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International Journal of Academe and Industry Research (IJAIR) is an open-access refereed journal focused on the two dimensions of business research: business education and applied industry research. The interconnectedness of the industry and academic institutions needs a platform that aligns their respective research needs. From the academic perspective, the business program management and the teaching and learning had been dramatically influenced by the industry trends and needs, collaborative approaches and internationalization. From there comes the indispensable role of the industry as they become partners to the academic institutions in producing quality workforce and entrepreneurs. Along these areas are the interesting topics for academic and industry researchers.

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Employee Engagement and its Dynamics: An Empirical Study of an Information Technology Company Sri Lanka

[1]Sanduni Tharika, [2]Anuradha Iddagoda & [3]Helena Bulińska-Stangrecka

Abstract

An engaged employee is the most valuable asset of any organisation for they are the key drivers of business activities. This empirical study aims to analyse the relationship between the variable of employee engagement and its antecedents. The selected dynamics of employee engagement, identified through a thorough desk research, are organisational culture, leadership, high-performance work practices and rewards. Non-probability convenience sampling is utilised as the sampling method to test four hypotheses, using data gathered from 169 executives from an Information Technology Company located in Colombo, Sri Lanka. The results showed that high performance work practices and rewards have significant, positive relationship with the construct of employee engagement.

Keywords: *employee engagement, antecedents, Sri Lankan context, population gap*

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1. Introduction

The rapid development of new Information Technologies (IT) has made organisations eager to adopt emerging IT in their quest for survival and success. However, IT projects often fall below managers' expectations in terms of their expediency in improving organisational performance and employee engagement (Xiao & Dasgupta, 2005). International Standish Group (2001) uncovered that 23% of IT projects fail completely, and another 49% run over time and/or over budget. According to Kendra and Taplin (2004) one of the reasons behind the high failure rate of IT projects is poor understanding and management of organisational culture and leadership practices. However, there has been a dearth of research investigating how organisational culture and the other three factors mentioned affect employee engagement in the IT field. Sawner (2000) states that organisational culture is considered to be an essential factor of organisational success or failure in the IT field. High-Performance Work Practices (HPWPs) is a Human Resource Management (HRM) practice that provides a more significant influence on the success of the organisation (Iddagoda & Opatha, 2018; Kroon, 2012).

According to Gallup (2017) report, 38% of employees in Sri Lanka are engaged. Iddagoda and Opatha (2017) identified that HPWPs, leadership, work-life balance, personal character and religiosity are the dynamics of employee engagement. Iddagoda and Opatha (2020) tested the relationship between these dynamics and employee engagement among the managerial employees in the public listed companies in Sri Lanka. The population gap identified is that there is no empirical evidence about the impact of organisational culture, leadership, high performance work practices, and rewards on employee engagement in the IT Company.

The objectives of this study are to identify the impact of organisational culture on employee engagement, the impact of leadership on employee engagement, the impact of HPWPs on employee engagement, and the impact of rewards on employee engagement.

2. Literature Review

2.1. Employee engagement

Shuck and Wollard (2009) state that employee engagement is the new employment context that describes a positive relationship – both emotional and cognitive – of an employee towards the output of their organisation. Andrew and Sofian (2012) mention that Kahn (1990) is the first researcher who published scholarly work on employee engagement. Kahn (1990) defined "employee engagement" as the "harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances". Iddagoda et al. (2016) define employee engagement as the extent to which an employee gets involved in the job and the organisation cognitively, emotionally and behaviorally. Graça et al. (2019) point out that an engaged employee experience his/her working conditions more positively and tend to have less sick leave and turnover intention. Engaged employees take an extra effort in achieving organisational goals, and they are talk positively about the organisation when they move with the society (Aon, 2018; Aon, 2012). Stangrecka and Iddagoda (2020); Bulińska- Anitha (2014) identified that employee job performance is a consequence of employee engagement. The primary intention of business organisations is to gain profit, while making contributions to society. Another main consequence of employee engagement is organisational performance, which has also been the view of Iddagoda and Gunawardana (2017); Harter et al. (2002).

2.2. Organizational Culture

Ojo (2009) states that culture is one of the most valuable features of an organisation. Sawner (2000) points out that the organisation's culture is considered an important factor that affects organisational success or failure in the IT field. Employee behaviour within the organisation is governed by organisational culture, which includes values, beliefs, stories, and symbols (Iddagoda et al. 2021). Ersin et al. (2016) defined the organisational culture as an essential factor in the organisations to improve employee engagement towards the organisational success and the development of the intellectual structure. Armstrong and Taylor (2017) mention that culture is reinforced over long periods, making it so firmly embedded that one may find it difficult to change in a short period without leading to upsetting and distressing incidents. Culture helps to interact with the creative organisational activities and work towards the success of the organisation is the view of Ersin et al. in 2016. Cameron and Quinn (2011) have a similar argument that understanding the concept of organisational culture is crucial for leaders. The reason is that ignoring organisational culture in plans for any organisational changes would lead to negative consequences. The researchers of this study believe that these facts give insight into how the organisational culture will affect employee engagement.

2.3. Leadership

Truss et al., (2013) states that leaders can inspire employees just as they can enhance performance, as the leaders are in a position to influence the experience of employee engagement. Avolio et al. (2009) state that leadership is exercised when persons mobilise institutional political, psychological and other resources so as to arouse, engage and satisfy the motives of followers. Avolio et al. (2009) state that transactional leadership style is based on the exchange of rewards depending on the performance of the followers. Further, Avolio and Bass (2001) recognised that leaders with a laissez-faire leadership style avoid interfering when serious issues occur.

2.4. High-Performance Work Practices (HPWPs)

Becker and Husslid (1998) point out that HPWPs reflect a new interest in people as a source of competitive advantage rather than as a cost that needs to be minimised. Accordingly, people as intellectual assets and the systems within an organisation designed to attract, develop, and retain them are emerging as significant elements of the strategic decision-making process is the view of Becker and Husslid in 1998. Appelbaum and Batt (1993) state that HPWPs facilitate employee involvement, skill enhancement and motivation. A bundle of specific human resources practices which make a relatively higher impact on organisational effectiveness is the definition given by Iddagoda and Opatha in 2018. Realistic job previews, psychometric tests for selection, well-developed induction training, extensive training, regular appraisals, pay for performance, staff attitude survey, self-directed teams, and symbolic egalitarianism are some of the high-performance work practices (Iddagoda and Opatha, 2018; Guest, 2000).

2.5. Rewards

According to Opatha (2009), reward is a certain payment, and all employees should be entitled to a pay according to their contribution or service. There are two types of rewards; namely, financial rewards and non-financial rewards.

Opatha (2009) wrote: *"Pay can be defined as wage or salary. When concerned about the difference between these two terms, theoretically that could have a difference; however, practically, the distinctions between these two terms would not be that important."*

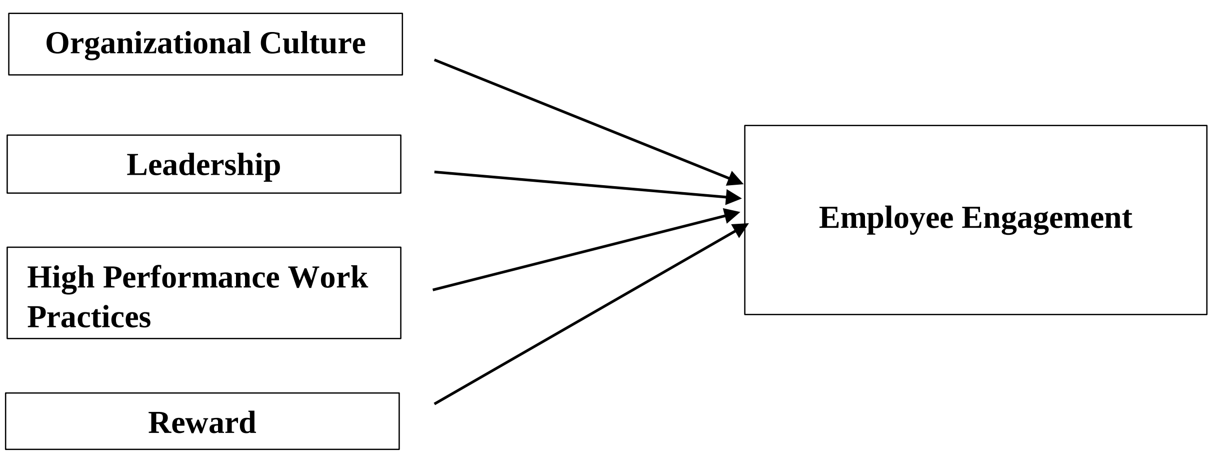
Opatha (2009) further wrote: *"Wage is a basic reward for the non-managerial employees where the salary is a basic pay of the managerial employees. Further wages are paid according to the number of units or product sold, but the salary is paid according to the time spent working."*

Armstrong and Taylor (2017) mention that rewards that do not involve any direct payments autonomy, recognition, training, career development opportunities are the nonfinancial rewards.

The dependent variable in this research is employee engagement. The independent variables include organisational culture, leadership, compensation, and HPWPs, or employee engagement dynamics. The conceptual framework/nomological network is shown in Figure 1

Figure 1

Conceptual Frame Work/Nomological Network



2.6. Theoretical Assertions derived from the Social Exchange Theory (SET) and Justice Theory

The idea of social behaviour, founded on the exchange, was introduced by Homans in 1958 as the social exchange theory (SET). According to Saks (2006), a solid theoretical rationale for explaining employee engagement can be found in social exchange theory. Symbolic egalitarianism is a high-performance work practice. Iddagoda and Opatha (2018) state that the term symbolic egalitarianism implies using symbols to minimise the differences among employees at all levels. The reason is all the employees are there to achieve a common organisational goal. When there is equity, through symbolic egalitarianism, employees' self-concept increases and they like working in their organisations. They become enthusiastic employees, which leads to a high level of employee engagement.

Seijts and Crim (2006) presented 10 Cs for employee engagement, which lead to employee engagement; i.e., connect, career, clarity, convey, congratulate, contribute, control, collaborate, credibility and confidence. Leaders should strengthen these 10 Cs in the view of Seijts and Crim (2006) to enhance employee engagement. For instance, the moment the leader see great work done by his/her subordinate, then he/she should be congratulated, which motivates the employee to make extra efforts to achieve the organisational goals. Aon (2012) identified that making the extra effort to achieve the organisational goals is a characteristic of an employee who has a high level of employee engagement. Since the employee behaviour within the organisation is directed by organisational culture, as per Iddagoda et al. (2021), the moment the employee hears about a story about one of the great employees in his/her organisation who has a high level of employee engagement, ultimately his/her level of employee engagement also goes high.

2.7. Relationship between Employee Engagement and its' Dynamics

Rana (2015) identified a theoretical linkage between HPWPs and employee engagement. Meanwhile, in their study about the managerial employees in the public listed companies in Sri Lanka, Iddagoda and Opatha (2020) presented empirical evidence on HPWPs and employee engagement. Researchers such as Christian et al., 2011; Papalexandris and Galanaki, 2009, have identified a positive relationship between leadership and employee engagement.

Distributive, the degree to which employees perceive outcomes that they receive as fair, according to Opatha (2015), comes under justice theory. Salary is a type of reward, and when the employee gets a fair amount of salary, the employee is inspired, resulting in employee engagement level going high.

These theoretical, literature and empirical evidence lead to the following hypotheses:

H1: There is a significant impact on Organizational Culture on Employee Engagement

H2: There is a significant impact on Leadership on Employee Engagement

H3: There is a significant impact on High-Performance work practices on Employee Engagement

H4: There is a significant impact on Rewards on Employee Engagement

The logical linkages between the research gap, research objectives and hypotheses are presented in table 1.

Table 1

Logical flow of research gap, objectives and hypotheses

Research Gap	Research Gap Type	Research Objective	Hypothesis
There is no empirical evidence about the impact of organisational culture, leadership, high-performance work practices and rewards on the construct of employee engagement in ABC IT Company	Population gap	To identify the impact of organisational culture on employee engagement	H1: There is a significant impact on organisational culture on employee engagement
		To identify the impact of leadership on employee engagement;	H2: There is a significant impact on leadership on employee engagement
		To identify the impact of HPWPs on employee engagement;	H3: There is a significant impact on High-Performance work practices on employee engagement
		To identify the impact of rewards on employee engagement.	H4: There is a significant impact on rewards on employee engagement

3. Methodology

This research is quantitative in nature. Sekaran (2003) has identified that there are six components of research design. They are namely, the purpose of the study, extent of researcher interference with the study, type of investigation, unit of analysis, study setting and time horizon of study. Table 2 provides the details of the research design of this study.

Table 2

The Research Design

Research Design Component	Description
The purpose of the study	Hypothesis testing
Extent of researcher interference with the study	Minimum interference
Type of investigation	Correlational
Unit of analysis	Individual
Study setting	Non-contrived
Time horizon of study	Cross-sectional

The population of the study are the employees working in leading IT Company in Sri Lanka, which comprise 300 executive-level employees. The sample size of 169 is selected based on the Morgan table. The 40.8% of the respondents were women and 59.2% were men. Significant part of the respondents were degree holders (75.7%), 16% have a Master's degree and 5.9% a diploma, while 2.4% possess a GCE A/L Pass. With regards to professional experience, 44.4% of respondents have between 2 and 5 years of experience, 36.1% between 6 and 10, and 14.2% work between 11 and 15 years. Only 4.7% of respondents had worked between 16 and 20 years and 0.6% had experience of more than 20 years.

Data were collected through the self-administered questionnaire. The research questionnaire consists of five parts which includes organization culture (OC), leadership (L), reward (R), high-performance work practices (HPWP) and employee engagement (EE) assessment. The scaling values are 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- Strongly Agree.

The measure of reliability is illustrated in the table 3. The Cronbach test proves that the questionnaire has attained a high level of reliability (Hair et al., 2010). Therefore, all measures are retained.

Table 3

The Reliability Test

Variables	Mean	Standard Deviation	Cronbach's Alpha value	Number of Items
Organizational Culture	4.09	0.585	0.877	4
Leadership	4.32	0.598	0.888	5
High Performance Work Practices	4.27	0.536	0.908	10
Reward	4.37	0.577	0.866	4
Employee Engagement	4.34	0.510	0.927	12

In order to achieve the objective of the study, both primary and secondary data have been used. A primary data questionnaire was used with web documents and other source documents used as secondary data. Similarly, Statistical Package for Social Science (SPSS) 16th Version, R studio and Excel 2016 were used to analyse data.

4. Findings and Discussion

To verify the hypothesised relationship, multiple regression analysis was used. The following conceptual model was derived from the analysis of the literature:

Employee Engagement = β0 + β1OC + β2L + β3HPWP + β4R + ε

Where β0 is the constant (intercept), and ε is the error term.

