcia & Martinez, 2023). Entrepreneurs who demonstrated flexibility could quickly adapt to market trends, customer feedback, and emerging opportunities. This quality enhanced decision-

making and fostered innovation, allowing entrepreneurs to experiment with various approaches and make swift adjustments. Flexibility was essential for sustaining momentum and growth, even in uncertain environments.

Miller & Thompson (2021) further reinforced the idea that entrepreneurs with a strong sense of purpose were more likely to navigate challenges and setbacks, as their passion fueled their determination and commitment. While creativity is associated as the driving force for entrepreneurial engagement, Brown and Lee (2022) emphasized that creativity perplexed innovation and a fundamental aspect of entrepreneurial activity. Creative entrepreneurs generated unique ideas, products, and solutions that distinguished them from competitors, linking creativity to higher levels of entrepreneurial success through innovation and the ability to identify and seize new market opportunities. Creative thinking also enabled entrepreneurs to efficiently solve problems and adapt their offerings to meet evolving customer needs.

Moreover, purpose-driven passion reflected the deep motivation stemming from a strong sense of purpose and dedication to entrepreneurial goals. This intrinsic motivation played a vital role in fostering persistence and resilience among entrepreneurs (Lehane, 2024). Adaptive entrepreneurs were better equipped to manage market fluctuations and unforeseen challenges, leading to greater business resilience and success (Smith & Doe, 2023). The ability to pivot and innovate in response to external pressures was crucial for maintaining a competitive edge, further underscoring the significance of creativity in driving innovation within entrepreneurial endeavors (Patterson-Waites, 2023).

Thus, it could be inferred that SMEs entrepreneurs possess a strong sense of adaptability, creativity, purpose-driven passion, work-life balance, and personal growth which are essential for the success and resilience of SMEs entrepreneurs. In this vein, it is imperative that these may be engraved continuously among aspiring entrepreneurs as it cultivate concrete decision-making, increased innovation, and greater adaptability, which are vital for sustaining growth and maintaining a competitive advantage in the dynamic business landscape.

Table 2

Level of SME's Entrepreneurs Entrepreneurial Engagement (n=285)

Constructs			M	SD	Interpretation
Personal Growth and Challenge			3.61	0.32	Very High (VH)
Flexibility and Work-life Balance			3.58	0.31	Very High (VH)
Purpose driven Passion			3.58	0.30	Very High (VH)
Creativity			3.55	0.33	Very High (VH)
Adaptability			3.53	0.32	Very High (VH)
SME's Entrepreneurs Entrepreneurial Engagement			3.57	0.32	Very High (VH)

Note: 3.25-4.0 (Very High) ; 2.50-3.24 (High) ; 1.75-2.49 (Low) ; 1.0-1.74 (Very Low)

Significant Relationship between SME's Entrepreneur's Perceived External Environmental Factors and Entrepreneurial Engagement

Table 3 shows a highly significant and perfect positive correlation between the perceived external environmental factors and entrepreneurial engagement. The correlation coefficient ($r = 0.71$; $p = 0.00$) indicates a strong and statistically highly significant relationship between the two variables.

The findings reveals that there was a strong and positive relationship between SME entrepreneurs' perceived external environmental factors and their level of entrepreneurial engagement. In other words, the more aware and responsive entrepreneurs were to factors such as social, economic, regulatory, competitive, and technological forces, the more engaged they tended to be in entrepreneurial activities. The high correlation suggests that external environmental factors play a critical role in influencing how actively and effectively entrepreneurs engaged with their businesses. The p-value confirms that this relationship was statistically significant and not due to chance.

Moreover, the findings of the study were supported with pieces of literature that signifies the strong relationship between SME entrepreneurs' perceived external environmental factors and their level of entrepreneurial engagement,

specifically rooted in Institutional Theory. This sociological perspective emphasized how institutions—comprising rules, norms, and beliefs—significantly influenced organizational behavior by highlighting the impact of external social and cultural forces. Organizations adapted their practices and structures in response to pressures from their institutional environments, which included social, political, and cultural contexts (Lammers et.al., 2014). The theory emphasized that SMEs consistently monitored their external surroundings to identify opportunities and risks, guiding their decision-making processes. Moreover, a thorough understanding of these external influences was crucial for SMEs in Misamis Occidental to deal with challenges and leverage opportunities effectively, ultimately shaping their entrepreneurial engagement and responses to market dynamics (Lammers et al., 2014).

