Opportunities, Challenges and Needs of Small Business Financing

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Abstract- This study aims to identify the opportunities, challenges, and needs of small business financing in the Province of Iloilo for 2023. It addresses specific questions about respondents' demographics, including age, education, business type, duration, capitalization, and funding sources. The research also explores significant differences in these aspects and the relationships among opportunities, challenges, and needs. Using a descriptive-correlational design, data were collected from 200 small business owners in Iloilo through purposive sampling. A validated researcher-made questionnaire was used to gather data on demographics, financing opportunities, challenges, and needs. Statistical tools such as frequency counts, percentages, means, Kruskal-Wallis H-Test, and Spearman's rho were employed. Key findings include a diverse respondent group, with significant interest in financing opportunities like entrepreneurship training and easy funding access. Challenges included applicant comparisons and task automation, while needs focused on regulatory clarity and loan information. Significant differences in perceived opportunities were noted based on business duration, with a positive correlation between challenges and needs. The study concludes that tailored interventions recognizing demographic diversity are crucial for sustainable entrepreneurial development. Recommendations include targeted support programs, investment in training and financial literacy, digital solution integration, regulatory clarity, continuous feedback mechanisms, and public-private partnerships to enhance the small business financing ecosystem in Iloilo.

Indexed Terms- Opportunities, Needs, Challenges, Small Business Financing

I. INTRODUCTION

Background of the Study

Small businesses are crucial to economic growth of many countries', driving employment, innovation, and local economic vitality across sectors like agriculture, retail, services, and manufacturing.

The Department of Trade and Industry (DTI) reports that micro, small, and medium enterprises (MSMEs) make up 99.59% of all Philippine establishments, highlighting their dominance in national and local economies (DTI, 2022). Access to financing is critical for small businesses to expand, modernize, and innovate, yet they face challenges such as stringent collateral requirements, high-interest rates, and limited access to formal financial institutions, particularly during economic downturns (Millbrook Business Finance, 2023). However, advancements in financial technology (fintech) offer new opportunities. Fintech solutions, including peer-to-peer lending and crowdfunding, are increasingly popular among Asia's SMEs, providing alternative funding sources (Asia Banking and Finance, 2023). Small business financing is a critical aspect of economic growth and development. It enables small businesses to innovate, expand, and contribute significantly to job creation and economic stability (Gherghina et al., 2020).

In the Philippines, government initiatives like DTI's Pondo sa Pagbabago at Pag-asenso (P3) and Small Business Corporation (SBCorp) offer accessible financing with lower interest rates (DTI, 2022; SBCorp, 2022). Despite these efforts, challenges persist, including financial literacy gaps and high-interest rates from traditional banks (Asian Development Bank, 2022).

This study aimed to assess the opportunities, challenges, and needs of small business financing in Iloilo Province, providing insights to empower business owners with the knowledge needed for informed financial decisions.

Statement of the Problem

This study aimed to determine the opportunities, challenges, and needs of small business financing in the Province of Iloilo for the year 2023.

Specifically, this study sought to answer the following questions:

1. What is the profile of the respondents in terms of age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
2. What are the opportunities for small business financing as assessed by the respondents when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
3. What are the challenges encountered by small business financing as assessed by the respondents when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
4. What are the needs of small business financing as assessed by the respondents when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
5. Are there significant differences in the opportunities for small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
6. Are there significant differences in the challenges encountered by small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
7. Are there significant differences in the needs of small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
8. Are there significant relationships among the opportunities, challenges, and needs of small business financing?

Hypotheses

1. There are no significant differences in the opportunities for small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization.
2. There are no significant differences in the challenges encountered by small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization.
3. There are no significant differences in the needs of small business financing as assessed by the respondents when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization.
4. There are no significant relationships among opportunities, challenges, and needs in small business financing.