The data was diagnoses with the Collinearity Statistics and Q-Q plot to residuals, and no violation was found.

Table 4

Correlation Analysis of Organizational Culture and Employee Engagement

	Organizational Culture	Leadership	High Performance Work Practices	Rewards
Employee Engagement	.610**	.562**	.745**	.715**

Note: Sig. (2-tailed) =0.000; N= 169

There is a significant relationship between HPWPs and employee engagement with 0.745. Iddagoda and Opatha (2020) also found that that there is a highly significant relationship between HPWPs and employee engagement of the managerial employees in the public listed companies (PLC) in Sri Lanka. There is a strong significant relationship between the two constructs namely rewards and employee engagement. However, organizational culture and employee engagement as well as leadership and employee engagement, the relationship is moderate.

Table 5

Regression Analysis

Predictor	Hypothesized relationship	B	SE	β	95% confidence interval		t	p
					Lower	Upper		
Intercept		0.6900	0.2053		0.28454	1.0955	3.360	< .001
OC	-	0.1100	0.0573	0.1261	-0.00319	0.2233	1.919	0.057
LD	-	-0.0285	0.0596	-0.0334	-0.14620	0.0891	-0.479	0.633
HPWP	+	0.4186	0.0748	0.4394	0.27091	0.5662	5.598	< .001
R	+	0.3525	0.0506	0.3987	0.25262	0.4523	6.970	< .001

R2= 0.671; F= 4.164

Notes: n=169; B-unstandardized beta; SE B is the standard error for the unstandardised beta; β is the standardised beta; t is the t.test statistic; p is the probability value.

As a result of the multiple regression analysis, the significance of the model has been confirmed, F (4.164) =83.6, p<0.001, with an R2 = 0.671. This model explains 67 per cent of the variance in employee engagement. The results indicate that High-Performance Work Practices

(HPWP) have the most significant influence on Employee engagement (B=0.4186, $p<0.001$). The Rewards (R) have the second significant influence on employee engagement, with B=0.3525, $p<0.001$. However, the impact of leadership (L) and organisational culture (OC) has not been statistically proven.

In the light of the analysis results presented, High-Performance Work Practices (HPWP) and Reward (R) play the main role in shaping employee involvement in the IT organisation in question. The results suggest that short-term incentives significantly shape employee engagement, a relationship presented in the conceptual framework or the nomological network (Figure 1).

Results in table 5 further explain that HPWP is positively significant. It indicate that high performance work practices such as realistic job preview, pay for performance, staff attitude surveys, self-directed teams, regular appraisals, extensive training and symbolic egalitarianism has a noteworthy effect on the construct of employee engagement. Symbolic egalitarianism can be implemented in an organization through consistent dress codes, common cafeteria, common parking area and permanent office arrangements (Iddagoda & Opatha, 2018). When an organization pays attention on symbolic egalitarianism, employees feel all are equal and that organization gives them due recognition. These ultimately result to high level of retention where employees become good team player and talk positive about the organization when they move with the society and perform their duty. These are the consequences of employee engagement.

The relationship between rewards and employee engagement is also strong and positive. This can be explained using the social exchange theory (SET). When the organization provide rewards based on proper mechanism, the employees in exchange act as a passionate and productive employee. Engaged employees are passionate, productive and energetic (Sharma & Nambudiri, 2020; Eldor & Vigoda-Gadot, 2017).

Leadership and employee engagement is negatively significant in 90% significance rate. Moreover, there is a weak relationship between organizational culture and employee engagement. Shuck et al. (2011) found that leadership plays a key role on employee engagement. On the other hand, Jiony, et al. (2015) identified that organizational culture is a driver of employee engagement. The result of this study is different than the finding of Shuck et al. (2011) and Jiony et al. (2015). This paves the way for a future research.

5. Conclusion

The study is mainly based on four hypotheses carried out using the Pearson Correlation and Multiple Regression analysis. The analysis of the relationships supports better comprehension on how the organisational culture, leadership, HPWPs and rewards influence employee engagement. The first objective was to identify how organisational culture influences employee engagement in the field of Information Technology, with special reference to a selected large-scale IT company in Sri Lanka. Pearson correlation analysis is conducted to identify the relationship between organisational culture, leadership, HPWPs and rewards on employee engagement. All the tests were two-tailed tests, and the *P*-value is equal to the sig value. The conducted regression proved the importance of HPWPs and rewards in building employee engagement. This is consistent with other findings that suggest the role of incentives (Hoole & Hotz, 2016; Scott et al., 2010) and HPWP (Karim & Qamruzzaman, 2020) on shaping employees' engagement. The study emphasise the importance of organisational mechanisms and the way work is organised in influencing employees' attitudes. Furthermore, the results of the study allow directing managerial activities to gain specific outcomes, while providing tools needed to effectively shape employee engagement.

The limitations of this study are mainly related to the research sample. The analysis was conducted based on data of one IT organisation. Therefore it is essential to develop the study by supplementing it with qualitative research. Further, future research should focus on a broader spectrum of organisations.

An important implication of this study is that the organisation under investigation has a more substantial impact on awards and specific personnel practices compared to the capacity of generally understood organisational culture and leadership. Hence, the conclusions require further verification in a broader context.

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The Role of Leisure Industry in Municipal Economic Growth

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Abstract

This research deals with the role of the leisure industry and the implemented measures on safety and security towards the economic growth of the municipalities in the third district of Laguna Province in the Philippines. This study comprised 100 randomly selected samples from the seven municipalities. The statistical tools used were mean, standard deviation and t-test. The results of the study showed that the leisure industry as well as the implemented measures on safety and security contribute to the overall development of the municipalities which were measured in terms of employment, service and income. I was clear that the leisure industry generates more income than other industries which essentially helped improved funds of the municipalities. As the current study generated data from survey, the results are mere perceptions of the key stakeholders. Further studies are encouraged on the measurement of the actual income contribution of the industry to the municipalities.

Keywords: *leisure industry, revenue, services, quality, income*

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1. Introduction

In a personal perspective, leisure gives a chance to develop skills, friendship and self-confidence. It helps enjoy new experiences, adventures and challenges. With staying healthy, leisure activities are freely chosen and can be done in places that are good and comfortable. For many people, participation in leisure improves physical and mental health. It also refers to time spent away from work and all manner of business as relaxation time. Research shows that increased physical activities can lead to fewer health problems and higher productivity at work, especially when combined with a balanced diet and a healthy life style. Leisure is important because everyone needs a little bit of relaxation in their life. Having leisure helps a person relieve stress, have time for themselves and just to recharge their body and mind. Leisure is very important for one's mental health. Leisure is important because life should not be all work, no play. It is important for the mind and body to get the revival it needs after a long week's hard work.

An industry that provides goods or services for activities that people do for entertainment and enjoyment is what is called the leisure industry (Novak, 2017). The leisure industry is one of the largest, most diverse, profitable and constant, and fastest-growing industry. It is the segment of business focused on entertainment, recreation, and tourism related products and services. It is constantly changing because of new innovations and economic trends. There are many reasons why there are so many changes in the leisure industry because the leisure industry in itself is an open market in which many people can and have developed. These fields include restaurants, amusement parks, theaters, hotels, gaming places, venues for musical groups or lectures, and sporting arenas. These also include spas, gyms, and areas where one can conduct sports, like golfing or boating as part of the leisure industry. Anything that is made to be enjoyed, and is made to occupy one's leisure hours is essentially part of the leisure industry.

In the Philippines, the 2019 Philippine Statistics Authority data showed that the leisure travel and tourism spending in the country was 8%, an increase from 3.7 % in 2000 with an average annual rate of 4.67%. The 2018 Census of Philippine Business and Industry: Arts, Entertainment, and Recreation (Section R) includes "*five industry groups covering the activities to meet varied cultural, entertainment and recreational interests of the general public, including live performances, operation of museums sites, sports, gambling and recreation activities. Establishments engaged in creative, arts and entertainment activities; libraries, archives,* *museums, and other cultural activities; gambling and betting activities; sports activities; and other amusement and recreation activities*." In 2018 a total of 4,087 establishments were engaged in arts, entertainment and recreation activities, an increase of 34.2 percent from the 3,046 establishments reported in 2012. Among these, 2,037 establishments or 49.8 percent of the total count were engaged in other amusement and recreation activities. Establishments engaged in gambling and betting activities with 1,384 establishments (33.9%) ranked second, followed by establishments engaged in sports activities with 558 establishments (13.7%). Across regions, CALABARZON recorded the highest number of establishments engaged in arts, entertainment, and recreation activities with 505 establishments (12.4%). Establishments in arts, entertainment, and recreation industry employed a total of 75,968 employees, a growth of 22.9 percent from 61,815 employees in 2012. An average of 19 employees per establishment was computed at the national level.

The economic impact of leisure industry has been commonly viewed as a positive force which increases total income for the local economy, foreign exchange earnings for the host country, direct and indirect employment, and tax revenues. It also stimulates secondary economic growth. As the years passed, tourism has experienced continued growth and deepening diversification to become one of the fastest growing sectors in the world. Leisure industry has become a big business and has been considered as a fastest growing industry. It opens up a new window for resources, both investments and generation leading to employment as well as socio-economic development of the local communities. It also plays an important part to the economy of the country. The growth of the economy had seen a major change because of its leisure industry growth. Leisure industry has established itself as an important source of economic development in different regions in the world. As a result, leisure and tourist spots help to contribute for generating revenue and also for job creation for the community.

According to the data by the United Nations World Tourism Organization (UNWTO), the total international tourism received in the world in 2018 was 1,643.2 billion dollars in visitor exports (Mandeep & Nitasha, 2012). This is expected to increase to 2.196 billion by 2029 at an increase of 3.8% (World Travel & Tourism Council Report, 2019). In the Philippines, the total revenue generated by establishments engaged in arts, entertainment and recreation in the Philippines reached PhP 230.7 billion in 2018 while expenses incurred totaled to PhP 181.8 billion. This is a 75.2 percent increase in total revenue, and 65.0 percent increase in total expenses from their corresponding values in 2012. The increasing trend in the revenues provides indication that the industry is contributing much to the economic development of the country.

According to Chung-ki Min, et al. (2016), the leisure tourism contributes to economic growth at an early stage of economic development, but its contribution becomes weaker as the economy develops. In this context, this study determines the contribution of the leisure industry and its implemented measures on safety and security toward the economic growth of municipalities. Specifically, this study aimed to determine the extent of contribution of leisure industry to the overall development of municipalities, assess the status of implemented measures on safety and security of the leisure industry and describe the level of economic growth of municipalities on employment, service and income. Further, this study aimed to find-out whether the contribution and the implemented measures on safety and security significantly influence the way leisure industry targeted to bring-out economic growth of municipalities in third district of Laguna.

2. Literature review

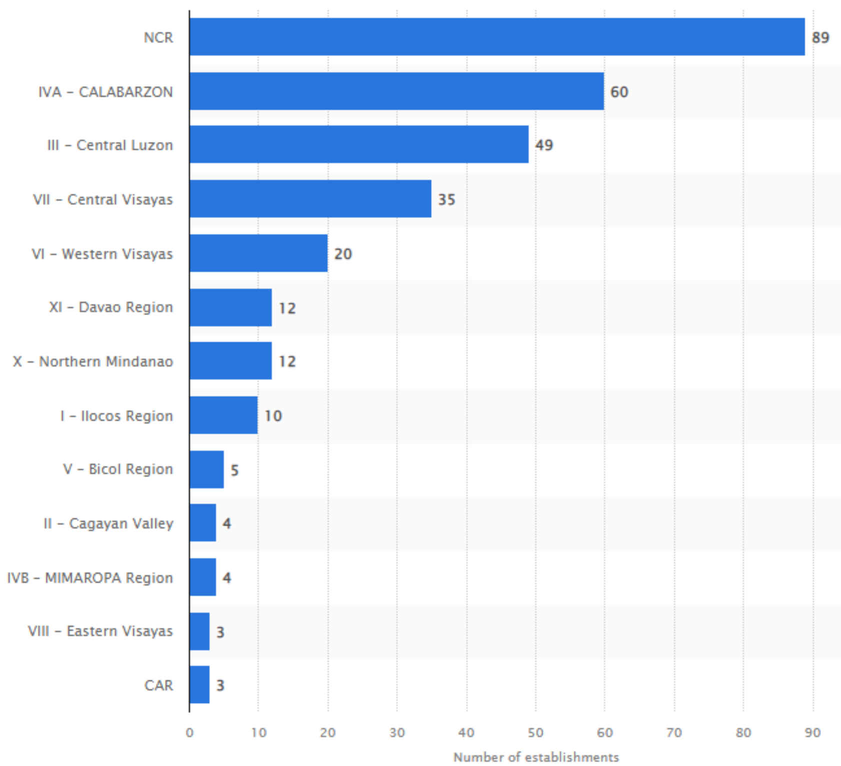
2.1. The leisure industry

According to Leitner and Leitner (2011), pure leisure refers to those activities freely engaged in that are totally intrinsically motivated. The activity is engaged for its own sake, with extrinsic rewards not considered. Edginton and Chen (2014) further stated that leisure provides opportunities to enhance and enlarge choices and freedom in the daily decision one makes. Leisure is valued for many reasons, not the least of which is the opportunity to engage in freely chosen life experience.

The leisure industry provides products and services for activities that people do for entertainment and enjoyment. The leisure industry encompasses entertainment, recreation and tourism related goods and services. Areas of the leisure sector include sports, gambling and health and fitness. This is also claimed by Anser, et al. (2021) that the scope of leisure industry for the purposes of these criteria includes, sport, play, shopping formal and informal use of leisure time. According to Mikalauskas and Kaspariene (2016), leisure is a fundamental component of life which involves freedom and provides opportunities to choose and make decision for the proper well-being. As such, it covers wide ranges of areas such as sport, recreation, health and fitness, playwork and gaming. The leisure experience enhances human condition (Bopp & Kaczynski, 2010). It is also connected to a range of economic activities such as cultural industries (Hesmondhalgh 2007) or the creative economy (Howkins, 2001). These may even include cultural tourism and heritage, museums and libraries and animal shows (Banhidi & Flack, 2013). Another important segment of the industry is the leisure sport which refers to "products and services concerning sport activities and the total operational activities related to these products and services." (Minwei, 2015).

Figure 1

Number of establishments in the arts and recreation industry in the Philippines in 2017, by region



Source: Statistica.com

Figure 1 shows the 2017 statistics on the number of establishments in the arts and recreation industry in the Philippines. The highest number by region is 89 situated in the NCR followed by 60 in the CALABARZON region. The locale of the current study is the latter which justifies the need for the assessment on the contribution of the industry on the economic growth of the municipalities in the region.