Additionally, according to Bruton et al. (2010), the critical impact of institutional factors such as regulations and government policies on entrepreneurial activity, noting that entrepreneurs who were attuned to these factors could better adapt their strategies. Similarly, Zahra and Wright (2011) emphasized the role of technological advancements and competitive pressures in driving entrepreneurial engagement, particularly among SMEs. Entrepreneurs who actively monitored these external forces were more engaged in innovation and strategic decision-making. In addition, Covin and Slevin (1991) emphasized the positive correlation between competitive dynamics and entrepreneurial behavior, showing that competitive environments pushed entrepreneurs toward greater market involvement and adaptability. Moreover, Urban and Naidoo (2012) found that SMEs responsive to economic and social factors demonstrated higher levels of engagement in sustainability practices. These studies affirmed that awareness and responsiveness to external environmental factors significantly enhanced entrepreneurial engagement, as reflected in the strong correlation found in the study.

Thus, it could be inferred that SME entrepreneurs' perceptions of external environmental factors had a significant impact on their entrepreneurial engagement.

Specifically, entrepreneurs who were attuned to these external factors were better able to adjust their strategies effectively. The impact of regulatory, technological, and competitive forces was particularly pronounced, as these elements encouraged SMEs to increase their focus on innovation and strategic decision-making. Those entrepreneurs who actively monitored these external influences showed a greater level of market involvement and adaptability, allowing them to respond proactively to changes. Additionally, economic and social forces enhanced engagement in sustainability practices, with the necessity of a thorough understanding of the external environment for fostering entrepreneurial success. Moreover, this awareness enabled entrepreneurs not only to deal with challenges but also to capitalize on opportunities for growth and development in an ever-changing market landscape.

Table 3
Relationship between SME's Entrepreneur's Perceived External
Environmental Factors and Entrepreneurial Engagement (n=285)

Variable	r-value	p-value	Remarks
External Environmental Factors and Entrepreneurial Engagement	0.71	0.00	Perfect Positive Correlation/ Highly Significant

Note: 1). Perfect Negative Correlation (-0.61 to -1.00), Strong Negative Correlation (-0.31 to -0.60), Moderate Negative Correlation (-0.11 to -0.30), No Correlation (0.00), Weak Positive Correlation (0.01 to 0.10), Moderate Positive Correlation (0.11 to 0.30), Strong Positive Correlation (0.31 to 0.61), and Perfect Positive Correlation (0.61 to 1.00)

*2). Probability Value Scale: **p<0.01 (Highly Significant); *p<0.05 (Significant); p>0.05 (Not significant)*

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATION

Summary

Small and medium-sized enterprises (SMEs) were recognized globally as essential contributors to economic growth and job creation, particularly in the increasingly interconnected and competitive corporate landscape of the twenty-first century. This study explored how entrepreneurs perceived external environmental factors and their relationship to entrepreneurial engagement. Specifically, this study sought to answer the following research questions: (1) What was the level of SME entrepreneurs' perceived external environmental factors in terms of social, economic, technological, and regulatory factors; (2) What was the level of SME entrepreneurs' entrepreneurial engagement in terms of adaptability, creativity, purpose-driven passion, flexibility, work-life balance, personal growth, and challenge; and (3) Was there a significant relationship between SME entrepreneurs' external environmental factors and entrepreneurial engagement?

This study, titled "Small and Medium-Sized Enterprises (SME) Perceived External Environmental Factors and Engagement in Misamis Occidental," explored the external environmental factors influencing entrepreneurial engagement among SMEs in Ozamiz City. It utilized a descriptive-correlational design, conducted in Ozamiz City with 278 chosen respondents using purposive sampling. Perceived External Environmental Factors and Entrepreneurial Engagement Questionnaires were used to collect data. The study employed statistical methods such as Mean, Standard Deviation, and Pearson Product Moment Correlation Coefficient to analyze the data. The findings revealed the crucial influence of external environmental factors on entrepreneurial engagement within SMEs. Thus, the study stressed the importance of understanding these factors to progressively encourage more entrepreneurs to establish businesses.

Findings

The study yielded the following findings:

1. SME's entrepreneurs' level of perceived external environmental factors drew very high results in terms of social, economic, technological, competitive, and regulatory forces.
2. SME's entrepreneurs' level of entrepreneurial engagement, including adaptability, creativity, purpose-driven passion, flexibility, work-life balance, personal growth, and challenge, produced very high results.
3. SME's entrepreneurs' perceived external environmental factors had a strong positive correlation with entrepreneurial engagement.