Theoretical Framework

For the opportunities of small businesses, this study was anchored on Republic Act No. 9501, better known as the Magna Carta for Micro, Small, and Medium Enterprises (MSME's). It is an act to promote entrepreneurship by strengthening development and assistance programs for micro, small, and medium-scale enterprises. It recognizes MSMEs to have the potential for more employment generation and economic growth and therefore can help provide a self-sufficient industrial foundation for the country, and it hereby declares it the policy of the state to promote, support, strengthen, and encourage the growth and development of MSMEs in all productive sectors of the economy, particularly rural and agri-based enterprises. To this end, the State shall recognize the specific needs of the MSMEs and shall undertake to promote entrepreneurship, support entrepreneurs, encourage the establishment of MSMEs and ensure their continuing viability and growth and thereby attain countryside industrialization by: "a) intensifying and expanding programs for training in entrepreneurship and for skills development for labor; “b) facilitating their access to sources of funds; “c) assuring to them access to a fair share of government contracts and related incentives and preferences; “d) complementing and supplementing financing programs for MSMEs and doing away with stringent and burdensome collateral requirements that small^ entrepreneurs invariably find extreme difficulty complying with; “e) instituting safeguards for the protection and stability of the credit delivery system; “f) raising government efficiency and effectiveness in providing assistance to MSMEs throughout the country, at the least cost; “g) promoting linkages between large and small enterprises, and by encouraging the establishment of common service facilities; “h) making the private sector a partner in the task of building up MSMEs through the promotion and participation of private voluntary organizations, viable industry associations, and cooperatives; and “i) assuring a balanced and sustainable development through the establishment of a feedback and evaluation mechanism that will monitor the economic contributions as well as bottlenecks and environmental effects of the development of MSMEs.”

This theory served as a guide on how to start and operate a small business and how to maximize the opportunities given by the Philippine government while adhering to their standards, policies, and guidelines.

For the challenges of small business, this study used the Institutional Theory of Karl Polanyi (1947). Institutionalism is an approach to economics, anthropology, and other fields that focuses on the role of organizations and institutions in shaping the world in various ways. Institutions are entities that are defined by rules, norms, and social structures. Many thinkers, at various times and across many disciplines, have presented themselves as institutionalists.

This theory is useful to study the seller-buyer relationship as it emphasizes the roles of small businesses, the rationality of self-interest, and how small businesses attempt to set prices in reference to other competitors and organizations.

For small business financing needs, this study was linked to the Theory of Capitalization of Charles B. Akerson and David C. Lennhoff (2009). According to this theory, a company's capitalization is determined by adding the initial actual expenses to be incurred in setting up a business enterprise as a going concern. It is an aggregate of the cost of fixed assets (plant, machinery, building, furniture, goodwill, and the like), the amount of working capital (investments, cash, inventories, receivables) required to run the business, and the cost of promoting, organizing, and establishing the business. In other works, the original total outlay on various items becomes the basis for determining a company's capitalization. If the funds raised are sufficient to meet the initial costs and day-to-day expenses, the company is said to be adequately capitalized.

This theory is very helpful for entrepreneurs on how to start up a small business, as it facilitates the calculation of the amount of funds or capital to be raised initially.

Conceptual Framework

This study aimed to determine the opportunities, challenges, and needs of small business financing in the province of Iloilo, Philippines, for the year 2023.

The independent variables were the respondents’ demographic profile, such as age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization. On the other hand, dependent variables were opportunities, challenges, and needs.

As to ‘Age’, respondents were categorized into ‘19- to 35-year-old’, ‘36-59 years old’, and ‘60 years old and above’. The researcher assumed that the age bracket under 36-59 years old have higher level of opportunities, needs and challenges encountered in Small Business Financing.

As to ‘Educational Attainment’, they were grouped into “Elementary Graduate”, “High School Graduate”, and “College Graduate.” The researcher presumed that the higher the educational attainment, the higher the chance of the business owners managing the business and being wise in facing the challenges that can help the business reach its goals.

As to ‘Line of Business’, respondents were categorized into “Sari-sari Store”, “Vendor”

(Vegetable/Fish/Meat Vendor), "Carinderia/ Restaurant/F&B" and "Online Selling". The researcher presumed that sari-sari store owners engage in small business financing with a higher level of opportunities, needs, and challenges encountered.

As to 'length of business operation', respondents were categorized into '1-5 years', '6-10 years' and '11 years and up'. It is presumed that those with long years of business have always had high knowledge and expertise in managing the business.