2.2. Growth of leisure industry

Tourists flock to leisure destinations thereby, improving the economic growth of the location. But for tourists to continually patronize a leisure destination, satisfaction with the products and services offered is a must. Sherman (2018) states that the choice of business location affects the business income and expenses. Even in an age where people can buy and sell through the internet and project teams can collaborate from various states and countries, location still plays a significant role in the company's success or failure. When the location of business is near the city proper, it has the possibility to earn more than those businesses which are far from the city. According to Norjanah et al. (2014), most tourist spots grow rapidly when those destination places are near major populated and more technologically advanced areas. It simplifies the attractions of tourist spots to the people who want the area where tourism evolves. It really means that the tourists who want to take holidays are more attracted to travel conveniently when the destinations preferred are short distances. It also shows most tourist spots grow rapidly when those destination places are near major populated and technologically advanced areas. Hence, it will increase the growth and development of tourism and have a better revenue generation.

On the other hand, Agbor (2011) explained that the aim of providing quality services is to satisfy customers because quality is one of the things that consumers look for in an offer and quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs that is why it is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the consumer. Measuring service quality is a better way to dictate whether the services are good or bad and whether the customers will or are satisfied with it. Similarly, Mill (2007) cites that service pleases the customer, which adds to the customer’s enjoyment. It increasingly becomes method of differentiation; managers will have to become adept to getting feedback from customers of providing service to an increasingly diverse customer base. Azmat and Clemes (2021) add that the guest wants common courtesy, which means recognition, respect and a friendly welcome. A principal reason people dine out is the desire for sociability. Bak (2019) explained that the revenue can come from potential new customers as well as from existing customers. Since it costs fine as much as to attract new customers to maintain existing ones, it is more cost effective for the company to focus on increasing the loyalty of their existing customers. The most revenue area and cost savings can be attained in servicing the same customers repeatedly as compared to servicing new individual's accounts.

These literatures are classification of good service through tourist interaction in the leisure industry in Laguna District III. Revenue can then be gotten from patronage of the tourists, most especially if they are satisfied with the products and services offered.

2.3. Leisure industry and Economic Growth

As every nation moves toward an economy that is globalized and is networked by computers, the provision of leisure and tourism services change in numerous ways, customizing services based on increasing levels of information about customers. The characteristics of a networked economy, as described by Kelly (1998), include numerous implications for the delivery of leisure and tourism services. According to Romer (1990), investment in human capital, innovation and knowledge are significant contributors to economic growth.

Bascom (2016) believes that economic growth will be better suited to meet the wants of individuals and resolve socio-economic problems such as poverty; thereby ensuring the well-being of the economy and improving standard of living, by raising incomes providing jobs. In addition, economic growth can possibly even protect the environment by the creation of parks, reserves, and implementation of key policies. Consequently, some economists have argued that economic growth will eventually lead to an improvement in the environment and also to an improvement in the environment and also to the welfare of an individual.

One of the basic measures of growth in business is its income. It is also one of contributory factors in economic growth and development. Income is the earnings of the business from the sales of goods or service rendered (Ballada, 2014). As suggested by Mankiw (2007), when judging whether the economy is doing well or poorly, it is natural to look at the income that everyone in the economy is earning. As stated by Ukabuilu et al. (2015), the common terms for the added value created in transforming resources into more desirable states includes profit, income or earnings. Accountants measure the added value as the difference between cost of a product or service and the selling price of that product or service.

There are several studies linking leisure and tourism to economic growth. For example, Kim et al. (2006) conducted a study in Taiwan which tested the relationship between tourism sector and economic growth for Taiwan. The results showed a bidirectional causal relationship between tourism and economic growth. This is similar to the findings of Lee and Chang (2008) that there is a unidirectional relationship between tourism and growth for OECD countries. In Pakistan, Khalil and Kakar (2007), determined the effects of the short and long-term causality between economic expansion and tourism receipts which showed a long-term association between the development of tourism sector and the economic growth. This long-term associated was also proven by Salleh et al. (2011) on the relationship between tourism sector, trade and growth in ASEAN countries which showed a long-term correlation among foreign tourist arrival, economic growth and trade. In Jordan, tourism has an important role in its economic growth as tested by Orieqat and Saymeh (2015). This role was seen with job creation, earnings, infrastructure and increase in GDP in India. In the study of Dayananda and Leelavathi (2016), there was sustained and inclusive economic growth due to extension of tourism sector. However, Ozturk and Acaravci (2009) showed no unique long-term or equilibrium relationship between the real GDP and international tourism for Turkey.

3. Methodology

The descriptive method of research was used in this study in order to assess the contribution of leisure industries and implemented measures on safety and security toward economic growth of municipalities in the third district of Laguna Province in the Philippines. It is the design that gathers information about the problem, collates the data to test a hypothesis and answer the questions concerning to the status of the subject of the study.

The study employed self-administered questionnaire, a set of orderly arranged questions, carefully prepared to generate answers to the specific problem of the study. The questionnaire contains four parts: Part I determined the extent of contribution of leisure industry to the overall development of Municipalities; Part II assessed the status of the implemented measures on safety and security of the leisure industry in the municipalities; Part III identified the level of economic growth in municipalities with regard to employment, service and income; and Part IV calculated the significant relationship of the contribution and implemented measures on safety and security to the economic growth of municipalities.

The respondents of the study include 100 key stakeholders of leisure industry businesses such as tourist spot visitors, recreation facilities, restaurants, hotel and spa distributed as per municipality as follows: 20 from Alaminos; 40 from San Pablo City; 5 from Rizal; 5 from Victoria; 10 from Calauan; and 20 from Liliw.

The statistical tools used were average mean, standard deviation and t-test. Weighted mean and standard deviation was used to determine the extent of contribution of leisure industry to the overall development of municipalities, the status of implemented measures on safety and security of the leisure industry in the municipalities, and the level of economic growth in municipalities with regard to employment, service and income. The t-test was used to determine the significant relationship of the contribution and implemented measures on safety and security to the economic growth of municipalities.

4. Findings and Discussion

The major findings of the study are arranged according to the specific research objectives: (1) the extent of contribution of leisure industry to the overall development of municipalities; (2) the status of implemented measures on safety and security of the leisure industry in the municipalities; (3) the level of economic growth in municipalities with regard to employment, service and income; and (4) the significant relationship of the contribution and implemented measures on safety and security to the economic growth of municipalities.

Table 1

Extent of Contribution of Leisure Industry to the Overall Development of Municipalities

Indicators	Mean	SD	Interpretation
1. Leisure industries contribute in the protection of the environment.	4.18	0.66	Agree
2. Encourage tourism and promotes awareness of culture and history.	4.25	0.57	Agree
3. Leisure industry helps communities to increase job opportunities.	4.15	0.60	Agree
4. Provides a wide range of leisure activities for customers in a safe, secure and responsible environment	4.20	0.59	Agree
5. Attracts a large proportion of part- time and flexible workers	4.22	0.61	Agree
Overall	4.20	0.61	Agree

Legend: 4.50-5.00 Strongly Agree; 3.50-4.49 Agree; 2.50-3.49 Moderately Agree; 1.50-2.49 Disagree; 1.00-1.49 Strongly Disagree

It can be gleaned from Table 1 that the leisure industry has a great extent of contribution to the overall development of the selected municipalities in the 3rd district of Laguna. The level of the respondents' agreement on the indicators was manifested by an overall mean of 4.20. The highest of the indicators is the encouragement of tourism and the promotion of culture and history awareness. This is followed by the targeting of part-time and flexible workers which were given either self-employment as entrepreneur or permanent employment opportunity. However, the lowest mean was given to the ability of the leisure industry to protect the environment.

It can be observed that there are several actions taken by the tourism office to ensure that they encourage tourism and promote awareness of culture and history. There are festivities conducted in each municipality that ensure to protect the identity and local beliefs of the people to capture known and historic principles. When tourists were the target audience in festivities that they are attracted and eager to know the history based from the local tradition of a certain municipality the more potential linkage and growth identities can be observed (Aguda et al, 2013).

Other indicators that make the leisure industry to contribute to a great extent in the overall development of the municipality are the programs that attract a large proportion of part-time and flexible workers. Similar to Bascom (2016), the economic growth of the municipalities in the locale support the wants of individuals and resolve socio-economic problems such as poverty as it provides employment and self-employment.

In table 2, the status of the implemented measures on safety and security of the leisure industry in the municipalities is summarized. It indicates that "*advised customers of safety procedures in high risk areas to ensure minimal disruption*" acquired a mean score of 4.24 and standard deviation of 0.60 and has remarks of "agree." The indicator "*employees follow safety precautions for the tourist*" acquired a mean score of 4.29, standard deviation of 0.60, equivalent to 'agree'. The next indicator, "*the safety and security procedure is well implemented by the management*" got 4.18 with standard deviation of 0.63 interpreted as agree. "*Employees follow standard sanitation process to maintain cleanliness*" obtained a mean score of 4.26, standard deviation of 0.60, and remarks of 'agree.' Lastly, the indicator "*Management is responsive to customers' needs*" acquired a mean score of 4.26 with an standard deviation of 0.68, interpreted as agree.

Table 2

Status of Implemented Measures on Safety and Security of the Leisure Industry

Indicators	Mean	SD	Interpretation
1. Advised customers of safety procedures in high-risk areas to ensure minimal disruption.	4.24	0.60	Agree
2. Employees follow safety precautions for the tourist.	4.29	0.60	Agree
3. The safety and security procedure are well implemented by the management.	4.18	0.63	Agree
4. Employees follow standard sanitation process to maintain cleanliness.	4.26	0.60	Agree
5. Management is responsive to customers' needs.	4.26	0.68	Agree
Overall	4.25	0.62	Agree

Legend: 4.50-5.00 Strongly Agree; 3.50-4.49 Agree; 2.50-3.49 Moderately Agree; 1.50-2.49 Disagree; 1.00-1.49 Strongly Disagree

The results clearly indicated that the leisure industry ensure the safety and security of the tourists and other visitors. The municipalities assessed in the study provide measures for the sustainability of the businesses within the area. These measures are necessary for the continuous development of the industry. As suggested by Bointon et al. (2016), the safety and security procedures need to be identified.

Table 3

Level of Economic Growth in Municipalities in terms of Employment, Service and Income

Indicators	Mean	SD	Interpretation
Employment			
1. Employee receives substantial salary from the income generated from the leisure industry	3.91	.67	High
2. Management can still hire additional employees.	3.99	.59	High
3. Contractual or part time employees are hired during peak seasons.	4.05	.66	High
Service			
1. A large portion of income of the leisure industries comes from services.	4.09	.65	High
2. Leisure industries are involved in government projects.	3.53	.72	High
Income			
1. Leisure industry generates more income than other industries	4.01	.71	High
2. The municipality recognizes the leisure industry as a major source of income	3.49	.71	Average
Overall	3.84	.68	High

Legend: 4.50-5.00 Very High; 3.50-4.49 High; 2.50-3.49 Average; 1.50-2.49 Low; 1.00-1.49 Poor

Table 3 shows the level of economic growth in municipalities with regards to employment, service, and income. It indicates that leisure industry generates more income from services ($\bar{X}$=4.09; σ = 0.65) and even higher than other industries ($\bar{X}$=4.01; σ = 0.71), and provide employment to both contractual and part-time ($\bar{X}$=4.05; σ = 0.66) and can still hire additional employees ($\bar{X}$=3.99; σ = 0.59) with substantial salary ($\bar{X}$=3.91; σ = 0.67). The leisure industry also involves government projects ($\bar{X}$=3.53; σ = 0.72) which the municipalities recognize as major source of income ($\bar{X}$=3.49; σ = 0.71).

These findings are similar to Plog (2004) on the development of the destination places. As the findings clearly identified the big development of the leisure industry in the province of Laguna, it also contributed much to the revenue of the different municipalities. In addition, the growth of the industry helped developed the community and its people by providing entrepreneurship and employment. Relative to this is the observation of Bak (2019) that the revenue can come from potential new customers as well as from existing customers. By expanding the market, the industry can also improve its income.

Table 4

Relationship between Contribution and the Implemented Measures on Safety and Security

Variable	Sig.	Interpretation
Contribution of Leisure Industry	.416*	Moderate Relationship
Implemented Measures on Safety and Security	.421*	Moderate Relationship

*Significant **Not Significant

As illustrated in table 4, the results confirm the significant moderate relationship of the contribution of leisure industry to the economic growth of municipalities with 0.416 and the implemented measures on safety and security to the economic growth of the municipalities with 0.421.

The results confirm the findings of Anser et al. (2021) on the growth effects of leisure industry to the level of economic development, Kim et al. (2006) on the bidirectional causal relationship between tourism and economic growth, Lee and Chang (2008) on the unidirectional relationship between tourism and growth, Salleh et al. (2011) on the relationship between tourism sector, trade and growth, and Orieqat and Saymeh (2015) on the effects on job creation, earnings, infrastructure and increase in GDP. While the cited studies showed strong relationship, the results of the current study suggest a moderate relationship.

5. Conclusion

This study determined the contribution of the leisure industry and its implemented measures on safety and security toward the economic growth of municipalities in the Laguna Province. It specifically measured the contribution of leisure industry to the overall development of municipalities, assessed the status of implemented measures on safety and security of the leisure industry and described the level of economic growth of municipalities on employment, service and income. This descriptive research employed self-administered questionnaire in four parts to gather data from 100 key stakeholders of leisure industry businesses in the 6 municipalities in district III of Laguna Province. The data were analyzed through average mean, standard deviation and t-test.

The results of the study showed that the leisure industry contributes to the overall development of Municipalities as reflected by the agreement of the respondents on the various indicators assessed. Furthermore, it also disclosed that the status of implemented measures on safety and security of the leisure industry in the municipalities had been significant to the growth and development of the industry. Moreover, the level of economic growth in municipalities with regard to employment, service and income was also positively assessed as the key stakeholders agreed on the various indicators. The respondents identified that the leisure industries contribute in the protection of the environment, encourages tourism and promotes awareness of culture and history, and provides a wide range of activities for customers in a safe, secure and responsible environment.

The study provided a background data on the ability of the leisure industry in boosting the municipality income. As it was clearly assessed that the leisure industry generates more income than other industries, it recognizes its capability as a major source of income for the municipalities. It is essential because it can help the municipalities provide more funds for government projects, increase the income and job opportunities for its residents and provide sufficient supply of quality products and services. It should be prioritized to maintain quality, sanitation and safety of the products and services.

The study can help business operators to evaluate their own facilities, products, services, and activities so that they can improve their businesses. This will consequently lead to their increased contribution to their respective community and barangays. As the current study generated data from survey, the results are mere perceptions of the key stakeholders. Further studies are encouraged on the measurement of the actual income contribution of the industry to the municipalities.

