

The Survival Strategies of Sole Proprietorship Businesses: Responding to COVID-19 Pandemic Crisis

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Abstract— The purpose of the study is to determine the survival strategies of sole proprietorship businesses in Tago, Surigao del Sur as a response to COVID-19 pandemic crisis. This study used the descriptive-survey method through a researcher-made questionnaire. It considered age, sex, civil status and educational attainment of the sole proprietors, the type of business, years of business establishment, and business location. It also considered the survival strategies in terms of sales and marketing and business operation management. A structured interview was also done to validate the answers of the respondents. In terms of sales and marketing survival strategies, the study showed that sole proprietorship businesses have not implemented strategies on the use of any social media platform such as blogging and livestreaming, TV and radio advertising, offering delivery services to promote the business, reach out customers and provide store updates. Majority of them were not into availing the financial assistance from the government to cover expenses and losses during pandemic. As to business operation management, regular conduct of meeting with employees, strategies to reach out suppliers for timely delivery were not implemented. Strategies on learning flexible business model and exploring new product market were less implemented. It is recommended to conduct trainings and workshops on trends on business promotion, reaching the market with the use of digital technology and social media platforms, and trainings and workshops on effective business operation management.

Keywords— COVID-19 pandemic, responding, sole proprietorship, survival strategies

I. INTRODUCTION

The corona virus disease (COVID-19) pandemic has shocked national and global economies. Economic activities have been strictly restricted to safeguard health and control the transmission of the virus. Businesses are forced to cut-back service delivery and production, lay-off employees and opted temporary closure but some things haven't changed. Doing business effectively and ethically remain an unwavering groundwork for business owners during these turbulent times. Sole proprietorship businesses in Tago, Surigao del Sur endure its operations amidst the challenges they are facing in the time of pandemic. Considering their importance in the society which is to satisfy the needs of the consumers, it is very relevant to study their survival strategies.

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According to Fairlie (2020), the number of working business owners plummeted from 15.0 million in February 2020 to 11.7 million in April 2020 because of COVID-19 mandates and health- and economic-driven demand shifts. The loss of 3.3 million active business owners (or 22%) was the largest drop on record. Total hours worked by all business owners dropped by 29%. Although incorporated businesses are more growth-oriented and stable, they experienced a drop of 20% from February to April 2020. Another weekly survey indicates that decreased demand is more problematic than supply factors, such as accessing materials and goods (Desai & Looze, 2020). Bartik et al. (2020) conducted a survey in late March of nearly 6000 small businesses that were members of the alignable business network. They find that 43% of businesses are temporarily closed, large reductions in employees, and the majority of businesses have less than 1 month of cash on hand.

The mentioned studies marked the pronounced problems encountered by businesses during the pandemic. There is a need to identify the measures and strategies employed by sole proprietors to continue its business operation and survive the crisis to be able to assess its effectiveness, to be able to detect aspects needing improvement and to be able to formulate actions that will help the sole proprietors recover from losses and be ready for any business uncertainties along the way.

It is also the intention of the researchers to help the sole proprietors conquer its challenges during turbulence times through analyzing the results of the study to be able to propose an intervention program which will be extended to the local government official of the said locality. It will serve as a basis of policy making and enactment as to the support to be provided to the business owners for a sustainable and more profitable endeavors.

II. OBJECTIVES OF THE STUDY

The study centered on exploring the survival strategies adopted by sole proprietorship businesses in Tago, Surigao del Sur in response to the COVID-19 pandemic crisis, considering various key variables such as the: a) age, b) sex, c) educational attainment, d) civil status, e) type of business, f) years in business operation, g) business location, and h) survival strategies encompassing sales and marketing and business operation management. Additionally, the research investigated the challenges encountered by entrepreneurs amidst this unprecedented crisis.

III. THEORETICAL AND CONCEPTUAL FRAMEWORK

This study is anchored to Entrepreneurial Orientation (EO) as the primary theory and Stakeholder Theory and Institutional Theory as the supporting theories.

EO theory posits that entrepreneurial firms exhibit a set of characteristics, including innovativeness, proactiveness, risk-taking, and autonomy, which drive their competitiveness and growth. In the context of sole proprietorship businesses, entrepreneurial orientation influences the adoption of survival strategies. Entrepreneurs with high EO may be more inclined to pursue innovative solutions, seize new opportunities, and take calculated risks to overcome challenges and ensure business survival.

