

Utilization and Relevance Analysis of Government Business Support Services in Balanga City

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Abstract

Government has the primary role in assisting the business sector to realize profitability and progress. Government business support services (GBSS) must provide relevant assistance to ensure the effectiveness of its programs and activities. This study analyzed the utilization and relevance of government business support services to the local business community in Balanga City. The research identified the business policies of the government as the basis for business support services and described the local government unit GBSS in the city. A mixed methodology was employed in the implementation of the research study using a sequential explanatory approach. Results of the survey yielded a composite mean of 2.81 with the descriptive equivalent 'Aware' for the knowledge of government business support services. For relevance, the business owners verified the composite mean of 3.12 with the descriptive equivalent 'Relevant'. However, business owners emphasized the underutilization of the said services. Significant information from the study is the correlation between membership in business organizations and awareness and relevance of government business support services. Narratives of business owners described the factors affecting the utilization and relevance of government assistance to the local business community. Analysis of data indicates correlations of the given variables. The study infers that business owners who are engaged with business organizations have a high level of awareness and utilization of government business support services. Recommended intervention is to develop programs to engage business owners in government business support services. Another is to create business organizations that will assist the LGUs in reaching out to the business owners, unifying the local business community, and engaging them in business support programs.

Keywords: Government business support services, utilization of government business assistance, relevance of government business program

Introduction

Government intervention is a significant component for local businesses to thrive. Internal capacity must be supplemented with external support. The primary source of business for this requirement is the government business support service of the local government unit. The LGUs are expected to provide essential services that will help businesses to improve innovation and competitiveness (Xuan, 2019). The GBSS is the government's noble move to ensure the profitability and sustainability of MSMEs

(Yacoob,2010). As a prime mover of economic development, the government needs to provide support to the business community. Business support services are paramount important for the growth and development of businesses and the economy (Yussof,2014). For local firms to succeed, government intervention is a critical component. External assistance must be added to the internal capabilities. GBSS is the principal source of firms for this requirement. The Local Government Units are required to provide key services that will assist businesses in increasing their creativity and competitiveness. (Xuan,2019).

The government's business assistance services must be viewed in light of the current economic paradigm. We need to discover how important it is to assess the support services' structure and functions, as well as the concerns and obstacles that they face as well as the best ways to produce relevant services for the business sector (Yacoob, 2010).

Literature about government business support services presented varied studies across the globe investigating different dimensions of the mediating role of government in assisting businesses. According to Cravo (2016), there is a large knowledge gap about the intervention of local government units in providing business support services and evaluating the impact on business performance. Conducted meta-analyses and presented the impacts of government business support services to the local business community. But there is a need to establish what intervention works best for the business entities. Numerous studies on government business support services were conducted but limited research is evident in the developing country (Yussof M. et.al, 2022).

In the Philippines, The Asian Development Bank (ADB, 2020) studied the needed support of businesses from government institutions during and after the pandemic. The key findings of the study described economic relief and support as the primary needs of the businesses. It is about support for continuous access to finance. Secondary is the provision of assistance on reopening and to help the business to be able to bounce bank. And lastly, the programs for recovery and policies. It is about business entity restructuring and developing the market network. Given the needs of the enterprises, the government created a strategic long-term direction that focuses on the large-scale socio-economic pillar.

Prior to the said study, different national agencies created socio-economic programs and policies that include comprehensive government business support agendas for the local business community. In 2015, Ambisyon Natin 2040 was created, a collective long-term vision for Filipinos. Anchored in this vision is the Philippine Development Plan, a mid-term plan that set the context for economic expansion. The agendas created for socio-economic programs and policies provided the roles of the government in supporting the business community.