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Filipino Millennials Motivational Behavior Toward Mobile Service Providers and Its Brand Advertising

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Abstract

This descriptive-correlational study which involved survey among 278 participants and investigated how Filipino millennials think, feel, and behave toward mobile service providers' brand image and advertising initiatives. Filipino millennials believe that advertising can influence their brand preference and choice. Aside from the satisfaction of network coverage and quality, this generation strongly believes that advertising can influence the loyalty of subscribers. Overall, the respondents are satisfied with the current mobile service providers' advertising initiatives and information dissemination and believe that the mobile service provider advertising initiatives can influence the loyalty as customers. There is a significant difference among the Filipino millennials' overall perspectives on advertising initiatives of mobile service providers ($0.851<\alpha$). There is also a strong positive relationship among the factors influencing Filipino millennials' choice of mobile service provider and the psychographic profiles (Φ=.65). Furthermore, there is a moderate positive relationship between mobile service providers' advertising initiatives and millennials' brand preference and choice (Φ=.36) Similarly, moderate positive relationships are obtained on the mobile service providers' advertising initiatives and millennials' motivation to continue using the products (Φ=.32) and the mobile service providers' advertising initiatives and millennials' loyalty to the brand (Φ=.3). In an industry where products and services are intangible in nature and with customers who are highly demanding, telecommunication companies should give consideration and effort in understanding the evolving needs and desires of their customers which can be applied in the form of usage, acquisition, up-sell, and cross-sell components.

Keywords: *millennials, consumer behavior, motivations, telecommunications, psychographic profile*

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1. Introduction

The concept of quality nowadays has gained traction in corporate management all around the world. In a globalized economy, internationalized markets, and severe competition, customer demand for quality has become increasingly sophisticated. In this regard, business survival and prosperity will rely more than ever on their capacity to detect consumer expectations, establish the internal causes of customer unhappiness, and ensure enhanced quality in order to supply services that match those needs. Quality is a broad concept that encompasses all services, goods, raw materials, and manufactured things (Rahmoun, 2020).

Due to continuous innovations and major technological developments, global telecommunications market transitioned into an industry which involves sharing and digital economy. The telecommunications industry is shaping one's lifestyle and behavior toward society, culture and environment. While the telecom industry undergoes continuous innovation to mold the behavior in dealing with everything - socially, culturally, and environmentally, business organizations are dependent to this industry because millennials are influenced by innovation and media. Among them are France Telecom, Vodafone, MTN, Bharti Airtel, Econet Wireless, and Millicom (Chapeyama, 2017). Developments and growth in the telecommunications industry have also had an impact on the economy of a nation (Sharif, 2016; Musingrimi et al., 2020), and the telecommunications business has also become vital for the development of the agriculture sector, education, manufacturing, and banking industries.

The Philippines recognizes that the importance of millennials have largest portion of the population (36%) in contrast to baby boomers or 50-64 years old age group (12%.). Millennials also make up 75% of the workforce (Olivan, 2016) and expected to gain consumption due to their influence in the household (Nielsen, 2015). These are a complex group of individuals, but clearly make mark even though portrayed negatively in various circumstance. The generation intents on pushing the envelope and going beyond the box which provides a clear perception on the positive spectrum (Lim, 2015).

Understanding the consumers is key to business success. Dealing and conversing with Filipino millennials are more complicated than ever due to their very emotional and apprehensive attitude. In order to connect with Filipino Millennials, it is vital to get to know them than just simply the "selfie generation" (Ramos, 2015). The availability of devices feeds into the desire of Millennials to be the "first to know" (Adobo Magazine. 2015; Nielsen, 2015). Thus, one challenge for marketers, retailers, and advertisers is the idea that millennials have a keen observation on prices and promotions, which everybody expects that this generation to be the same online and offline experiences (Accenture, 2015). In addition, there are numerous promotional activities and severe rivalry in the telecommunications market, where subscribers can easily transfer network providers (Nhundu 2017). As a result, switching network providers is less expensive and easier, and subscribers can keep their mobile phone numbers while switching service providers. Thus, this paper presents a conceptual argument and model for managing mobile telecommunications subscribers, particularly their switching behavior, by conducting a thorough theoretical investigation of the literature on customer satisfaction, loyalty, and switching behavior and proposing some kind of relationship between the aforementioned constructs.

2. Literature Review

2.1. Millennials

Millennials are those born from 1980 to 1993, but some would include those born until 2000 (Rappler, 2015; Frey, 2018). Millennials are the people who want to live now, to experience many things and always aspire for something new to fulfill their wants and needs. Due to its lifestyle, this is generation tagged as “YOLO” (You Only Live Once); it symbolizes that there is no such thing as permanent, every choice whether big or small will affect one’s life (Levin, 2015; Leblanc & Gensler, 2018). The Majority of millennials have careers, with some raising their own kids, some living their own homes and some living with their parents; and because of their influential power, their spending habits will surely increase by 2020 (Accenture, 2016). Despite being the children of Baby Boomers and some in early Gen X, this generation grew up in optimism and economic prosperity and treated to be the most distinct group in history (Turner.com, 2016). This generation has been shaped by both the technological advancement and economic recession. These young professionals are said to be living in cloud storages, owning various gadgets from mobile and smart phones, laptop, PC/Desktop, and tablet; and wanted a more flexible working conditions across different categories (ZenithOptimedia, 2015).

Given its increasing population, this generation is by far the largest group. Like other communities, millennials can be segmented into specific subgroups based on cause marketing, general outlook on life, and technology. These segments include *Hip-ennial*, *Old-School Millennial*, *Gadget Guru*, *Clean and Green Millennial*, *Millennial Mom*, and *Anti-Millennial:*

Table 1

Millennial Persona, Characteristics and Psychographic Profile

Millennial Persona	Characteristics	Psychographic Profile
Hip-ennial	• "I can make the world a better place." • Cautious consumer, global, charitable, and information hungry • Greatest user of social media, but does not push/contribute content; looking for entertainment	• Has a positive view of the environment • Always sees everything has a solution • Very adventurous and outgoing • Has high regard with other religions • They read online articles • Shops most frequently for especially for clothes and food • Cause-minded brand • Looks for product quality
Old-School Millennial	• "Connecting on Facebook is too impersonal, let's meet up for coffee instead!" • Disconnected, cautious consumer, and charitable • Confident, independent, and self-directed • Spends least amount of time online in most activities; reads printed media	• Finds fulfillment in her career • Has a positive outlook on her generation • Tends to provide insights about life and products • She knows what she wants • Prefers a personal visit in the store versus online shopping
Gadget guru	• "It's a great day to be me" • Successful, wired and free-spirited, confident, at ease • Now is his best decade • Greatest device ownership, pushes/contributes to content	• An impulsive buyer most of the time • Values time with his family and friends • Big fan of Facebook and Instagram • Loves going to museum • Has high interest in travel, fashion, and food.
Clean and Green Millennial	• "I take care of myself and the world around me." • Impressionable, cause driven, healthy, green, and positive • Greatest contributor of content, usually cause related	• Wants a healthy lifestyle • Enjoys going online in the evenings • Loves to go for outdoor activities • Likes to explore anything they want • Values brand that mirrors their personality • Tends to be economical at the same time
Millennial "Mom"	• "I love to work out, travel, and pamper my baby." • Wealthy, family-oriented, works out, confident, and digitally savvy • High online intensity in terms of time, activities, and shopping • Highly social	• Has a positive outlook on life • Spends much of her time on social media • Very economical in everything • Reviews online comments and inputs on brands and products • Her career is very important
Anti-Millennial	• "I'm too busy taking care of my business and my family to worry about much else." • Locally minded, conservative • Does not spend more for green • Seeking for comfort, familiarity over excitement, expansion, and interruption	• Very systematic, wants everything in order • Business minded • Concerned also with appearance • Tends to favor quality over economy • Always value time both personally and professionally

As more organizations face the issue of merging the newest working age with older colleagues, the work environment may suffer productivity challenges if changes to accommodate employees with differing attitudes and expectations are not made (Stewart, Oliver, Cravens, & Oishi, 2017). Similarly, marketing has taken their steps to the next level as millennials are not easily influenced at all by marketing and advertising. Only 1% from the millennial surveyed said that a compelling advertisement would encourage them to trust a brand or product because they believe that advertising is just a spin, and not organic nor authentic, hence they use to skip commercials from different platforms such as YouTube, Facebook, and various sites (Dan Schawbel as cited in Forbes Online Magazine, 2015). When it comes to this generation, they simply want to be more involved with the product development; their opinions must be heard by brands and organizations. From a media consumption standpoint, this generation is the biggest users of the digital media from mobile and smartphones, tablets, and PC/Desktops. Millennial consumers want a sincere and honest communication with every brand they love and they are looking for brands to value their relationship (Trautman, 2015).

Millennials have a strong preference for renting in cities or towns. When people decide to buy homes in downtown areas, they more closely resemble previous generations. The increasing number of millennials purchasing single-family homes in suburban areas is a good example of this phenomenon. According to NAR (2018), the share of millennials who bought in urban or central city areas decreased from 21 percent in 2015 to 15 percent in 2017. In 2017, approximately 57 percent of millennials who bought homes chose suburban areas, which was more than three times the figure for urban areas (NAR, 2018; Leblanc & Gensler, 2018). Today's youth can be defined as a culturally "atomized" generation (Salasuo & Poikolainen, 2016).

2.2. ***Consumer Behavior***

Industry 4.0 has transformed ordinary machines into intelligent systems capable of sensing and collecting necessary inputs without the need for human intervention, resulting in significantly improved overall performance. Industry 4.0 has enabled real-time data monitoring, allowing sellers to adjust prices and output in response to changes in a variety of factors (Vaidya et al. 2018). Until the 1960s, economic models and consumer behavior theories were based on the assumption of rationality. It was assumed that consumers were always rational in their purchases and thus purchased products that provided them with the greatest level of satisfaction (Le & Liaw, 2017). Consuming refers to the ways, which people acquire and use the products they buy; the process includes when the product is consumed and how the product is disposed. Consumer behavior has its own high advantage since it represents dynamic features and emphasizes many factors in determining the intended action of the consumer. This assumes that a strategy that worked in the past may not work or function in the future because strategy needs a constant review and that the world is in a constant change. The desire for successful and agile business plans fueled the development of business intelligence, which was aided by the internet of things and big data within organizations. This enabled businesses to obtain useful customer information, allowing for efficient decision-making through the identification of opportunities and threats, particularly by monitoring customers, suppliers, and competitors in real-time (Oláh et al. 2018).

Since the beginning of the 21st century, consumer behavior has been a major focus of market research. Consumer behavior and attitudes toward various brands, offers, sellers, and business strategies have been the focus of most studies (Mokrysz 2016). For instance, users typically search the Internet for information before purchasing goods or services for possible variations. Jun and Park (2016) investigated the relationship between purchase and search activity and behavior which showed that "*search traffic can be a significant predictor of purchases, depending on both price and frequency of purchases*" for non-durable goods.

2.3. ***Telecommunications Industry***

Like any other categories of food, drinks, beverages, and apparel, the telecommunication industry became more complex due to the consumer's lifestyle. Telecommunication sector is composed by networks, telephone, internet-linked PC's, and mobile phones that touches each and every one of us. It permits all of us to share and speak our thoughts via new technology and do business with nearly anyone around the world (Beers, 2021). In recent decades, the telecom industry has been under vast deregulation, innovation and witnessed dramatic growth in number of subscribers, network in size, and number of operators. In majority of the countries around the globe, this industry is already facing a plethora of new competitors. Traditional or old paradigm markets have tremendously experiencing growth and decline as internet is about to replace the voice system. Telephone calls were considered to generate revenues for companies, but this paradigm is changing quickly due to technological advancement. Telecom business is not just about voice, but it integrates already to text and image exchanges. Another important component is the high-speed internet accessibility to all, which delivers data applications and enable consumers to interact with others on a real time basis (Ranger, 2020). It is considered that residential and small business markets are the toughest. With the penetration of both the market players and products, each business owner is heavily dependent on price. Thus, the corporate market remains the industry's favorite. In another perspective, customers from the corporate accounts most likely concerned with the quality and reliability of the network. Big corporations both local and international, invest heavily on telecom infrastructure to provide a seamless experience to its customers (Twin, 2021). It is projected that telecommunication firms around the globe will post a higher growth year on year. This growth will be driven by cloud computing, mobile broadband, and big data management that will ensure the growth of firms to generate more revenue (Rogers, 2015). The industry predicts, even more, a vital growth in the future expanding business in terms of broadband network infrastructure, ranging from smartphones to the all-new-fiber connections from home to cities.

The number of mobile subscribers in the Philippines has reached 117 million by end of 2016. This growth is mainly driven by prepaid subscribers who have multiple SIM cards. This system helps the inflation of business figures and is a challenge to the organizations as well. While most countries are experiencing declining demand for fixed-line services, the number of fixed lines in the Philippines continues to increase, which is attributed to the operator's efforts to expand into undeserved rural regions (Business Monitor International, 2016). In the data released by Nielsen Consumer Media View, Q1 2016, which surveyed 10,000 respondents across the country-specific to millennial segment, 36.07% are Smart subscribers, 29.2% are Globe Telecom subscribers, 21.84% are Talk N Text subscribers, 15.94% are Sun Cellular holders, and 15.18% are Touch Mobile subscribers, and others at 0.08%. These major players are offering different products and services in the form of Prepaid, Postpaid, and Broadband. Across all these brands, majority of their subscribers are prepaid (Nielsen Consumer Media View, Q1 2016). Across the Filipino millennial segment, 56.35% has Smartphones, followed by 47.64% who owns mobile phones, 6.81% owning any table device, 6.6% has laptop computer/notebook, and 4.63% owns digital camera. In addition to increased competition and consumer choice, landlines have been overtaken by mobile phones, and postpaid telephone by prepaid; and now, offering digital fiber optics is on the line to intersect the market (Arangkada Philippines, 2016). The telecommunications industry is fastest as other industries like food, coffee, and retail. In just a decade, the Philippine telecommunications industry advanced a high-cost and monopolistic public utility to a sector with considerable competition. To date, two large and two smaller companies are active in the local telecommunications market.

According to Galla (2016), the Philippines telecom industry is currently heavily dominated by mobile communication, with players shifting their focus away from legacy telecoms such as voice and short messaging and toward data services and internet connectivity. To the extent that data is available, the discussion is further subdivided into prepaid and postpaid markets. The market cannot be divided into retail and wholesale due to the volume of data disclosed by Telcos. Finally, the market's geographic scope is national.