Stakeholder theory emphasizes the importance of managing relationships with various stakeholders, including customers, suppliers, employees, and the community, to achieve organizational objectives. For sole proprietorship businesses, stakeholder engagement and relationship management are integral to survival strategies. Strategies may involve building trust, fostering mutually beneficial partnerships, and addressing stakeholders' interests and concerns to enhance organizational resilience and sustainability.

Institutional theory examines how organizations conform to external institutional pressures and norms to gain legitimacy and ensure survival. For sole proprietorship businesses, institutional forces such as regulatory frameworks, industry standards, and social expectations shape their survival strategies. Compliance with legal requirements, adherence to industry practices, and alignment with societal norms may influence the adoption of certain survival strategies, particularly in terms of governance, ethical practices, and stakeholder relationships.

IV. RESEARCH DESIGN AND METHODS

In this study, a descriptive survey method was utilized with the intention of providing a representation of a situation, justifying existing practices, making judgments, and developing theories (Burns and Grove, 2007). A validated researcher-made questionnaire served as the primary instrument. A sampling method was employed to identify sample respondents. Sole proprietors in Tago, Surigao del Sur were the identified respondents. The questionnaires underwent test-retest reliability testing to minimize potential sources of measurement errors, such as presumption in data collection. Sole proprietors in Tago, Surigao del Sur were the identified respondents. Data collection was conducted through face-to-face surveys, supplemented by structured interviews to validate respondents' answers. The respondents' answers were tallied and organized according to the criteria specified in the questionnaire. Statistical treatments used to analyze the problems included frequency counting, percentage calculation, and determination of weighted mean.

V. RESULTS AND DISCUSSION

The presentation, analysis, and interpretation of data are discussed in this section in tabular and textual form.

TABLE 1. PROFILE OF THE RESPONDENTS

	Age Bracket	Frequency	Percentage
Age	21 to 30	32	13%
	31 to 40	81	33%
	41 to 50	67	28%
	51 and up	62	26%
	TOTAL	242	100%
Sex	Category	Frequency	Percentage
	Male	161	67%
	Female	79	33%
TOTAL	240	100%	
Type of Business	Type	Frequency	Percentage
	Service	22	9%
	Merchandise	209	86%
	Manufacturing	11	5%
	TOTAL	242	100%
Educational Attainment	Level	Frequency	Percentage
	Elementary	4	2%
	Elementary Graduate	14	6%
	High School	15	6%
	High School Grad	70	29%
	College	43	18%
	College Graduate	96	40%
TOTAL	242	100%	
Civil Status	Status	Frequency	Percentage
	Single	36	15%
	Married	204	84%
	Widow	2	1%
	TOTAL	242	100%

The table above presents the demographic profile of the respondents. It highlights that the majority fall within the age bracket of 31 to 40 years old (33%), identify as male (67%), are engaged in merchandise-based businesses (86%), hold college degrees (40%), and are married (84%). These statistics suggest a predominance of middle-aged, male, married individuals with higher education levels and a preference for merchandise-related businesses among the surveyed population.

TABLE II. SURVIVAL STRATEGIES OF SOLE PROPRIETORSHIP IN TERMS OF SALES AND MARKETING

1. SALES AND MARKETING							
	5	4	3	2	1	MEAN RATING	ADJECTIVAL
1.1 The entrepreneur uses social media platforms like Facebook, email and website to reach out costumers and post store update.	19	4	18	6	195	1.54	Not Implemented
1.2 The entrepreneur promotes special or limited time offerings like discount to keep existing customers and attract new costumers.	32	18	87	24	81	2.57	Less Implemented
1.3 The entrepreneur utilizes paid advertisements in television, radio and other form of telecommunication to promote the business.	1	0	0	7	234	1.05	Not Implemented
1.4 The entrepreneur builds relationship to the costumers through open, honest and considerate communication.	84	36	99	14	9	3.71	Partially Implemented
1.5 The entrepreneur engages the online communities and forums.	55	4	70	20	94	2.62	Implemented
1.6 The business offers pick-up and delivery services for costumers convenience.	21	5	21	7	188	1.61	Not Implemented
1.7 The entrepreneur considers blogging and livestreaming in product selling.	2	0	3	5	232	1.08	Not Implemented
1.8 The entrepreneur uses digital tools and technologies for faster and widest promotion of the business.	41	3	23	6	169	1.93	Less Implemented
1.9 The entrepreneur extends credit to loyal costumers.	80	17	77	24	44	3.27	Implemented
1.10 The entrepreneur develops contingency plans for financial risk and impacts.	124	34	63	3	19	4.01	Partially Implemented
1.11 The entrepreneur avails business financial assistance programs from the government to help cover business expenses during pandemic	6	4	22	5	205	1.35	Not Implemented
Over-all Mean						2.25	Less Implemented