Conclusion

The following conclusions were drawn based on the findings of the study:

1. SMEs in Ozamiz City viewed external environmental factors as intangible elements beyond their control, yet crucial to their business operations. They demonstrated the ability to consider these factors, recognizing their influence on core strategies and daily functions. As a result, SMEs were likely proactive in responding to these influences to maintain their viability and competitiveness in a constantly changing market. A deep understanding of these external factors was necessary for navigating challenges, seizing opportunities, and achieving sustainable growth and success.
2. SMEs in Ozamiz City, driven by an entrepreneurial spirit, exhibited key traits such as adaptability, creativity, purpose-driven passion, work-life balance, and personal growth. These qualities were vital to the success and resilience of SME entrepreneurs.
3. SME entrepreneurs who recognized external environmental factors as uncontrollable yet critical to their business success were more likely to pursue entrepreneurship. Their awareness of the dynamic

nature of these external environmental factors became an essential consideration when establishing and growing their businesses.

4. The researchers' rejected the study's null hypothesis (Ho1), which suggested no significant relationship between SME entrepreneurs' external environmental factors and entrepreneurial engagement, indicated that there was indeed a significant relationship between these two variables. External environmental factors, such as social, economic, technological, competitive, and regulatory forces, played a crucial role in shaping how actively SMEs engaged in entrepreneurial activities.

Recommendations

Based on the conclusions drawn from this study, the following recommendations were made for further research and assist beneficiaries:

For Aspiring Entrepreneurs:

1. They may take regulatory forces into account when starting a business, as government policies, regulations, and legal requirements, such as tax laws, labor standards, environmental rules, and trade restrictions, strongly impact SME operations.
2. They may prioritize continuous improvement, as personal growth through ongoing learning and development is essential for success. Entrepreneurs who focus on personal growth actively pursue new knowledge, skills, and experiences to strengthen their abilities, enhancing both confidence and leadership. Participating in mentorships and professional development courses supports long-term success and adaptability in their entrepreneurial journey.

For Policymakers:

3. They may consider reducing fees and regulatory costs to encourage more entrepreneurs to enter diverse industries. By lowering these financial barriers, they would create a more accessible environment for startups and small businesses, fostering innovation and economic

growth. Additionally, streamlining the regulatory process and offering tax incentives for new businesses could further incentivize entrepreneurship and support sustainable growth across various sectors.

For Business Support Organizations:

4. They may cultivate startup entrepreneurs by offering financial assistance, mentorship, and a structured support network. By providing initial funding, these organizations help reduce early financial burdens, while mentorship programs connect entrepreneurs with experienced professionals who can guide them through common challenges. Additionally, offering resources like coworking spaces, business workshops, and networking events can further empower startups, enabling them to develop sustainably and build essential industry connections.

For Future Researchers:

5. They may consider utilizing a qualitative approach, as qualitative data could provide invaluable insights that complemented the quantitative findings of the current study.

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APPENDIX A

RESPONDENTS' LEVEL OF PERCEIVED EXTERNAL ENVIRONMENTAL FACTORS QUESTIONNAIRE

Adopted and Modified Questionnaire from: Lupena 2024

Directions: Read each statement carefully and write a check mark (/) on the columns that contain your answer. Be guided by the following scale: 4 – Strongly Agree; 3 – Agree; 2 – Disagree; 1 – Strongly Disagree

INDICATORS	RESPONSES			
	4	3	2	1
A. Social Forces				
1. I believe that social trends significantly impact my decision-making process.				
2. The opinions of my peers and social network influence my business strategies.				
3. Changes in societal values affect my approach to market opportunities.				
4. I am aware of how social media trends can alter consumer preferences.				
5. I adapt my marketing strategies based on shifting social behaviours and trends.				
B. Economic Forces				
1. I believe that fluctuations in the economy significantly affect my business performance.				
2. Changes in inflation rates influence my pricing strategies.				
3. Economic downturns impact my investment decisions.				
4. I consider economic forecasts when planning for future business growth.				

5. I diversify my investment to mitigate risk associated with economic fluctuations.				
C. Technological Forces				
1. I believe that advancements in technology significantly enhance my business operations.				
2. The adoption of new technologies affects my competitive advantage in the market.				
3. I stay updated with technological innovations that could impact my industry.				
4. Technological changes influence my decisions regarding investment in new tools and systems.				
5. I train my employees to utilize new technologies effectively.				
D. Competitive Forces				
1 I believe that the level of competition in my industry influences my business strategies.				
2. The actions and strategies of competitors significantly impact my decision-making processes.				
3. I regularly analyze competitors to adjust my own business practices.				
4. The intensity of competition affects my pricing and marketing strategies.				
5. I regularly review market trends to anticipate competitive threats.				
E. Regulatory Forces				
1 I believe that compliance with regulatory requirements significantly affects my business operations.				
2. Changes in regulations influence my strategic planning and decision-making.				