A Congressional franchise is required for a service provider, which is unique to the Philippines. Apart from the lengthy and time-consuming process of obtaining a franchise from Congress, licenses and permits to operate from the regulator, various national government agencies, and local governments can be seen as a deterrent to new entrants (Mirandilla-Santos, 2016). The availability of spectrum may be the most significant single barrier to entry at the moment. The PLDT and Globe purchases of SMC's telecom assets for PhP 69.1 billion leave less than a quarter of spectrum available for a third entrant; Globe claims this is sufficient to enable a future telecom player (Genio, 2016). This transaction was the subject of a legal battle between PLDT and Globe versus the PCC; in mid-October 2017, the Court of Appeals (CA) ruled that the acquisition was approved by operation of law and should be recognized by the PCC (Torres-Tupas, 2017). On the marketing side, this could take the form of customer product/contract lock-in, promotions that effectively temporarily lower prices, or an increase in advertising intensity; telcos' advertising expenditures are among the highest (Nielsen, 2016).

3. Methodology

This study used a mixed-method descriptive research design. This study aims to determine and describe the Filipino millennials, their general outlook on life, their lifestyle, values goals, traits, and attitudes, what psychological processes and motivational features behind Filipino millennials interactions, with their selected mobile service provider and toward its brand advertising initiatives; the Filipino millennials desire in their mobile service provider’s brand television and social media advertisement and how crucial is the role of mobile brand advertising in motivating subscribers for their continuous usage of the product.

The data were gathered, described, interpreted and analyzed from validated online-survey questionnaires (Cronbach’s alpha = .891.) and face-to-face interviews, involving purposively selected students, professionals, and parents in Metro Manila who are mostly 26 – 29 years old (42.09), female (58.99%) and single (76.26%).

The respondents were asked about their thoughts, emotions, and intended behavior toward their current relationship as customer with their mobile service provider and its brand advertising. Given that most humans process visual information (pictures) faster than verbal information (text and words) (Harper, 2002), photo elicitation of four popular ads of Globe and Smart was used to assist in data gathering or to trigger a reaction from respondents. Photos are symbols with meanings people must explain or document to others. Four advertisements of the following telecommunication brands were utilized in measuring the respondent's psychological constructs specifically the AIDA (awareness, interest, desire, and action) measurement toward brand TV and social media video materials, and in discovering how features of motivations are focused Globe Telecom, and Smart Communications. In creating Filipino millennial psychographics, the researcher has chosen the six Filipino millennials patterned on the segments/framework adapted from the Pew Research Center (2013) about millennials. These six chosen Filipino millennials provided the most valid and credible characteristics of the population. Since the study do not have access to all the millennials in Metro Manila, the personal Facebook account was used instead. Out of 1,774 Facebook friends, a total of 1,000 millennial friends were chosen as population. The study used the Philippine Social Survey Council (PSSC) formula in determining the desired number of respondents with 95% confidence level and 5% margin of error.

$$n = \frac{NZ^2_{\frac{\alpha}{2}}p(1-p)}{Ne^2 + Z^2_{\frac{\alpha}{2}}p(1-p)}$$

Where:

N= Population size

n= sample size = 277.54

p = probability value = 0.5

e = margin of error = 5%

$Z_{a/2}$= 1.96 at 95% confidence level

Substituting the given values to the formula would yield the following results:

$$n = \frac{(1000)(1.96)^2(0.5)(1-0.5)}{(1000)(0.05)^2+(1.96)^2(0.5)(1-0.5)}$$

n= 277.54

n≈ 278

Weighted means, standard deviations, frequency and percentage were computed. ANOVA was used to determine the significant differences among the responses. Phi square contingency coefficient (Φ) was also computed to establish the relationships and associations between and among variables like millennials perceptions, impact of brand image/ advertisement, consumer behavior, gender and age group.

4. Findings and Discussion

Table 1

Classification of Respondents according to their millennial type

Type of Millennial	f	%
Hip-ennial	122	43.88%
Old-school millennial	39	14.03%
Gadget-guru millennial	42	15.11%
Clean and Green millennial	28	10.07%
Millennial Mom	25	8.99%
Anti-millennial	22	7.91%

The respondents are comprised of 43.88% *Hip-ennials*, 15.11% *Gadget-guru millennials,* 14.03% *Old-school millennials,* 10.07% of *Clean and Green millennials,* 8.99% *Millennial Moms* and 7.91% Anti-millennials.

Table 2

Top of Mind Awareness of Respondents with regard to Mobile Service Providers

Top of Mind Product Awareness	f	%
Globe	203	73.02%
Smart	76	27.34%

When the respondents were asked about the first company that comes to mind (top of mind awareness or association) when they think of a mobile service provider, 73.02% answered *Globe* while 27.34% answered *Smart.* This result is mainly due to multiple strategic and efficient advertising efforts whether on a traditional and new media touchpoint (TNS Kantar PH Telecom Survey, Q3 2016). Breaking down into each segment, Hip-ennial has the highest point top of mind awareness and association with Globe Telecom, compared to other segments while Smart remains low for the said attributes. High association can be driven by both influence of advertising on different media touchpoints and majority of their friends are Globe subscribers.

Table 3

Respondent's Reasons for choosing their service mobile brand

Reasons for Choosing mobile service brand	f	%
Network quality	91	32.73%
Data services	64	23.02%
Network coverage	44	15.83%
Service bundle offer	41	14.75%
Brand image	11	3.96%
Reputation of the company	10	3.60%
Low cell rates	8	2.88%
Customer service	6	2.16%
Handset bundle offer	3	1.08%

In selecting their mobile service provider, this generation looks for the network quality, which can give them a 100% seamless performance in terms of internet connection and efficiency in operation use. Except for the clean and green millennials, they chose data services offer, which include options such as the capacity of internet that will fit their budget and lifestyle compared to network quality.

Table 4

Mobile service provider brand used by the respondents

Mobile Service Brand	f	%
Globe	229	82.37%
Smart	49	17.63%

Table 4 shows that 82.37% of the millennial respondents are currently Globe subscribers while 17.63% are Smart subscribers. Globe Telecom dominated the six segments on contrast to Smart. Moreover, 36% of Hip-ennials are Globe subscribers, and 5% millennial moms.

Table 5

Type of connection for mobile phone preferred/used by the respondents

Type of Connection	f	%
Prepaid	173	62.23%
Postpaid	105	37.77%

The majority of the respondents (62.23%) are prepaid users while 37.77% are postpaid subscribers. Value for money is the main reason for choosing prepaid, for instance, on a specific promo value, it offers more access to different content such as gaming, music, and videos compared to a postpaid plan, which mainly offers a limited content access and fixed bandwidth of the internet. Since the majority of the respondents are prepaid users, Hip-ennial tops all at 29%. This segment comprises of both students and young professionals who are not yet ready for commitment like billing on a monthly basis; that they still value being efficient on their spending like food, apparel, and anything that has something to do with their mobile costs.

Table 6

Gaining product knowledge prior to subscription

	f	%
Yes	182	65.47%
No	75	26.98%
Maybe	21	7.55%

When the respondents were asked if they tried to research about the product before signing subscription, 65.47% of the respondents said that they researched first about their mobile service provider before the purchase engagement. They were keen to know such information about the network quality, bundle offer, and features of mobile phones.

Table 7

How product knowledge was gained prior to subscription

Indicators	f	%
Asked friends, family for recommendations	158	56.83%
Visited the brand website	37	13.31%
Visited retail store	29	10.43%
Visted review sites (e.g., Google Reviews)	25	8.99%
Used social media (Facebook, Twitter, Instagram, etc.)	19	6.83%
Called customer service	9	3.24%
Visited by door to door salesperson	1	0.36%

As shown in Table 7, 56.83% of the respondents considered their friends and family's recommendations in knowing and getting such information about their mobile service provider. While 13.31% visited the brand website. Across all segments, recommendations from friends and family are very important when considering a certain mobile service provider. It is essential for them to hear such feedback from peers, which will help them during the pre-stage of their decision making.

Table 8
Preferred source/platform of Product knowledge/ input

Indicators	f	%
Social Media (Facebook, Twitter, Instagram, etc.)	119	42.81%
Television	61	21.94%
General Internet (Website)	46	16.55%
Through family and friends (word-of-mouth)	38	13.67%
On-ground promotions	8	2.88%
Billboard, LRT Ads, Bus and Jeepney Ads, etc.	3	1.08%
Print (Newspaper and Magazine)	3	1.08%

When the respondents were asked how they want to know and learn something about their mobile service provider, 42.81% of the respondents prefer the use of social media such as Facebook, Twitter, Instagram, and more, as these platforms are faster and real time, compared to television. When in fact, in social media, respondents able to revisit from time to time such advertisement versus a television commercial, where one needs to wait and predict when it will be shown again. From Hip-ennial to Anti-millennial, they all preferred social media channels in getting information about their mobile service provider product and advertising offerings. With this channel, they are not just visually informed, but they get more information about the brand. They considered television as a secondary platform.

Table 9
Factors Influencing Respondents ‘Buying decision

Indicators	f	%
Product features	115	41.37%
Price	60	21.58%
Brand name	36	12.95%
Brand adverrtisement	32	11.51%
Durability	16	5.76%
Product attributes	14	5.04%
After sales	5	1.80%

When the respondents were asked what influences their buying decision, 41.37% answered *product features;* 21.58% are influenced by *price;* 12.95% by *brand name* and 11.51% by *brand advertisement.* This generation, across all segments, significantly considered that their primary consideration before the actual purchase engagement is the features of the product. All they want is to have a seamless benefits for their call, data, and access to everything in a cost-effective way.

Table 10
Key factors influencing continued association with current mobile service provider

Indicators	f	%
Awareness of the mobile service provider	163	58.63%
Friends/Family's recommendations	94	33.81%
Advertisements	16	5.76%
Retailer	5	1.80%

Table 10 shows that 58.63% of the respondents continue to associate with their current mobile provider due to awareness. This association (awareness) is mainly driven by heavy presence such as simple branding in stores, social media channels, transportation vehicles, and in malls. While 33.81% of the respondents attribute their continued association to the recommendations from their family and friends.

Table 11

Respondents' Overall Perspectives on Advertising Initiatives

Indicators	XW	SD	Interpretation
In general, I believe my mobile service provider advertising initiatives can influence my brand preference and choice.	3.19	0.50	Agree
In order to know and learn about the brand and product of my mobile service provider, I follow their advertising initiatives (e.g., social media).	3.69	0.35	Strongly Agree
My mobile service provider advertising initiatives motivate me for my continuous usage of the product.	3.00	0.35	Agree
Aside from the network and service satisfaction, I believe that my mobile service provider advertising initiative can influence loyalty as a customer	3.15	0.08	Agree
Overall, I am satisfied with my current mobile service providers' advertising initiatives and information dissemination	3.23	0.15	Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

Table 11 shows the overall perspectives of respondents (n=278) on advertising initiatives. The respondents believe that their mobile service provider advertising initiatives can influence their brand preference and choice (3.19; *agree*); they *strongly agree* that in order to know and learn about the brand and product of their mobile service provider, they should follow their advertising initiatives (3.69). Their mobile service provider advertising initiatives motivate them for their continuous usage of the product (3.00; *agree*). They likewise *agree* that aside from the network and service satisfaction, they believe that their mobile service provider advertising initiative can influence their loyalty as customers (3.15; *agree*). Overall, the respondents *are* satisfied with their current mobile service providers' advertising initiatives and information dissemination (3.23; *agree*).

Table 12

Respondents' Preferred Tonal Quality of Advertisements

Indicators	WM	SD	Interpretation
When I want to know and learn about a mobile service provider product offering advertisement, I appreciate an *Informative* tone.	3.68	0.26	Strongly Agree
When I want to know and learn about a mobile service provider product offering advertisement, I appreciate a *Friendly* tone.	3.31	0.12	Strongly Agree
When I want to know and learn about a mobile service provider product offering advertisement, I appreciate a *Serious* tone.	1.77	0.19	Disagree
When I want to know and learn about a mobile service provider product offering advertisement, I appreciate a *Humorous* tone.	2.47	0.08	Disagree
When I want to know and learn about a mobile service provider product offering advertisement, I appreciate an *Educational* tone.	2.98	0.11	Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

When the respondents want to know and learn about a mobile service provider product offering advertisement, they most prefer an *informative* tone (3.68; *strongly agree*) and *friendly* tone (3.31; *strongly agree*). The respondents also like advertisements with *educational tone* (2.98; *agree*). However, the respondents least prefer either *humorous* (2.74; *disagree*) and *serious* (1.77; *disagree*) tonal qualities of advertisements.

Table 13

Respondents' Preferred Brand, Product and Advertising Initiatives

Indicators	WM	SD	Interpretation
I appreciate seeing several advertising efforts at the same time	2.55	0.41	Agree
I appreciate when the brand and product mirror my personality	3.33	0.14	Strongly Agree
I appreciate when brand and product value its attributes more than its features	3.15	0.09	Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

According to the respondents, they appreciate brands and products that reflect their personality (3.33; *strongly agree*). They prefer brands and products that give more value to its attributes than features (3.15; *agree*).

Table 14

Respondents' Preferred Type of Ad

Indicators	WM	SD	Interpretation
Transformational Ads by the mobile service provider can influence my brand and product preference.	2.98	0.83	Agree
Informational adds by the mobile service provider can influence my brand and product preference.	3.36	0.69	Strongly Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

As shown in table 17, the respondents' brand and product preference are most likely to be influenced by *informational ads* (3.36; *strongly agree*) than *transformational ads* (2.98; *agree*).

Table 15

Respondents' Reasons for Following Ad Initiatives

Indicators	WM	SD	Interpretation
I follow the brand's advertising initiatives because I like the brand so much	2.24	0.13	Disagree
I follow the brand's advertising initiatives because I want to be notified of special offers and promos	3.57	0.15	Strongly Agree
I follow the brand's advertising initiatives because I want learn about new products and services	2.50	0.47	Agree
I follow the brand's advertising initiatives because I want free stuff	2.26	0.29	Disagree
I follow the brand's advertising initiatives because I hope to remain up to date with brand/product news	3.18	0.13	Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

As per table 15, the respondents *follow the brand's advertising initiatives because they* want to be notified *of special offers and promos* (3.57; *strongly agree*), they *hope to remain up to date with brand/product news* (3.18; *agree*) and *they want to learn about new products and services* (2.50; *agree*).

Table 16

Suggested Improvement on Brand Image and Advertising Initiatives

Indicators	WM	SD	Interpretation
My mobile service provider should offer more innovative subscription packages	3.41	0.19	Strongly Agree
My mobile service provider should ensure and invest better quality of service and positive brand experience	3.12	0.06	Agree
My mobile service provider should constantly build and upgrade their network and bandwidth	3.07	0.10	Agree

Legend: 3.25-4.00 - Strongly Agree; 2.50-3.24 – Agree; 1.75-2.49 – Disagree; 1.00-1.74 - Strongly Disagree

In order for mobile service providers to improve their image, the respondents suggest that *mobile service providers should offer more innovative subscription packages* (3.41; *strongly agree*), they *should ensure and invest better quality of service and positive brand experience* (3.12; *agree*) and they *should constantly build and upgrade their network and bandwidth* (3.07; *agree*).