The table displays the overall results of survival strategies adopted by sole proprietors in terms of sales and marketing. It reveals that most indicators are only partially and minimally implemented, indicating that many entrepreneurs are not fully embracing these strategies. Specifically, the data indicates that

the majority of sole proprietors prioritize contingency planning for financial risks and impacts, as evidenced by the highest mean score of 4.01. This suggests that they are consistently employing alternative methods to manage financial uncertainties and mitigate risks. However, the results also highlight underutilization of strategies related to innovation and technology adaptation. This includes neglecting social media platforms like Facebook, email, and websites for customer outreach, as well as failing to invest in paid advertisements on television, radio, and other channels to enhance online visibility and engagement. Additionally, the absence of pick-up delivery services indicates limited potential for business growth and fails to meet evolving consumer expectations for convenience and safety. The reluctance to explore blogging and livestreaming for product promotion reflects a resistance to innovative marketing approaches that could drive sales and customer engagement in a competitive market. Furthermore, the low uptake of government financial assistance programs suggests potential challenges in accessing external support during economic uncertainty, raising concerns about resilience and resourcefulness in navigating crises.

Addressing these gaps and fostering a culture of adaptability and innovation could empower sole proprietors to better navigate the evolving business landscape and seize growth opportunities amidst adversity.

TABLE III. SURVIVAL STRATEGIES OF SOLE PROPRIETORSHIP IN TERMS OF BUSINESS OPERATION MANAGEMENT

2. BUSINESS OPERATION MANAGEMENT							
	5	4	3	2	1	MEAN	ADJECTIVAL RATING
2.1 There is a strong participation of stakeholders and employees in the business.	102	28	97	5	10	3.86	Partially Implemented
2.2 Day to day communication with the management and staff is established.	12	7	49	31	143	1.82	Less Implemented
2.3 Shifting schedule of the employees to minimize contact and maintain the social distancing protocol is practiced.	2	4	26	10	200	1.34	Not Implemented
2.4 The entrepreneur conducted regular meeting towards its employees and business updates.	15	5	24	12	186	1.56	Not Implemented
2.5 The entrepreneur and employees learn new skills to adopt flexible business model.	24	11	76	19	112	2.24	Less Implemented
2.6 The entrepreneur established firm plans and decisions for the business.	101	49	77	9	7	3.95	Partially Implemented
2.7 The proprietors consider exploring new product to market.	24	11	37	16	154	1.90	Less Implemented
2.8 The business shortens operation hours in observance of the curfew.	204	17	12	2	7	4.69	Fully Implemented
2.9 Health and safety measures such as wearing face masks and social distancing observed during business hours.	213	9	8	2	5	4.77	Fully Implemented
2.10 The proprietor reached out the suppliers for timely delivery of supplies.	21	10	14	3	195	1.59	Not Implemented
2.11 The business has effective record-keeping to get reimbursed punctually to business insurance claims.	86	10	46	15	85	2.99	Implemented
Over-all Mean						2.79	Implemented

The table presents the respondents' adherence to survival strategies concerning Business Operation Management. It highlights that the majority have fully implemented health and safety measures, such as wearing face masks and practicing social distancing during business hours, with a weighted mean of 4.77. This indicates strict compliance with government mandates aimed at preventing the widespread transmission of COVID-19.

Additionally, a significant strategy adopted by entrepreneurs is abiding by curfew ordinances imposed in their barangay, resulting in shortened business hours to prioritize

customer safety. This underscores the commitment of entrepreneurs to prioritize the well-being of individuals by adhering to community regulations, especially during the pandemic when outdoor activities are restricted. The results also reveal a lack of implementation of employee shifting schedules to minimize contact, likely due to businesses having limited staff and operating hours.