3. I actively monitor and adapt to new laws and regulations relevant to my industry.				
4. Regulatory constraints impact my ability to innovate and implement new business practices. 5. I engage with industry associations to stay informed about regulatory changes.				

LEVEL OF ENTREPRENEURIAL ENGAGEMENT QUESTIONNAIRE

Adopted and Modified Questionnaire from: Gerber (2001) and Ries (2011)

Directions: Read each statement carefully and write a check mark (/) on the columns that contain your answer. Be guided by the following scale: 4 – Strongly Agree; 3 - Agree; 2 -Disagree; 1 - Strongly Disagree

INDICATORS	RESPONSES			
	4	3	2	1
A. Adaptability				
1. I consider myself as adaptable in responding to changes and challenges within my business environment.				
2. I often seek out new opportunities to innovate and improve my business operations.				
3. I balance the demands of my entrepreneurial pursuits with other aspects of my life, such as family and hobbies.				
4. I am proactive in my seeking feedback and advice from mentors, peers, or industry experts to enhance my entrepreneurial skills.				
5. I adapt my business strategies quickly in response to market changes and customer feedback.				
B. Creativity				
1. I often explore unconventional solutions to business problems.				
2. Creativity is important in driving innovation and growth within my business.				
3. I encourage creativity and innovation among my team members.				
4. I am satisfied with my ability to generate new ideas and solutions for my business.				

5. I create a culture of innovation within my business by encouraging new ideas.				
C. Purpose driven Passion				
1. I drive my entrepreneurial pursuits.				
2. I aligned my business goals with personal values and aspirations.				
3. I am resilient in pursuing my entrepreneurial endeavours, even during challenging times				
4. I am fulfilled in my entrepreneurial journey, beyond financial success.				
5. I regularly reflect on my entrepreneurial journey to stay aligned with my purpose				
D. Flexibility and Work-Life Balance				
1. I manage to balance between work and personal life as an entrepreneur.				
2. I often find myself sacrificing personal time or hobbies for work-related task.				
3. I am flexible in adjusting my work schedule to accommodate personal commitments or unforeseen events.				
4. I am satisfied with my current work-life balance as an entrepreneur.				
5. I take regular breaks and vacations to recharge and avoid burnout.				
E. Personal Growth and Challenge				
1. I seek opportunities for personal growth and development in my entrepreneurial journey.				
2. I am comfortable with stepping out of my comfort zone to tackle new challenges.				

3. I perceived the level of challenge presented by my entrepreneurial endeavours.				
4. I am resilient in the face of setbacks or failures encountered in my entrepreneurial journey.				
5. I view setbacks as opportunities to learn and grow rather than failures.				

APPENDIX B
(Sampling Computation)



What margin of error can you accept?

5% is a common choice

%

What confidence level do you need?

Typical choices are 90%, 95%, or 99%

%

What is the population size?

If you don't know, use 20000

What is the response distribution?

Leave this as 50%

%

Your recommended sample size is

266

APPENDIX C

(Sample Filled-out Questionnaire)

Appendix A

RESPONDENTS' LEVEL OF PERCEIVED EXTERNAL ENVIRONMENTAL FACTORS QUESTIONNAIRE

Adopted and Modified Questionnaire from: Lapena 2024

Directions: Read each statement carefully and write a check mark (✓) on the columns that contain your answer. Be guided by the following scale:
4 - Strongly Agree; 3 - Agree; 2 - Disagree; 1 - Strongly Disagree