For Bataan, the government business support services are anchored from the National and local business policies and programs. It is anchored in the MSME Development Plan for the year 2017-2022 and now gearing to the same development plan for the year 2023-2028. As stated in the said plan is to provide an innovative and creative business environment, these are the two specific roles of the local government unit (DTI MSMED Council, 2018). The local government unit has implemented business policies and programs to support and assist the business sector to grant the growth and profitability that they aspire. However, the account of the business performance in the city presents a dwindling result of business performance. Given the pandemic condition, this adds up to the burdens of the business sector. This study is an analysis of the awareness, utilization, and relevance of government business support services to the local business community in Balanga City. It identified the business policies and programs as references to GBSS and described the local government unit that delivers the business support services. The research described the awareness, utilization, and relevance of the government business support services to the business owners, and It also determined the factors affecting the utilization of government assistance to the local business and evaluated the relevance and the needed

support of the community. The output of the research is the utilization and relevance analysis report for Balanga City Local Government.

Objectives of the Study

The research aims to:

1. Identify the business policies of the government as a basis for business support services.
2. Describe the local government unit GBSS in Balanga City.
3. Describe the awareness, utilization, and relevance of government business support services of the business owners.
4. Determine the factors affecting the utilization of government business support services.
5. Provide utilization and relevance analysis reports of Balanga LGU business support services.

Methodology

The study utilized a sequential explanatory mixed-method research design. To identify the city government policy, the researcher conducted interviews with the local city government to inquire about the basis of the local government in defining the business support services framework and the services that the government is implementing for the business community. The quantitative part is a survey of the profile of the respondents, and the description of the services in terms of awareness, utilization, and relevance. Based on the quantitative data collected, the second phase of the research is a qualitative method that captured the narratives to contextualize the given information. The research instrument was constructed based on the description of the support services provided by the city government. It was developed by identifying indicators that represent the components of the support service framework and services implemented in the city.

For the quantitative method, respondents are randomly selected from the list of registered businesses in Balanga City. The number of samples is determined using a sample size calculator considering a 5% margin of error and 95% confidence level. And for the qualitative method, purposive sampling is used to gain contextual narratives from the respondents. The treatment of data collected from the quantitative method utilized descriptive statistics. For qualitative technique, it performed thematic analysis to contextualize the information collected.

Results and Discussion

The presentation of research results is composed of three parts. The first part is the identified basis of the city business support services framework that describes the assistance implemented in the city. Second is the description of the respondents' profile and the government business support services in terms of awareness, utilization, and relevance. And lastly, the thematic analysis of the narratives describes the insightful stories of respondents about the factors affecting the utilization of the government business support services.

1. Basis for the city business support services framework

The government business support services framework of the city is anchored on national and local business policy and program mandates of different agencies and institutions that cover socio-economic agendas. Table 1 shows the basis of business support services in the city.

Table 1

Basis of support services framework

Philippine Development Plan 2017-2022 Chapters 8-9
MSME Development Plan 2017-2022
DILG Guidelines on Promoting Local Economic Development Memo Circular No 2020-167
City External Services (Business Related) 2022 City of Balanga Citizen’s Charter
Scope of Bataan Public Private Partnership and Investment Center – Section 5 of SangunianPanlalawigan Ordinance 02 Series of 2019

2. Components of government business support services in Balanga City

Table 2

General support services in the city

Business and investment opportunities
Promotion and development of businesses
Assistance in the Public-Private Partnership project
Support in participating in trade and exhibition
Business advisory in terms of consultation, coaching, and mentoring
Business registration assistance
Business information and advocacy in the forms of training and seminar
Marketing assistance
Financial Program

The table above presented the identified general government business support services that the city of Balanga is providing to the local business owners. Based on national and local policies, the local government implemented services that help the local business community improve the business climate in the city. These services are joint implementations of the different agencies anchored on the mentioned policies and mandates. The programs and projects are executed by the local government thru the City Economic Investment and Development Office (CEIDO), Provincial Cooperative Enterprise and Development Office (PCEDO), and the Department of Trade and Industry (DTI). And these are facilitated as government business support services offered to the local business owners in the city and other municipalities in the province of Bataan.

3. Survey of respondents’ profile and description of awareness, utilization, and relevance of GBSS

3.1. Profile of the Business Owner

The table shows seventy percent (70%) of the total business owners are female whereas thirty percent (30%) are male. With regards to their age, thirty percent (30%) of the total business owners belong to the age group of 36 to 45 years old, twenty-four percent (24%) are 46 to 55 years old, twenty-three percent (23%) are 26 to 35 years old, eighteen percent (18%) are 56 years old and above, and only five percent (5%) are 18 to 25 years old. In line with their civil status, seventy-seven percent (77%) are married, eighteen percent (18%) are single, three percent (3%) are separated, and only two percent (2%) are widowed.