TABLE IV. CHALLENGES MET BY THE SOLE PROPRIETORS

Part III. CHALLENGES MET BY THE SOLE PROPRIETORS					
SALES AND MARKETING					
	1	2	3	4	MEAN
Difficulty of finding and keeping customers.	39	90	53	60	1.54
Poor/Saturated Internet Connection.	7	7	6	222	2.57
Lack of IT Equipment/Inefficient telecommunication Services.	3	4	9	226	1.05
Improper Keeping of the book of accounts.	3	6	5	228	3.71
Lack of proper marketing strategies (online marketing, offline and social)	1	10	2	229	2.62
Illiterate on digital use and manipulation.	2	6	5	229	1.61
Too many competitors.	29	49	44	121	1.08
Decrease of profit/revenue generation due to loss of customers.	4	36	89	113	1.93
BUSINESS OPERATION MANAGEMENT					
Difficulty of procurement of goods/raw materials.	4	9	12	217	3.86
Shortage of supplies and products.	1	37	101	103	1.82
Unlimited liability and limited resources of the owner.	6	25	39	173	1.34
Expiration and Deterioration of products.	1	28	61	152	1.56
High rate of taxes	8	17	7	211	2.24
Difficulty of hiring skilled worker	2	6	6	228	3.95
Inconsistent Government Policies	2	7	4	229	1.90
Delayed delivery of products from suppliers	0	7	6	229	4.69
Limited access to business financial assistance program from the government to support business operation	4	8	10	220	4.77

Table 4 showed the challenges encountered by sole proprietors. In terms of sales and marketing, most of the time they have encountered challenges in poor internet connection leading to poor communication with customers and business promotion, lack of IT or insufficient telecommunication services, improper keeping of the books of accounts, lack of proper marketing strategies, being illiterate on digital technology, having too many competitors and decrease in revenue and profit due to loss of customers. Some of the time, they find difficulties in finding and keeping customers especially during the pandemic.

In terms of business operations management, the results showed that the following challenges were encountered most of the time: difficulty in the purchase of merchandise and raw materials, shortage of supplies and products, unlimited liability and limited financial resources, product expiration, high rate of taxes, difficulty of hiring skilled workers, inconsistent government policies due to the measures implemented by the government during pandemic, delayed delivery of products from the suppliers due to boundary restrictions, and limited access to financial programs from the government.

VI. CONCLUSIONS

Based on the findings, the following conclusions were drawn:

The demographic profile data indicates a significant representation of individuals aged 31 to 40, predominantly male, engaged in merchandise-based businesses, possessing college degrees, and predominantly married.

As to survival strategies in sales and marketing, there is a significant gap between the implementation of various strategies. Many entrepreneurs prioritize financial stability, however, there is a clear underutilization of innovative marketing tactics and technology adaptation such as neglecting social media platforms, paid advertisements, and delivery services to enhance online visibility and meet consumer expectations.

As to business operation management, there is a commendable level of compliance with health and safety measures such as wearing face masks and practicing social distancing and prioritization of customer safety through adherence to curfew ordinances.

In the realm of sales and marketing, persistent challenges include poor internet connectivity hindering effective communication and promotion efforts, insufficient IT infrastructure, inadequate bookkeeping practices and a lack of robust marketing strategies and digital literacy. While to business operations management, sole proprietors encountered with procurement challenges such as difficulty sourcing merchandise and raw materials, supply shortages and product expiration issues.

VI. RECOMMENDATIONS

Based on the findings and conclusions, the following are recommended:

It is recommended to introduce the trends in doing business so the sole proprietorship businesses in Tago, Surigao del Sur can jive with the ever-dynamic world of business. There is a need to integrate digitalization/e-commerce in the operations. Seminars and trainings program that focuses on entrepreneurial and leadership skills of the 21st century in collaboration with the local government unit, government agencies such as DTI and BIR, and the local business sectors organization should be

conducted. This is to fill in the need of being acquainted to digitalization to better promote the business and the products and services it offers, explore new market and products and services to offer; explore on new business models to be adopted; entrepreneurial skills and values assessment; managerial and leadership; effective business communication skills; financial management and recordkeeping; marketing and operations management. These trainings will hopefully a big boost to cope with the challenges faced during the pandemic and the current changes in business world.

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