INDICATORS	RESPONSES			
	4	3	2	1
A. Social Forces				
1. I believe that social trends significantly impact my decision-making process.				
2. The opinions of my peers and social network influence my business strategies.				
3. Changes in societal values affect my approach to market opportunities.				
4. I am aware of how social media trends can alter consumer preferences.				
5. I adapt my marketing strategies based on shifting social behaviours and trends.				
B. Economic Forces				
1. I believe that fluctuations in the economy significantly affect my business performance.				
2. Changes in inflation rates influence my pricing strategies.				
3. Economic downturns impact my investment decisions.				
4. I consider economic forecasts when planning for future business growth.				
5. I diversify my investment to mitigate risk associated with economic fluctuations.				
C. Technological Forces				
1. I believe that advancements in technology significantly enhance my business operations.				
2. The adoption of new technologies affects my competitive advantage in the market.				
3. I stay updated with technological innovations that could impact my industry.				
4. Technological changes influence my decisions regarding investment in new tools and systems.				
5. I train my employees to utilize new technologies effectively.				
D. Competitive Forces				
1. I believe that the level of competition in my industry influences my business strategies.				
2. The actions and strategies of competitors significantly impact my decision-making processes.				
3. I regularly analyze competitors to adjust my own business practices.				
4. The intensity of competition affects my pricing and marketing strategies.				
5. I regularly review market trends to anticipate competitive threats.				
E. Regulatory Forces				
1. I believe that compliance with regulatory requirements significantly affects my business operations.				
2. Changes in regulations influence my strategic planning and decision-making.				
3. I actively monitor and adapt to new laws and regulations relevant to my industry.				
4. Regulatory constraints impact my ability to innovate and implement new business practices.				
5. I engage with industry associations to stay informed about regulatory changes.				

Appendix B

LEVEL OF ENTREPRENEURIAL ENGAGEMENT QUESTIONNAIRE

Adopted and Modified Questionnaire from: Gierber (2001) and Ries (2011)

Directions: Read each statement carefully and write a check mark (✓) on the columns that contain your answer. Be guided by the following scale:
4 - Strongly Agree; 3 - Agree; 2 - Disagree; 1 - Strongly Disagree

INDICATORS	RESPONSES			
	4	3	2	1
A. Adaptability				
1. I consider myself as adaptable in responding to changes and challenges within my business environment.				
2. I often seek out new opportunities to innovate and improve my business operations.				
3. I balance the demands of my entrepreneurial pursuits with other aspects of my life, such as family and hobbies.				
4. I am proactive in my seeking feedback and advice from mentors, peers, or industry experts to enhance my entrepreneurial skills.				
5. I adapt my business strategies quickly in response to market changes and customer feedback.				
B. Creativity				
1. I often explore unconventional solutions to business problems.				
2. Creativity is important in driving innovation and growth within my business.				
3. I encourage creativity and innovation among my team members.				
4. I am satisfied with my ability to generate new ideas and solutions for my business.				
5. I create a culture of innovation within my business by encouraging new ideas.				
C. Passion and Purpose				
1. I drive my entrepreneurial pursuits.				
2. I aligned my business goals with personal values and aspirations.				
3. I am resilient in pursuing my entrepreneurial endeavours, even during challenging times.				
4. I am fulfilled in my entrepreneurial journey, beyond financial success.				
5. I regularly reflect on my entrepreneurial journey to stay aligned with my purpose.				
D. Flexibility and Work-Life Balance				
1. I manage to balance between work and personal life as an entrepreneur.				
2. I often find myself sacrificing personal time or hobbies for work-related tasks.				
3. I am flexible in adjusting my work schedule to accommodate personal commitments or unforeseen events.				
4. I am satisfied with my current work-life balance as an entrepreneur.				
5. I take regular breaks and vacations to recharge and avoid burnout.				
E. Personal Growth and Challenge				
1. I seek opportunities for personal growth and development in my entrepreneurial journey.				
2. I am comfortable with stepping out of my comfort zone to tackle new challenges.				
3. I perceived the level of challenge presented by my entrepreneurial endeavours.				
4. I am resilient in the face of setbacks or failures encountered in my entrepreneurial journey.				
5. I view setbacks as opportunities to learn and grow rather than failures.				

APPENDIX D

(Informed Consent Form)