Table 3
Profile of the Business Owners

Sex (n=412)	Frequency	Percentage
Male	123	30
Female	289	70
Age (n=412)	Frequency	Percentage
18-25	28	5
26-35	92	23
36-45	119	30
46-55	96	24
56 and above	77	18
Civil Status (n=412)	Frequency	Percentage
Single	78	18
Married	290	77
Widow/er	21	2
Separated	23	3

3.2. Profile of the Business

Table 4
Profile of the Business

Size of the Business (n=412)	Frequency	Percentage
Micro	219	56
Small	144	35
Medium	49	9
Membership of the Business (n=412)	Frequency	Percentage
Member of Business Organization	370	90
Not a member	42	10
Years of Business Existence (n=412)	Frequency	Percentage
1-5 years	243	59
6-10 years	90	22
11-15 years	21	5
16 years above	58	14

As shown in the table, fifty-six percent (56%) of the businesses are micro, thirty-five percent (35%) are small, and nine percent (9%) are in medium size of businesses. In terms of their membership, ninety percent (90%) belong to a business organization while ten percent (10%) are not. Fifty-nine percent (59%) of the business have been operating for 1 to 5 years, twenty-two percent (22%) have been operating for 6 to 10 years, fourteen percent (14%) have been operating for more than 16 years, and only five percent (5%) have been operating for 11 to 15 years.

3.3. Awareness of Government Business Support Services

As shown in the table, the indicator “Business registration assistance” accumulated the highest rating (Mean=3.14; SD=0.72; Aware) while the indicator “Assistance in Public-Private Partnership project” obtained the lowest rating (Mean=2.52; SD=0.93; Aware).

Table 5
Awareness of Government Business Support Services

Indicator	M	SD	DE	Interpretation
Business and investment opportunities	2.88	0.75	Aware	High Level
Promotion and development of business	2.84	0.80	Aware	High Level
Assistance in the Public-Private Partnership project	2.52	0.93	Aware	High Level
Support in participating in trade and exhibition	2.72	0.83	Aware	High Level
Business advisory in terms of consultation, coaching, and monitoring	2.80	0.83	Aware	High Level
Business registration assistance	3.14	0.72	Aware	High Level
Business information and advocacy in the forms of training and seminar	2.91	0.81	Aware	High Level
Marketing assistance	2.77	0.79	Aware	High Level
Financial Program	2.69	0.85	Aware	High Level
Composite	2.81	0.64	Aware	High Level

As a whole, the rating (Mean=2.81; SD=0.64) suggests that the level of awareness of the business owners in Government Business Support Services is “*High Level.*”

3.4. Utilization of Government Business Support Services

Table 6
Utilization of Government Business Support Services

Indicator	Utilized (n=412)		Not Utilized (n=412)	
	Frequency	Percentage	Frequency	Percentage
Business and investment opportunities	180	44	232	56
Promotion and development of business	196	48	216	52
Assistance in the Public-Private Partnership project	149	36	263	64
Support in participating in trade and exhibition	179	44	233	56
Business advisory in terms of consultation, coaching, and monitoring	157	38	255	62
Business registration assistance	304	84	108	26
Business information and advocacy in the forms of training and seminar	176	53	236	57
Marketing assistance	177	53	236	57
Financial Program	165	40	247	60

As presented in the table, the indicator with the highest percentage is “Business registration assistance”, in which eighty-four percent (84%) of the total business owners stated that it is utilized. However, the least utilized indicator is “Assistance in Public-Private Partnership project”, wherein fifty-nine percent (64%) of the total business owners said that it is not utilized.

Overall, more than fifty percent (50%) of the total business owners emphasized the “Promotion and development of business”, “Business and investment opportunities”, “Support in participating in trade and exhibition”, “Business advisory in terms of consultation, coaching and monitoring”, “Business registration assistance”, “Business information and advocacy in forms of training and seminar”, and “Marketing assistance” are not utilized in terms of the government business support services.