Table 17

Test of Significant Differences

Hypothesis	F	P-Value	F crit	Decision
H_{01}: There is no significant difference among the respondents' overall perspectives on advertising initiatives based on their psychographic profiles	3.41	0.01	2.37	Reject Ho Accept Ha
H_{02}: There is no significant difference among the respondents' preferred tonal quality of advertisements based on their psychographic profiles	0.03	1.00	2.37	Accept Ho Reject Ha
H_{03}There is no significant difference among the respondents' preferred brand, product and advertising initiatives based on their psychographic profiles	0.63	0.70	2.57	Accept Ho Reject Ha
H_{04}: There is no significant difference among the respondents' preferred type of ad based on their psychographic profiles	0.18	0.98	2.85	Accept Ho Reject Ha
H_{05}: there is no significant difference among the respondents' reasons for following ad initiatives based on their psychographic profiles	0.41	0.86	2.85	Accept Ho Reject Ha
H_{06}: there is no significant difference among the respondents' suggested improvements on brand image and advertising initiatives based on their psychographic profiles	0.83	0.56	2.57	Accept Ho Reject Ha

There is a significant difference among the respondents' overall perspectives on advertising initiatives (0.851<α) based on their psychographic profiles because the *P-value* is lower than the alpha (*a*), thus the alternative hypothesis is accepted. The ANOVA for hypotheses 2, 3, 4, 5, 6, yielded the following: There are no significant differences among the respondents' preferred tonal quality of advertisements (1.00>α); preferred brand, product and advertising initiatives (0.70>α); preferred type of ad (0.98>α); reasons for following ad initiatives (0.86>α); and suggested improvements on brand image and advertising initiatives (0.56>α); based on their psychographic profiles, thus the null hypothesis of no significant difference is accepted.

Table 18

Phi Square Contingency Coefficient of Factors Influencing Filipino Millennials' choice of Mobile service provider and their psychographic profiles

	Φ	Interpretation	Decision
Choice of Mobile service provider and customer psychographic profiles	+.65	Strong Positive Relationship (+40 to +.69)	Reject H_0 Accept H_a

***H**07: There is no association among the Factors Influencing Filipino Millennials' Mobile service subscription and psychographic profiles*

As shown in Table 18, there is a strong positive relationship among the factors influencing Filipino millennials' choice of mobile service provider and their psychographic profiles as indicated by its Phi square contingency coefficient of +.65. Using their psychographic profiles as basis, in selecting their mobile service provider, this generation considers product features as the foremost factor in choosing a mobile service brand. The mobile service provider of their choice must be compatible with who they are and must cater to what they need. One of the indicators of product feature is network quality, which can give them a 100% seamless performance in terms of internet connection and efficiency in operation use.

Table 19

Phi Square Contingency Coefficient of mobile service providers' advertising initiatives and influence on Millennials' brand preference and choice

	Φ	Interpretation	Decision
Mobile service provider advertising initiatives and customer brand preference and choice	+.36	Moderate Positive Relationship (+.30 to +.39)	Reject H_0 Accept H_a

***H**08: There is no association between Mobile service provider advertising initiatives and Millennials' brand preference and choice*

As shown in Table 19, there is a moderate positive relationship between mobile service providers' advertising initiatives and millennials' brand preference and choice as indicated by its Phi square contingency coefficient of +.36. In Telecommunications industry, brand choice and preference are two important attributes to be considered. The inferential data shows that this generation's brand preference and choice are moderately influenced by advertising. Such discussion of course will depend on how the advertising will be made to entice the customer to purchase or use such product. This generation is not after sales at all; Telecommunication is an intangible industry, since this generation is pragmatic and want to stay connected with the World Wide Web, they are looking for the product features such as ease of accessibility, call and phone features that can respond to their demands and needs, and cost-effective platforms with very rich business essentials. Hip-ennial and millennial moms believe that advertising initiatives from their mobile service provider could influence their brand's preference and choice. This is due to their being emotional and fond of seeing several advertisements from their service provider; that it helps them gain value as subscribers.

Table 20
Phi Square Contingency Coefficient of mobile service providers' advertising initiatives and motivation for millennials' continuous usage of their products.

	Φ	Interpretation	Decision
Mobile service providers' advertising initiatives and customer motivation for continuous usage	+.32	Moderate Positive Relationship (+.30 to +.39)	Reject H_0 Accept H_a

***H**08: There is no association between mobile service provider advertising initiatives and motivation for millennials' continuous usage of the product*

Table 20 shows that there is a moderate positive relationship between mobile service providers' advertising initiatives and millennials' motivation to continue using their products as conveyed by its Phi square contingency coefficient of +.32. They are most likely motivated to remain using the brand, if the brand mirrors their personality, personal values and caters to their desire to connect with the community. Given the tough competition in this industry, many products and services are being offered from time to time; thus, it is a must for marketers and advertisers to challenge their brands to keep their competition at bay.

Table 21
Phi Square Contingency Coefficient of mobile service providers' advertising initiatives and millennials' loyalty to the brand

	Φ	Interpretation	Decision
Mobile service providers' advertising initiatives and customer loyalty	+.38	Moderate Positive Relationship (+.30 to +.39)	***Reject** H_0* ***Accept** H_a*

***H**09: There is no association between mobile service providers' advertising initiatives and millennials' loyalty to the brand.*

There is a moderate positive relationship between mobile service providers' advertising initiatives and millennials' loyalty to the brand as denoted by its Phi square contingency coefficient of +.38. All segments hold the notion that advertising initiatives from their mobile service providers can influence them to be loyal customers, as long as the brand also values them not just as customers but as partners in building the brand.

5. Conclusion

Consumer motivation and brand engagement of Filipino millennials can be best understood by examining their thoughts, emotions, motivations and intended outcomes. Millennial psychographic groups are constantly exposed to different social and economic opportunities, different technological activities, different social perceptions and community norms. In Telecommunications industry, brand choice and preference are two important factors to be considered. The data showed that this generation is highly influenced by such advertising on their brand preference and choice. Such discussion of course will depend on how the advertising will be made to entice the customer to purchase or use such product.

The Filipino Millennials believe that their mobile service provider advertising initiatives can influence their brand preference and choice. They are aware that in order to know and learn about the brand and product of their mobile service provider, they should follow their advertising initiatives. Their mobile service provider advertising initiatives motivate and influence them to continue using their products. The respondents are satisfied with the overall quality of their mobile service providers' advertising initiatives and information dissemination. When it comes to tonal qualities of their mobile service providers' advertisements and promotional materials, the millennials mostly prefer the ones with informative and friendly tones. They also like advertisements with educational tone. They do not like advertisements that are either humorous or serious. Such results imply that millennials are no longer fascinated by generic brand advertising; they prefer a story that talks and symbolizes social value which then intrinsically motivates them to gain a deeper value as subscribers. The brand and product preferences of the millennials are most likely to be influenced by informational rather than transformational advertisements of mobile service providers. The millennials follow the brand's advertising initiatives because they want to be notified of special offers and promos, to remain up to date with brand/product news and they want to learn about new products and services. There is a significant difference among the millennials' overall perspectives on advertising initiatives of mobile service providers ($0.851<\alpha$) based on their psychographic profiles. There is a strong positive relationship among the factors influencing Filipino millennials' choice of mobile service provider and their psychographic profiles. There are moderate positive relationships among the following variables: mobile service providers' advertising initiatives and millennials' brand preference and choice; mobile service providers' advertising initiatives and millennials' motivation to continue using their products; and mobile service providers' advertising initiatives and millennials' loyalty to the brand.

In an industry where products and services are intangible in nature and with customers who are highly demanding, telecommunication companies should give consideration and effort in understanding the evolving needs and desires of their customers; this may also be applied in the form of usage, acquisition, up-sell, and cross-sell components.

Telecommunication companies may leverage on the power of technology and advertising creativity to incentivize customers by integrating human social values and mobile brand experience. Incentivizing, in the form of rewards and freebies for continuous usage of the product, cultivate strong relationships between the brand and the customer.

With the mobile phone penetration reaching a saturation, 'retention' became more significant than 'acquisition'. Further strategic and detailed consumer behavior exploration is required to provide stronger base in the study. Future studies on consumer behavior should concentrate on understanding the desires and motivations, which can be applied in real-world situations. Future research should also embrace the challenge of the new era where technology is disrupting everything. A brand is not only a powerful tool, but also a selection criterion which consumer base their decision. More attention and focus should be given to psychological components of attitude of consumers. Expose gaps that will lead every researcher to discover meaningful insights that can contribute to the body of knowledge, the academe and the industry. Researchers should expand the scope of their studies and go beyond the consumer's purchase and usage behaviors. Greater emphasis may be placed on non-purchase modes (e.g., motivation and loyalty) of their behavior, such as how they are as subscribers, and how they perceive brand advertisements. They may cover other areas such as consumer learning, perception, decision making, attitudes, and personality.

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The Effects of COVID-19 Pandemic on Small and Medium Enterprises

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Abstract

The research aimed to delineate the effects of COVID-19 on the operations of Small and Medium Enterprises (SMEs) in Candelaria, Quezon specifically on key business drivers, HR and business functions such as operations, finance and marketing. Using descriptive research method, the 133 randomly chosen business owners were surveyed using researcher-made questionnaire distributed via Google Forms. The study showed that key business drivers highly affected by the pandemic were products and services offered and business location. The businesses were unlikely affected in terms of HR but likely consider to stop hiring new employees and reduce working hours. The overall effect on the major business functions was rated 'high' with emphasis on the installation of health protective measures and strictly following the protocols. In addition, most of the business owners anticipate loss than profits. The emergence of different platforms to market and sell the products and services enable the SMEs to transcend from the losing end to the new normal of work. However, to sustain the operations of the SMEs in the long run, the local government intervention is necessary.

Keywords: *Small and Medium Enterprises, SMEs, Sustainability, COVID-19*

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1. Introduction

The world faced a global health crisis which is growing rapidly since it has begun. The emergence of the new strain of virus has created a chain of global issues that the world has been facing. The unprecedented growth of coronavirus disease in each country has sustained incapacitated problems in economy and businesses of the world. Philippine has no exemption to the latter scenario. After the first case of coronavirus disease was recorded in December 2019, the number of cases grew bigger and bigger until the situation urged the government to initiate strict lockdowns. Little by little, establishments were forced to close and the effect of the disease has devoured the economy. Total lockdowns were raised that businesses have stopped their operations. The stop meant additional burden to the government since the foundation of the Philippine economy comes from agriculture and industry and the lockdown operations of business had shut down affecting the production.

In the report of the ADB Philippine Enterprise Survey on COVID-19 Impact (Asian Development Bank, 2020), it was relatively clear that the pandemic had a large-scale impact on the operations of the businesses. Of the 13,878 firms surveyed from November 26 to December 10, 2020, only 63% reopened following the easing of protocols on November 2020. However, only 9% operated at full capacity. Furthermore, 21% opted for voluntary closures despite government provisions for reopening and 7% permanently closed due to business losses. In terms of operations, 67% declared reduction in sales between July and November 2020 due to limited operations and limited walk-in customers. Several companies reduced the working hours (19%) as well as wages (16%). The major concern of the businesses is the insufficiency of cash (66%). The micro and small enterprises were disproportionately affected where two-thirds totally changed to online business model whereas only 14% received support from the national or local government units.

From one of the fastest growing economy to being a ‘sick man of Asia’ in 2019, the Philippines has been hardly hit by the pandemic due to its vulnerable economic model (Mendoza, 2021). The series of lockdowns severely affected tourism industry which crippled several other industries such as retail, food, communication and leisure among others (Statista, 2020). However, the sudden shift to online commerce gave advantage to the IT industry.

There are diverse effects of pandemic lockdowns on businesses by region. The survey conducted by the World Bank (2020) from July 7 – 14, 2021 showed that 70% of firms in Cebu and 57% of firms in the National Capital Region, CALABARZON and Central Luzon experienced the highest levels of closures. This resulted to a permanent closure of one in every five companies in arts, entertainment and recreation, tourism and food service business. Numerous studies show a relatively negative impact of pandemic lockdowns, closures and health protocols to all the businesses. However, studies and surveys conducted failed to determine its impact on the small and medium enterprises (SMEs) in the various regions. This study contests that the impact of the pandemic varies by industry and region. As such, businesses in the other regions have been severely disadvantaged while other industries in the other regions have experienced mild to moderate impact. In this context, the current study aims to determine the impact of COVID-19 pandemic to SMEs in Candelaria, Quezons. Specifically, the study assessed the effects on the key business drivers, HR and business functions such as operation, marketing and finance.

2. Literature review

2.1. Status of SMEs during COVID-19

SMes have a very significant role in the Philippine Economy with its vital importance in the job creation that reduces poverty indices. It is seen as contributing factor to the economic development of the rural and far-flung areas (The MSME Sector at a Glance, 2012). According to the data cited by UP-ISSI Diliman (2020), Philippines has 99.62% SMEs establishments which provided 62.9% workforce in 2017. Being recognized by the government as one of the primary contributors in the economy, the government through the initiative of the Department of Trade and Industry (DTI) has designed programs in maximizing the resources to develop highly skilled and competitive entrepreneurs that could develop the society and elevated its standard of living.

The global health crisis severely affected the SME sectors worldwide. The small and micro business had to shut down because of the strict health protocols in order to contain the spread of the virus. As cited by Rivas (2020), the Asian Development Bank posited 70.6% of the SMEs had forced temporary closure of the business due to the outbreak. Moreover, Teo (2020) also cited the Philippine Statistics Authority report of the 17.7% unemployment rate which is over 7.3 million job losses. This was summed up by de Vera (2020) to a total economic losses that of 2.2 trillion pesos and millions of jobless workers.

The SME global status is even worse than the Philippines. According to Fairlie (2020), there was a loss of 3.3 million active business owners (22%) from February to April 2020 due to mandates and health and economic-driven demand shifts in the United States. It was further disclosed that the large drops in the number of active business owners majority include the construction, restaurants, hotels, transportation, and personal/laundry services with the exception of agriculture. These data clearly established the fact that no business was immune to the negative impacts of the strict protocols imposed by the governments. In the Southeast Asia, the statistics prove a critical impact on the various industries. The data gathered from the study of Awad and Konn (2020) showed that agribusiness and tourism had been hardly hit in the countries of Laos, Vietnam, Cambodia, the Philippines and Myanmar. The study identified that the food supply chain was not able to sustain livelihoods caused by the travel restrictions delaying the transport of produce from farms to markets. Similarly, there has been significant losses in the tourism sector as recorded by 99.6% decrease in tourists’ arrivals in Angkor Wat, Cambodia during April 2020.