Graduate School	
INFORMED CONSENT FORM	
Researcher/investigator: Name: ARGUILLES, ZYZEL B. BALUDO, VINCE EARL Q. VILLARTA, CHRISTIAN Course: BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION College: COLLEGE OF BUSINESS AND MANAGEMENT Email/Contact Number: vince.baludo18@gmail.com Dissertation Title: SMALL AND MEDIUM SIZED ENTERPRISES (SMSE) PERCEIVED EXTERNAL ENVIRONMENTAL FACTOR AND ENGAGEMENT IN MISAMIS OCCIDENTAL	
Introduction	Good day! We Zyzel B. Arguilles, Vince Earl Q. Baludo, and Christian Villarta, the principal researcher/investigator of the study entitled "Small and Medium Sized Enterprises (SMSE) Perceived External Environmental Factors, and Engagement in Misamis Occidental". We are undergraduate students in Business Administration at Misamis University in Ozamiz City. We intend to conduct a study in Ozamiz City, with a specific focus on selected small and medium scale enterprise (SMSE's) proprietors. In this vein, we are respectfully seeking your voluntary participation, being qualified to give your informed consent to take part in this study. Before you decide whether to participate or not in this study, please read the succeeding information about the study and feel free to ask questions anytime should there be anything you do or not understand or want to clarify. If you agree to answer the survey questionnaires and interview, you will be asked to affix your name and signature on this form for which you will be given a copy.
Purpose	This study aims to explore the interplay between external environmental factors, and entrepreneurial engagement among SMSE's entrepreneurs. It seeks to understand the perceived levels of environmental factors, encompassing technological, Additionally, the research endeavors to gauge the level of entrepreneurial engagement among SME entrepreneurs, considering various factors such as socioeconomic profile, adaptability, creativity, passion and purpose, flexibility and work-life balance, personal growth, and challenge. Furthermore, it aims to ascertain whether significant relationships exist between SME entrepreneurs' perceptions of external environmental factors and their level of entrepreneurial engagement. By addressing these inquiries, the study aims to provide valuable insights into the complexities of SMSE's entrepreneurship, thereby contributing to a better understanding of the factors that shape entrepreneurial behavior and engagement within this sector.
Type of Research Intervention	This study will be conducted through questionnaires. The gathering of data will be conducted in person.
Selection of Participants/respondents	The selection of participants adhered to specific criteria: (1) being officially registered as owners of Small and Medium Scale Enterprises in Ozamiz City, possessing assets ranging from Php 500,000 to Php 100 million and employing 10 to 499 individuals; (2) maintaining a minimum working capital of Php 100,000.00, and lastly, (3) providing informed consent to take part in the research. However, Small and Medium Scale Enterprises that did not meet these criteria were not included as respondents in the study.
Voluntary Participation	Your Participation has to be voluntary and will not affect your situation or status in any way, including your relationship with the researcher. You are free to decide if you will take part or not. If you decide to participate, you are free not to answer any questions that you do not prefer to answer.
Procedure	The participants will be given ample time to answer the questionnaires. The survey will take place at the physical premises of SMSE's entrepreneurs in Ozamiz City during the vacant hours of the respondents, ensuring convenience and minimal disruption to their work schedules. Once all the questionnaires are collected, the researchers will organize and compile the responses systematically for efficient data analysis. The information and data provided by you as a participant will be utilized for this study alone will be treated with the utmost confidentiality.
Duration	The gathering of data through survey questionnaires is designed to be brief, typically taking 3 to 5 minutes to complete.
Risks and Discomforts	The respondents will be protected from physical, social, or economic risks. In case the items in the survey instruments are too personal and make you feel uncomfortable, you may decline to answer any or all questions and may terminate your involvement at any time you choose.
Benefits	Taking part in this study allows you to provide important information that helps us understand the challenges and opportunities faced by small business owners in Ozamiz City. Answering the questionnaire can also help you think about your own business practices and how you can improve them. Plus, you'll get to see the results of the study, which can give you insights into your industry and ways you can do better. Joining the research might also help you meet and connect with other participants and researchers, which could lead to useful collaborations. And by being involved, you're helping to make your community better by contributing to our knowledge, which could lead to improvements in support services and policies that benefit everyone.
Reimbursements	There will be no monetary expenses or costs on your part as a respondent, nor any monetary compensation for your participation in this study.

Confidentiality of Data	Only the researcher will have access to the information and responses of the participants. The personal identifying information of the participants will only be used for research analysis and will be treated with the utmost confidentiality during the study. All data will be kept in a locked, secure filing cabinet, of which will be discarded 6 months after the publication of the results.
Sharing of Findings	The results of this study will be presented during the dissertation final defense of the researcher. Also, the research findings may be shared through publications and conferences with the assurance that the identities of the respondents will remain confidential. A printed copy of the completed study will be provided to the participants.
Rights to Refuse or Withdraw	You are free to withdraw or terminate participation at any stage of the study, without the need to give any reason. You will not be penalized in case of termination of participation.
Who to Contact (Kinsa ang kontakon)	Should there be any queries as a parent, you can contact the researcher through the following details: Name of the Researchers: Zyzel B. Arguilles Vince Earl Q. Baludo Christian Villarta Cellphone Numbers: 09082495215 Email: vince.baludo18@gmail.com

STATEMENT BY THE RESEARCHER
(PAGPADAYAG SA NAGTUON)

I will read the information sheet to the potential participant. With the best of my ability, I make sure that the participant will understand the interview questions and that possible follow-up interviews may be undertaken.