3.5. Relevance of Government Business Support Services

Table 7
Relevance of Government Business Support Services

Indicator	M	SD	DE	Interpretation
It is able to create a business-friendly environment.	3.21	0.80	Relevant	High Level
It improves public-private partnerships.	3.09	0.83	Relevant	High Level
It provides financial assistance programs to help businesses succeed.	3.07	0.94	Relevant	High Level
It supports innovative startups and helps them grow.	3.11	0.92	Relevant	High Level
It helps entrepreneurs build solid networks thru trade fairs and exhibitions.	3.12	0.92	Relevant	High Level
Ensure businesses to have access in training, consultation, and coaching programs.	3.14	0.90	Relevant	High Level
It helps with fast-tracking licensing and permitting.	3.21	0.82	Relevant	High Level
Providing information and advocacy services for making business processes more efficient.	3.13	0.90	Relevant	High Level
Design and implement projects to provide unlimited scope for local products.	3.11	0.91	Relevant	High Level
It provides loan guarantees to small businesses and encourages local banks to work with start-ups or established companies that want to expand.	3.01	0.99	Relevant	High Level
Composite	3.12	0.79	Relevant	High Level

As revealed in the table, the indicators that garnered the highest ratings are “It is able to create a business-friendly environment.” (Mean=3.12; SD=0.80; Relevant) and “It helps with fast-tracking licensing and permitting.” (Mean=3.21; SD=0.82; Relevant), whereas the indicator that gained the lowest rating is “It provides loan guarantees to small businesses and encourages local banks to work with start-ups or established companies that want to expand.” (Mean=3.01; SD=0.99; Relevant).

Taken collectively, the level of relevance of the Government Business Support Services to business owners is “*High Level*”, as denoted by the rating (Mean=3.12; SD=0.79).

3.6. Relationship of Awareness and Relevance of GBSS to the Membership of the Business

Table 8
Relationship of Awareness and Relevance of GBSS to the Membership of the Business

GBSS	Membership of the Business		
	r_{pb}	Sig.	Remarks
Awareness	.13 *	0.012	Negligible Correlation
Relevance	.04 ^{ns}	0.471	Negligible Correlation

*Note: Correlation of sub-variables of GBSS to Awareness and Relevance in Membership of the Business was calculated using Point-Biserial Correlation Coefficient (r_{pb}); *significant at 0.05 level; ns – not significant at 0.05 alpha level*

As shown, the Awareness of the Business Owners posted a positive negligible correlation to Membership of the Business as indicated by the test statistic value ($r=.13$; $sig=.012$). On the other hand, Relevance to the Business Owners did not establish a statistically significant relationship with the Membership of the Business as implied by the result ($r=.04$; $sig=.471$).

4. Narratives on factors affecting the utilization

Table 9 illustrates the factors affecting the utilization and relevance of government assistance to the local business community. Analysis of data indicates correlations of the given variables. Significant information from the study is the correlation between membership in the organization and service utilization.

Table 9
 Themes derived from the narratives of factors affecting utilization

Member of Business Organization	No Organization
Themes	Themes
Help the start-up business and help it grow and progress	Businesses are self-build
Providing strategies for conducting business	Programs are not promoted well
Promoting the product and business	Small business does not need more activities
Availing the training, coaching, and seminars	Too many requirements in joining the government projects on business
Acquiring relevant information on business and its management	No financial funds are available
Capital and financial support	No time in joining the government activities
Develop partnerships, networks, and opportunities	No invitation, no experience in the government support program
Establishing the business	Never tried to avail of support services except for business permit service
Improve sales and marketing	Not much need for government support

Conclusion

The study infers that government efforts in promoting its business support services are halfway in terms of awareness. Business owners are aware of the support services but are not actively utilizing them due to the given narratives derived from the thematic analysis. They perceived the business support services as relevant to their business operations but not utilizing them. Business owners who are engaged with business organizations have a high level of utilization of government business support services.

Recommendations

Recommended intervention is to develop campaign programs to engage business owners in government business support services. Another is to create business organizations that will assist the LGUs in reaching out to the business owners, unifying the local business community, and engaging them in business support programs.

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