In the Philippines, the MSMEs have been negatively affected. According to Awad and Konn (2020), the manufacturing and agriculture sectors had been negatively hit by the pandemic affecting more than one third of the Philippine economy. The lockdowns and travel restrictions imposed in the Philippines affected the transport of produce from farms to markets; the supply of agricultural labor; and demand, both locally and for exports. Accordingly, the survey conducted by PricewaterhouseCoopers on the impact of COVID-19 on businesses in quarantine revealed that 44% of MSMEs required better working capital management and 39% of MSMEs felt that access to financing was one of the more critical needs. As a result of lockdown, MSMEs were pressured on the working capitals and were forced to absorb losses.

According to Turner and Akinremi (2020), the effects of the pandemic are disproportionate as some industries suffer huge losses while others are benefited financially. For instance, tourism-related businesses are negatively affected. The businesses suffered with negative impacts of the pandemic include automotive and smartphone industries (Woetzel et al., 2019), hotel/tourism, hospitality, entertainment, and the financial industry (Han et al., 2020) and oil gas and coal business (Fernandes, 2020). Accordingly, TESDA (2020) and Business World (2020) summarized the estimated losses of the various industries in the Philippines as PHP 93.2 to 724.8 billion (wholesale and retail trade, repair of motor vehicles and motorcycles, PHP 82.1 to 855.2 billion (manufacturing), and PHP 10.7 to 79.7 billion (real estate, renting and business activities) and P110.3 billion (agriculture). With these, Jandoc et al. (2020) found that SMEs do not have the capabilities to withstand the COVID-19 shock.

2.2. Impact of COVID-19 pandemic on business

Human Resource. According to the ILO (2020), the massive losses in working hours which are equivalent to 305 million full-time jobs are predicted for the 2nd quarter 2020, while 38% of the workforce is employed in high-risk sectors. In the context of the SMEs, there were major issues on employment of women and persons with disabilities (United Nations, 2020). Accordingly, the ILO (2019) lockdowns and other restrictions decreased the working hours by 10.7% while it increased the unemployment dramatically. Meanwhile, the United Nation (2020) projected that around 38% of the global workforce is employed in high-risk sectors which is equivalent to 1.25 billion workers around the world. These are most often the low-paid, low-skilled workers. Drastic effects on workers were recorded in food and accommodation (144 million workers), retail and wholesale (482 million); business services and administration (157 million); and manufacturing (463 million).

In the Philippines, a drastic decline of employment levels with estimated ten million people losing their jobs (DOLE, 2020) which surged the unemployment rate to a record of 17.7 in April 2020. The government provided some measures through the resumption of business operations in the country. As stated in the Labor Advisory No. 17, Series of 2020, the employers may resume their business operations at the same time preserve the employment of their workers. Certain guidelines are continuously being implemented including the Work from Home (WFH) or Telecommuting Work Arrangement and Alternative Work Schemes (Lopez, 2020). This paved the way to ease the jobless rate to 10% in July 2020 with estimated 4.6 million unemployed Filipinos as reported by the Philippine Statistics Authority (Rivas, 2020). According to Karl Chua, acting secretary of the socioeconomic planning agency, the unemployment rate is expected to recede further to 6%-8% next year with continuous resumption of the economy (Reuters, 2020). Nonetheless, the government should be proactive in containing the spread of the virus and reaching out to the “affected workers and firms to revive the economy”, as claimed by the National Economic and Development Authority (NEDA).

As a result of the lockdown, the data gathered by DOLE (202) showed that household incomes went down, mainly due to suspension and closure of non-essential work. Accordingly, 285,650 displaced workers from 17,300 establishments nationwide since January 2020 were recorded. Of these establishments, 15,549 or 89.8% have reduced their workforce while the remaining 1,751 or 10.2% have reported permanent closure. Most affected are workers from the National Capital Region (53.5%), CALABARZON (15.6%), Central Luzon (9.7%), and Central Visayas (9.3%). Among the sectors, workers in the administrative and support service activities (20.3%), manufacturing (14.0%), other service activities (12.6%), construction (10.3%), and accommodation and food service activities (9.2%) are mostly affected. In addition to these, a total of 86,954 establishments, majority of which were microenterprises (57.8%), covering 2,094,036 workers reported to have temporarily closed. Meanwhile, 36,851 establishments, most of which are micro (40.4%) and small enterprises (45.9%), covering 1,484,285 workers reported to have adopted flexible working arrangements (DOLE, 2020).

Operations. Business operation is defined as everything within a company as a whole in order to keep it running and earning money. The business impact of coronavirus disease to business operations can be clearly seen because companies have been knocked off balance and this pandemic prompted the business owners to adopt ways of working to beat the uncertainty brought about by this situation. With the COVID-19 crisis, there are significant changes in the routes to market, consumer behavior and supply chains which will mean that resiliency must be achieved by means of accelerating the execution of the strategies and techniques to meet the chain transformation in the business. One of the important aspects that must be considered in business operation amidst the pandemic is the shift from top-down decision making thus empowering teams which will be guided by purpose and empowered by technology to enable faster speed to market. So now more than ever the different companies must develop the rapid response in order to address the current disruptions to reshape the future of their business.

The various operations of business are drastically affected by the various government restrictions. For instance, restaurant owners around the world had to develop another business model because their operations contribute largely to the spread of virus (Maze & Heather, 2020). Due to the decline in in-store purchases, employees find it difficult to execute their diversity, equity, and inclusion strategies (Woetzel et al., 2019). In the Philippines, some restaurants were forced to shut down permanently in order not to incur huge losses. In a study conducted by Vigilia, et al. (2021) on the restaurants in Cabanatuan in the Philippines, 36% in the restaurant sector closed except for the major players (64%) in the industry that included fast-food chains and known home-grown restaurants. Since these were affected by the restrictions, there were no dine-in customers, the online food delivery, ready –to-cook raw materials and pick-up or delivery via food couriers were implemented. According to Bingham and Hariharan (2020), the business operational continuity is the greatest concern of all industries.

Finance. Finance includes all the activities relevant to the management of the company's money such as investing, borrowing, lending, budgeting, saving and forecasting. This also represents the process of acquiring the needed funds. According to Deloitte (2020), global responses to the coronavirus disease 2019 (COVID-19) outbreak continues to rapidly evolve. COVID-19 has already had a significant impact on global financial markets, and it may have accounting implications for many entities. Some of the key impacts include, but are not limited to: interruptions of production, supply chain disruptions, unavailability of personnel, reductions in sales, earnings, or productivity, closure of facilities and stores, delays in planned business expansions, inability to raise financing, increased volatility in the value of financial instruments, reduced tourism, disruptions in nonessential travel and sports, cultural and other leisure activities.

The report of the Asian Development Bank (2020) reflected that the impact on MSME revenue was similar to the results for MSME sales in the Philippines. Accordingly, there were 61.7% of microenterprises with no revenue in March 2020 due to business closures, followed by small firms (49.1%) and medium-sized firms (35.8%). MSMEs that operated during the lockdown had a sharp drop in revenue, with 26.5% of micro, 40.8% of small, and 41.0% of medium-sized firms having more than a 30% revenue decrease in March from February. All three industrial sectors also had no revenue after the lockdown (more than 60% of MSMEs in services and manufacturing, respectively). By sector, the estimates indicated that education, construction, and accommodation and food services were more likely to have no revenue in March 2020 than agriculture due to temporary business closures. By region, MSMEs in Caraga (Region XIII), Cagayan Valley (Region II), and Northern Mindanao (Region X) were less likely to have no revenue in March 2020 or no closure of business than NCR-based firms. By operating period, longer-established MSMEs were more likely to have decreased revenue in March 2020. The number of revenue-declined MSMEs that had operated for more than 31 years was 2.8 percentage points higher than the number that had operated for up to 5 years at the 10% significance level (Shinozaki & Rao, 2021).

Marketing. Marketing comprises activities of a company to attract customers and maintain relationships with them. This also includes the process of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. According to Holland & Knight (2020), the global pandemic has resulted in changes to advertising, marketing, promotional and media spends, forcing businesses and brands to re-evaluate their thinking about current and future advertising and marketing campaigns to maintain a steady stream of income. While brands currently seek to strike the right tone during a global health emergency, the future portends market alteration, increased competition and a demand for creative and aggressive marketing practices. As brands adapt and figure out how to promote products and services in the midst of the COVID-19 crisis, governmental agencies are closely monitoring potential unfair and deceptive business practices to protect vulnerable consumers, monitor aggressive marketing campaigns and terminate COVID-19 scams.

According to Murphy (2019), the household consumption demand, the value of goods and services that households are available and willing to buy, developed a new pattern during the pandemic. The implementation of lockdown further creates a higher price for goods due to increasing demand for it. However, as issues on the employment crisis and shortage of income exist. Claessens (2016) explains that the intensity or level of market competition in an industry is directly affected by rate market growth. However, Rose (2020) projected a weaker market competition in the United States brought about by mass closures of small to midsize firms. Due to the changing patterns of marketing and consumptions, the various industries find ways to market their products and services. For instance, the health industry actively moved toward telemedicine telehealth solution (Shihui Xiang, et al., 2021).

3. Methodology

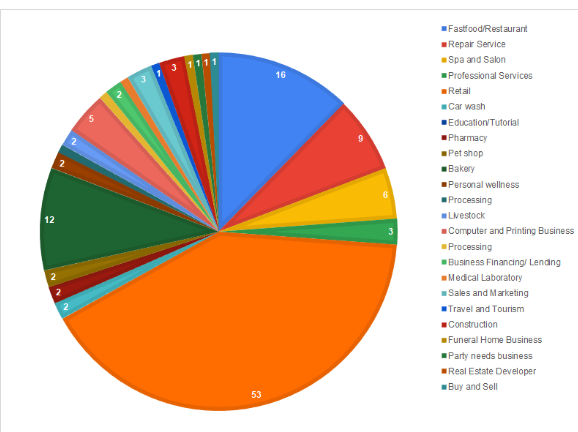
This study used descriptive research design. Descriptive research aims to describe the current status of the variables under study. The purpose of descriptive research is to give a clear understanding of a particular observation and to deepen one's knowledge of a certain phenomenon. As such, the results of the study provide the general picture of the current situation that SMEs in the study locale experienced during the pandemic.

The participants of the study were the owners of the small and micro enterprises in Candelaria, Quezon in the Philippines. The businesses were classified based on the number of employees and their income. Through the assistance of the Candelaria Municipal Business Permit and Licensing Office (CMBPO), the potential respondents were identified. Form the list given by the CMBPO, the random sampling technique was utilized. The businesses were chosen based on proximity and availability of social media page. Due to the government restrictions during the conduct of the survey, there were limited responses from the businesses listed in the CMBPO. To gather as much samples for the study, the snowball approach was also used. The business owners recommended and introduced other business owners who are willing to participate in the survey. Due to the sensitivity of the topic related to finance and taxation, some business owners were hesitant to participate. At the end of the data gathering, a total of 133 business owners were survey.

Figure 1 shows the type of business surveyed.

Figure 1

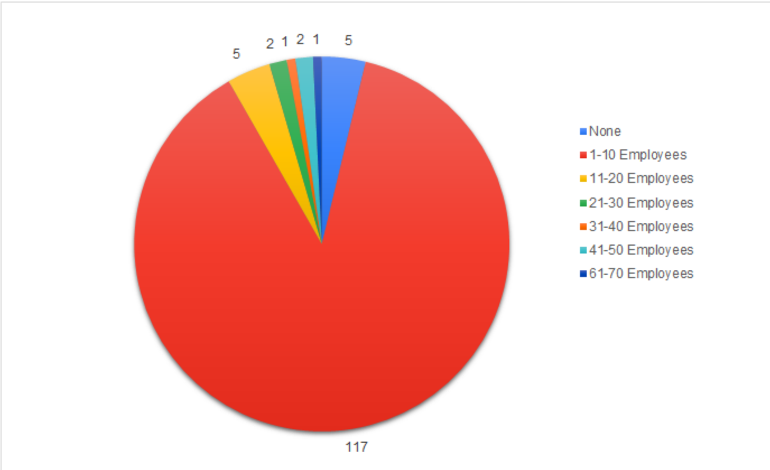
SMEs according to type of business



The 5 common types of SMEs surveyed include: retail business (53, 39.33%), fast food/ restaurant (16, 13.53%), bakery (12, 9.02%), repair services (10, 7.52%) and spa and salon (6, 4.51%).

Figure 2

SMEs according to number of employees



The data distribution of the number of employees showed that the majority of the enterprises were micro businesses comprising 117 or 87.97%. On the other hand, the remainder were Small businesses comprising 16 or 12.03%. The number of employees for micro businesses were no more than 9 and those of the small businesses range from 10 - 99 (The MSMEs Sector at Glance, 2020).

The study used a researcher-made questionnaire which aims to delineate the impact of Covid-19 to the enterprises of Candelaria in terms of the key business drivers, HR and business functions such as operation, marketing and finance. The research instrument was divided into three sections namely: demographic survey, HR aspects and business functions. The first section focuses on the nature of business and number of employees. Meanwhile, the second section focuses on the evaluation of the impact of Covid-19 in terms of major HR decisions and number of terminated employees. The last section highlights the assessments on the business functions. The statements were rated using 4-point Likert Scale. The university research validated the contents of the questionnaire. It was modified and improved according to the feedback given by the committee.

The survey was created using Google forms and distributed through online platforms such as Gmail, Yahoo mail and Facebook due to the ongoing restrictions during the data gathering. The survey was conducted from May – December 2020. A formal letter with consent form was prepared according to the Data Privacy Act.

Descriptive statistical tools were utilized for data analysis. For the demographic survey, frequency count and percentage were used to describe the characteristics of the observations. Meanwhile, weighted means were used to measure the perception of the respondents regarding the impact of Covid-19 to the enterprise.

4. Findings and Discussion

The entrepreneurs assessed the level of effects of the COVID-19 pandemic on the key business drivers such as products, customers, location and marketing strategies. The results of the assessment are shown in table 1.

Table 1

Level of Effect on the Key Business Drivers

	Indicators	Mean	Level of Impact
1	Price of the Product/Services	2.56	High
2	Number of Current Customers	2.68	High
3	Business Location	2.83	High
4	Products and Services Offered	2.93	High
5	Marketing Strategies	2.50	High

Legend: 1.0 – 1.5 = Very Low; 1.51 – 2.5 = Low; 2.51 – 3.5 = High; 3.51 – 4.0 = Very High

At a glance, the indicators assessed were highly affected by the pandemic which highly influenced the business operations and profitability. The products and services offered ***(M = 2.93)*** and business location ***(M=2.83)*** were evaluated the highly affected drivers. Although all the key business drivers were assessed as highly affected, the marketing strategies were rated the least.