I can assure that the participant will be given an opportunity to ask questions about the study, and all the questions raised will be answered fully. I can likewise assure that the participant will not be coerced into giving consent that must be free and voluntary.

A copy of this Informed Consent Form will be provided to the participant.

Print Name of Researcher: Zyzel B. Arguilles
Vince Earl Q. Baludo
Christian Villarta

PART II. CERTIFICATE OF CONSENT

This research entitled "Small and Medium Sized Enterprises (SMSE) Perceived External Environmental Factors, and Engagement in Misamis Occidental" by Zyzel B. Arguilles, Vince Earl Q. Baludo, and Christian Villarta, aims to collect information and data regarding the information on the challenges and opportunities faced by small and medium-sized enterprise (SME) entrepreneurs in Ozamiz City. The study has been thoroughly presented and explained to me. As a participant/respondent who is an entrepreneur at Ozamiz City and owns a business, I have provided informed consent to participate in the study.

I have read the foregoing Informed Consent Form, or it has been read to me. I had the opportunity to ask questions, which were subsequently answered fully. I consent voluntarily to be a participant of this study.

Print Name of Participant (Ngalan sa Participante): JOSE R. DOMINGUEZ

Signature of Participant (Pirma sa Participante): 

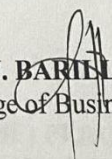
Date: [MM/DD/YYYY] 08 - 01 - 2024

If Illiterate

If the respondent is illiterate, a witness who is literate will sign. The respondent will choose him/her and who is without connection with the researcher or the research group to attest this undertaking. The respondent will affix his thumb print.

Name and Signature of the Witness	Thumb Mark
-----------------------------------	------------

APPENDIX E
(Certificate to Conduct)

	Misamis University Ozamiz City, Philippines 7200 Tel. No. +63 88 521 0367 / Telefax No. +63 88 521 2917 Website : http://www.mu.edu.ph	
CERTIFIED: ISO 9001:2015 Quality Management System DNV-GL, Australia ACCREDITED: Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA)		
 CERTIFICATION 		
This is to certify that MS. ZYZEL B. ARGUILLES; MR. VINCE EARL Q. BALUDO; MR. CHRISTIAN VILLARTA are bonafide students of Misamis University College of Business and Management and are currently enrolled in Bachelor of Science in Business Administration		
Furthermore, their proposed study entitled “SMALL AND MEDIUM SIZED ENTERPRISES (SMSE) PERCEIVED EXTERNAL ENVIRONMENTAL FACTOR AND ENGAGEMENT IN MISAMIS OCCIDENTAL” has been approved by the Thesis Committee. They are likewise granted permission by the Office of the College of Business and Management to gather data to substantiate their research paper.		
Issued this 29th day of July 2024 at MISAMIS UNIVERSITY, Ozamiz City.		
EFREN J. BARILLO, CPA, DM Dean, College of Business and Management 		

APPENDIX F

(Statistical Results)

1. What is the level of SME's entrepreneur's perceived external environmental factors in terms of social, economic, technological, competitive and regulatory forces?

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Social Forces	282	1.2	4.0	3.526	.3953
Economic Forces	282	1.8	4.0	3.545	.3126
Technological Forces	282	1.0	4.0	3.567	.3740
Competitive Forces	282	1.0	4.0	3.580	.3290
Regulatory Forces	282	1.4	4.0	3.633	.3411
EXTERNAL ENVIRONMENTAL FACTORS	282	1.4000000 000000000	3.8800000 000000000	3.5704255 31914895	.26563124 9341903
Valid N (listwise)	282				

2. What is the level of SMEs' entrepreneur's entrepreneurial engagement in terms of adaptability, creativity, purpose-driven passion, flexibility, work-life balance, personal growth, and challenge?

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Adaptability	282	1.2	4.0	3.533	.3198
Creativity	282	1.2	4.0	3.555	.3258
Passion and Purpose	282	1.8	4.0	3.576	.2951
Flexibility and Work-life Balance	282	1.4	4.0	3.583	.3093
Personal Growth and Challenge	282	1.4	4.0	3.608	.3180
ENTREPRENEURIAL ENGAGEMENT	282	1.4000000 000000000	3.9200000 000000004	3.5709219 85815604	.23167009 5260557
Valid N (listwise)	282				

3. Is there a significant relationship between SME's entrepreneur's external environmental factors and entrepreneurial engagement?