The results reflect the varying degrees of effect of the pandemic depending on the type of industry and location of business as highlighted in various statistics. For instance, the report of the Asian Development Bank (2020) provides a clear variance on the levels of effects based on the type of industry where tourism, service and manufacturing with highest impact and location of business with Region XIII, Region II and Region X with the least profitability. Accordingly, the businesses with negative impacts include automotive and smartphone industries (Woetzel et al., 2019), hotel/tourism, hospitality, entertainment, and the financial industry (Han et al., 2020) and oil gas and coal business (Fernandes, 2020). Similarly, the situation in Candelaria, Quezon provide a similar pattern based on the type of business or the products and services offered and the location of the business. Accordingly, the businesses within the town proper are highly affected due to strict compliance with the government procedures whereas establishments outside the main industrial site enjoy the privilege of less restrictions. However, businesses outside the busy locations have lower market reach and lesser number of customers. In addition, the type of products and services dictate the demand and supply. During the pandemic, the basic necessities such as food, medicine and hygiene products have constant to increasing demand. However, products classified as luxurious and not necessity suffered decreasing demand trends.

Table 2

Level of Likelihood on the Major HR Decisions

	Indicators	Mean	Level of Likelihood
1	Plans reducing the current employees due to Covid-19	2.23	Unlikely
2	Terminates employees because of Covid-19	1.74	Unlikely
3	Reduces the number of employees' working hours	2.51	Likely
4	Reduces the employees' salary due to Covid-19	1.74	Unlikely
5	Stops hiring employees during the pandemic	2.69	Likely
	General Weighted Mean	**2.18**	**Unlikely**

Legend: 1.0 – 1.5 = Extremely Unlikely; 1.51 – 2.5 = Unlikely; 2.51 – 3.5 = Likely; 3.51 – 4.0 = Extremely Likely

Table 2 shows the level of likelihood on the major HR decisions. It assessed the likelihood of the occurrence of the various indicators. Accordingly, the business owners mostly likely stop hiring new employees (M = 2.69) and reduce working hours (M=2.51). However, the businesses most unlikely terminate employees (M=1.74) and reduce salary (M=1.74). Overall, the respondents were unlikely affected in terms of HR (M=2.18).

The results showed differing HR decisions. While majority are unlikely to terminate employees and reduce salary, the others consider these as preventive measures for long-term losses. One factor considered for the assessment results is the type of business surveyed which are mostly offering basic products and necessities that households need. However, the survey clearly reflects the fact that businesses consider not to hire any employees and reduce the operating hours. The situation creates underemployment as a product of some humanitarian acts.

The situation in Candelaria, Quezon seem less drastic than the other parts of the world and the Philippines. The depressing situation with the estimated million decline in the employment (DOLE, 2020) and the decreased working hours (ILO, 2019) were least likely to occur in Candelaria. While most surveys conducted showed majority suspended jobs, reduced hours and reduced salary (de Vera, 2020; United Nations, 2020; Lopez, 2020; Rivas, 2020; Reuters, 2020), the SMEs in Candelaria continue to operate normally despite the restrictions.

Figure 3

Number of Terminated Employees

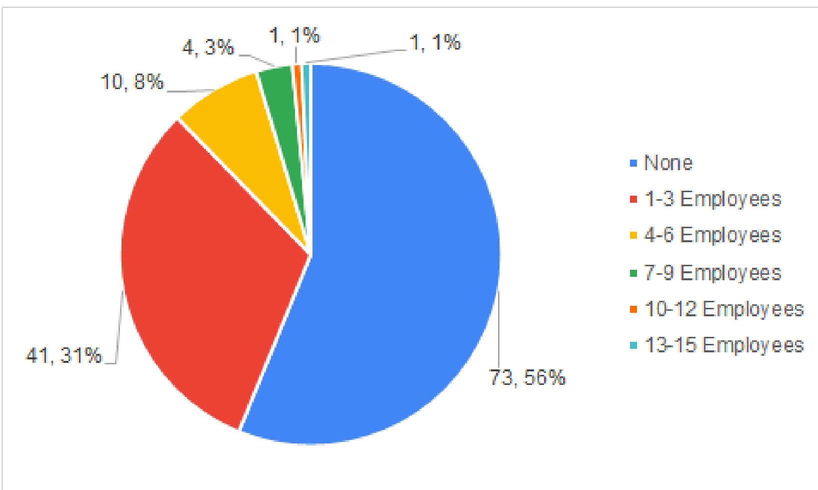


Figure 3 shows the number of terminated employees from 2019 – 2020 brought about by the pandemic. While the majority of the business owners have no intention to terminate their employees amidst pandemic (56%), the 31% of the businesses already terminated 1 – 3 employees. The results are contrary to the overall unemployment rate (DOLE, 2020; ILO, 2019; ADB, 2020). The results showed a minimal termination of employees from the SMEs in Candelaria, Quezon.

The percentage of terminated employees support and verify the likelihood of major HR decisions (Table 2). While majority considers not to terminate employees, many of them opted for reduction in the number of hours. Accordingly, the SMEs average number of employees range from 1 – 99. With the range of production, most of the micro businesses with 9 or less employees cannot afford to hamper operations brought by the pandemic.

Table 3
Level of Effect on Major Business Functions

	Operations	Mean	Description
1	Shutdown of business operations because of lockdowns	2.64	High
2	Reduction of operation hours	2.82	High
3	Employees' work schedule	2.67	High
4	Suspension of operations for Covid-19 confirmed cases	3.20	High
5	Installation of health protective measures and protocols	3.50	High
	Weighted Mean	**3.05**	**High**
	Finances		
1	Amount of sales collection to cover expenses	2.89	High
2	Amount of income to pay for business obligations	2.91	High
3	Additional budget for the Personal Protective Equipment	2.92	High
4	On-time onsite payment of taxes/expenses	2.94	High
5	Income generating activities	2.63	High
	Weighted Mean	**2.86**	**High**
	Marketing		
1	Current number of customers	2.80	High
2	Supply of products and services	2.69	High
3	Product distribution during lockdowns	3.03	High
4	Supply of materials and other resources	2.92	High
5	Promotions and other activities	2.91	High
	Weighted Mean	**2.87**	**High**

Legend: 1.0 – 1.5 = Very Low; 1.51 – 2.5 = Low; 2.51 – 3.5 = High; 3.51 – 4.0 = Very High

Table 3 shows the pandemic's level of effect on major business functions such as operations, finance and marketing. The overall effect on the indicators was high as manifested by weighted means of 3.05 (operations), 2.86 (finance) and 2.87 (marketing) interpreted as 'high'. All the indicators were rated 'high' indicating drastic effects on the various aspects of the business. The highest effect was recorded on operations where businesses were required to install health protective measures and strictly follow the protocols (M=3.50). Similarly, the operations were also affected by suspension of employees positive with COVID-19 (M=3.20) and the product distribution affected the marketing aspect (M=3.03). All other ratings were compact showing similarity of responses.

In terms of business operations, other indicators showed that businesses reduce the operation hours (M=2.82), changed the employees' work schedule (M=2.67) and shutdown business during lockdowns (M=2.64). The assessment is similar to all the business around the world. For instance, Bartik, et al. (2020) reported that 41.3% of the businesses in the United States had to temporarily close due to the health crisis and Gonzales (2020) cited the 1.9 million job losses for a temporary closure of business in the Philippines.

In terms of finance, indicators showed that businesses have difficulties on on-site payment of taxes/expenses (M=294), additional budget for PPE (M=2.92), income to pay for obligations (M=2.91), amount of sales to pay expenses (M=2.89) and income generating activities (M=2.63). All the indicators were rated 'high' signifying drastic effect on the business finances. These are similar to the findings of JPMorgan Chase & Corp. (2020) and Asian Development Bank (2020) on the adverse impact on the financial management of SMEs. All the difficulties experience by the SMEs root from the inability to generate a higher rate of revenue and profit (Asian Development Bank, 2020) resulting to profit losses accounted for a low economic performance (de Vera, 2020).

In terms of marketing, aside from product distribution (M=3.03), business experience challenges on supply of materials and other resources (M=2.92), promotions and other activities (2.91), current number of customers (M=2.80) and supply of products and services (M=2.69). The results showed that the biggest challenge to the business owners pertain to the mobility of the products and services due to the travel bans and restrictions. Accordingly, the travel bans and restrictions created log on distribution of finished products, delivery of raw materials and supply of finished goods. As Musiak (2020) claimed that sales were adversely affected by the Covid-19 but food and Telco enterprises were not greatly affected. Since the distribution of the products was the number one challenge faced by the business owners, Winarsih, et al. (2020) posited that the transition of SMEs to digitalization would greatly affect its sustainability. In addition, Arriola (2020) supports the engagement to online businesses due to the current restrictions.

The COVID-19 generally has high negative effects on the major business functions of SMEs in Candelaria, Quezon. Due to the travel bans and restrictions, the mobility of products, materials and supply was severely affected. This slows the logistics leading to much slower cycle of production to sales. Although there are less concerns on the productions capabilities, the delivery of materials and availability of labor affect the operations.

Figure 4

Estimates on Profit and Losses

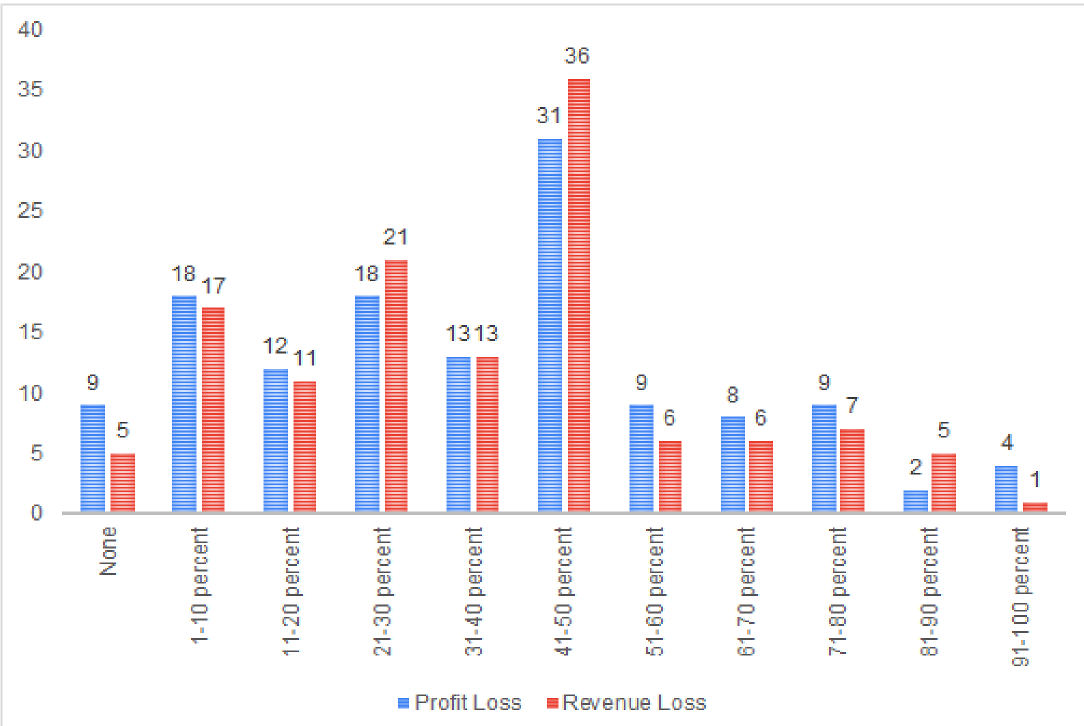


Figure 4 shows the estimates of the business owners on the percentage of profit and losses experienced amidst pandemic. Most of the business owners anticipate 41%-50% profit and loss with high number of respondents (36) anticipating loss than profits (31). This indicates both optimistic and pessimistic attitude of the business owners. While many are certain on the possibility of losses, still most of them anticipate to at least get profits from the limited operations.

The diverse responses provide an inclination on the severity of impact to the SMEs. While the business owners are looking at the brighter side of the situation, taking advantage of any available opportunity, there are other measures taken to avert the risks caused by the pandemic.

The results relatively indicate that despite the government restrictions and strict protocols, business owners definitely find ways to carry on with limited operations to sustain the business.

5. Conclusion

The research aimed to delineate the effects of COVID-19 on the operations of SMEs in Candelaria, Quezon. Through descriptive research, 133 randomly chosen business owners were survey using researcher-made questionnaire distributed online via Google Forms. The 5 common types of SMEs surveyed include retail business, fast food/ restaurant, bakery, repair services and spa and salon. The research instrument was divided into three sections namely: demographic survey, HR aspects and business functions. Descriptive statistical tools were utilized for data analysis.

The results of the study showed that the key business drivers highly affected by the pandemic include the products and services offered ***(M = 2.93)*** and business location ***(M=2.83).*** The businesses were unlikely affected in terms of HR but likely consider to stop hiring new employees (M = 2.69) and reduce working hours (M=2.51). Although businesses most unlikely terminate employees (M=1.74) and reduce salary (M=1.74), the 31% of the businesses already terminated 1 – 3 employees. On the other hand, the overall effect on the major business functions was manifested by weighted means of 3.05 (operations), 2.86 (finance) and 2.87 (marketing) interpreted as 'high'. The highest effect was recorded on operations where businesses were required to install health protective measures and strictly follow the protocols (M=3.50). Similarly, the operations were also affected by suspension of employees positive with COVID-19 (M=3.20) and the product distribution affected the marketing aspect (M=3.03). In addition, most of the business owners anticipate 41%-50% profit and loss with high number of respondents (36) anticipating loss than profits (31).

There were number of limitations to be considered in this study. The sample was too small as a percentage of the total population which might affected the overall skewness of the assessment data. In addition, the participants were majority from the micro enterprises which most of the times are homebased and backyard industries. Due to the restrictions and non-participation of the majority of the medium enterprises in the survey, the response rate was very low. Similarly, the absence of secondary data in the municipality during the conduct of the study makes no bases for comparison. However, the skewness of the assessment indicates similar experience among the respondents.

With focus on the variables assessed, it was obvious that business may thrive through digitalization in order to recover the business losses during the pandemic. The emergence of different platforms to market and sell the products and services enable the SMEs to transcend from the losing end to the new normal of work. However, to sustain the operations of the SMEs in the long run, the local government intervention is necessary. It is indeed a must to formulate program to support, assist and help SMEs development from the drastic effects of the pandemic. These programs should bridge business owners and the whole community. The results of the current study can be inputs to formulate programs necessary for the SMEs development. Moreover, further research can be conducted to further assess the other factors and variables in the SME performance during the pandemic.

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