Correlations

			Social Forces	Economic Forces	Technological Forces	Competitive Forces	Regulatory Forces	EXTERNAL ENVIRONMENTAL FACTORS	ENTREPRENEURIAL ENGAGEMENT
Spearman's rho	Social Forces	Correlation Coefficient Sig. (2-tailed) N	1.000 282	.291** 282	.333** 282	.382* 282	.172** 282	.665** 282	.323** 282
	Economic Forces	Correlation Coefficient Sig. (2-tailed) N	.291** 282	1.000 282	.188** 282	.268* 282	.177** 282	.540** 282	.228** 282

Technological Forces	Correlation Coefficient Sig. (2-tailed) N	.333**	.188**	1.000	.189*	.244**	.603**	.263**
		.000	.002	.	.001	.000	.000	.000
	N	282	282	282	282	282	282	282
Competitive Forces	Correlation Coefficient Sig. (2-tailed) N	.382**	.268**	.189**	1.000	.236**	.625**	.416**
		.000	.000	.001	.	.000	.000	.000
	N	282	282	282	282	282	282	282
Regulatory Forces	Correlation Coefficient Sig. (2-tailed) N	.172**	.177**	.244**	.236*	1.000	.607**	.228**
		.004	.003	.000	.000	.	.000	.000
	N	282	282	282	282	282	282	282

EXTERNAL ENVIRONMENTAL FACTORS	Correlation Coefficient	.665**	.540**	.603**	.625*	.607**	1.000	.446**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000
	N	282	282	282	282	282	282	282
ENTREPRENEURIAL ENGAGEMENT	Correlation Coefficient	.323**	.228**	.263**	.416*	.228**	.446**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.
	N	282	282	282	282	282	282	282

** . Correlation is significant at the 0.01 level (2-tailed).

APPENDIX G
(Documentation)



Research Proposal



Research Defense

APPENDIX H

(Survey)



APPENDIX I
(Plagiarism Test Result)



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APPENDIX J
(Grammarly Test Result)



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by Misamis University

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12		12
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APPENDIX K
(CURRICULUM VITAE)

ZYZEL BINAORO ARGUILLES

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PERSONAL INFORMATION

DATE OF BIRTH	September 20, 2002
PLACE OF BIRTH	Mharsgen, Ozamiz City, Misamis Occidental
AGE	21 years old
RELIGION	Roman Catholic
SEX	Female
CIVIL STATUS	Single
LANGUAGE/S SPOKEN	Bisaya, Filipino, and English

EDUCATIONAL ATTAINMENT

TERTIARY	Bachelor Science in Business Administration Misamis University 2020 – Present
SENIOR HIGH SCHOOL	Technical-Vocational Livelihood Ozamiz City National High School 2018 – 2020
JUNIOR HIGH SCHOOL	Ozamiz City National High School 2014 – 2018
PRIMARY SCHOOL	Ozamiz City Central School 2008 – 2014

CURRICULUM VITAE

VINCE EARL QUIJANO BALUDO

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vince.quijano18@gmail.com



PERSONAL INFORMATION

DATE OF BIRTH	August 18, 2002
PLACE OF BIRTH	Purok 12, Poblacion, Lanao Del Norte
AGE	22 years old
RELIGION	Roman Catholic
SEX	Male
CIVIL STATUS	Single
LANGUAGE/S SPOKEN	Bisaya, Filipino, and English

EDUCATIONAL ATTAINMENT

TERTIARY	Bachelor Science in Business Administration Misamis University 2020 – Present
SENIOR HIGH SCHOOL	Prebaccalaureate Misamis University 2018 – 2020
JUNIOR HIGH SCHOOL	Ozamiz City National High School 2014 – 2018
PRIMARY SCHOOL	Ozamiz City Central School 2008 – 2014

CURRICULUM VITAE

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PERSONAL INFORMATION

DATE OF BIRTH	September 6, 2002
PLACE OF BIRTH	SM Lao, Ozamiz City
AGE	22 years old
RELIGION	Pentecostal
SEX	Male
CIVIL STATUS	Single
LANGUAGE/S SPOKEN	Bisaya, Filipino, and English

EDUCATIONAL ATTAINMENT

TERTIARY	Bachelor Science in Business Administration Misamis University 2020 – Present
SENIOR HIGH SCHOOL	General Academic Strand Marcelino C. Regis Integrated School 2018 – 2020
JUNIOR HIGH SCHOOL	Marcelino C. Regis Integrated School 2014 – 2018
PRIMARY SCHOOL	Marcelino C. Regis Memorial School 2008 – 2014