As to 'Amount of Capitalization', respondents were categorized "1,000-10,000", "10,001-20,000", "20,001-50,000", "50,001- 100,000" and "100,001 up". Capitalization is a measure of a company's total value. It was not the only measure used by financial investors to appraise and value a company. It was presumed that the higher the needs for business capitalization, the higher the challenges encountered; however, these challenges can be converted into more opportunities.

As to 'Source of Capitalization', respondents were categorized "Personal", "Credit Loans/MFI", "Bank Loans/Cooperative Loans", Borrowing from "Relatives and Friends', Borrowing from Informal Money Lenders and borrowing from Indian Financers "Bombay 5-6". It was presumed that Small businesses commonly borrow money from Bombay or Indian Lenders due to their needs, and it was presumed that they encountered high level of challenges and the fewest opportunities in business financing

It highlighted the significance and strength of the relationship among opportunities, challenges, and needs in small business financing in the province of Iloilo. It was observed that each of these three variables was significantly and positively related to one another, and the result of the study may be used as a basis for management, affirming the direct relationship or positive inter-relatedness of these three variables.

These concepts are illustrated in Figure 1

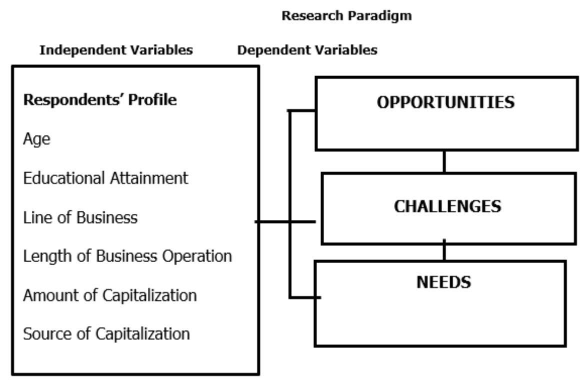

Figure 1. *Schematic Diagram Showing the Relationship between the Independent and Dependent Variables of the Study*

Scope and Limitations of the Study

The study was restricted to small business financing, specifically to determine the needs, challenges, and opportunities for small business financing in the province of Iloilo. Only the data provided by the respondents served as the main basis for the findings and conclusions of this study. This study solicited responses from 200 selected small business owners in the Province of Iloilo as respondents through purposive sampling.

A researcher-made questionnaire was used as the main tool for gathering data. It was composed of four (4) parts. Part I was the demographic profile of the respondents, such as age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization. Part II covered items that determined the opportunities for small business financing. Part III consisted of items designed to identify the challenges of small business financing. Part IV assessed the needs of small business financing. The instrument was subjected to validity and reliability testing prior to administration.

Statistical tools such as frequency count, percentages, mean, Mann-Whitney U-Test, Kruskall-Wallis H-Test, and Spearman's rho were used in the study. The level of significance was set at 0.05.

II. REVIEW OF RELATED LITERATURE AND STUDIES

This chapter presents the literature, studies, concepts, and research relevant to the study.

Conceptual Literature

On the Opportunities of Small Business Financing

Small business financing presents numerous opportunities that are vital for fostering entrepreneurial growth and economic development. By leveraging diverse funding sources, including traditional bank loans, alternative financing options like crowdfunding, and innovative fintech solutions, small businesses can access the necessary capital to launch, expand, and sustain their operations. These varied financing avenues provide greater flexibility and accessibility, enabling entrepreneurs to overcome financial barriers, innovate, and contribute significantly to job creation and economic vitality.

Recent years have seen a diversification in the financing sources available to small businesses. Traditional bank loans have been supplemented by alternative financing options such as crowdfunding, peer-to-peer lending, and fintech solutions. These alternatives provide more flexible and accessible financing options, particularly for businesses that may not meet the stringent requirements of traditional banks (Beaumont et al., 2022; Lee and Shin, 2018).

Governments worldwide have increased their support for small businesses, particularly in light of the economic disruptions caused by the COVID-19 pandemic. Various programs, including grants, subsidized loans, and tax incentives, have been implemented to support small business financing. For example, the Paycheck Protection Program (PPP) in the United States provided critical support to small businesses during the pandemic (Kumar & Singh, 2023; Tecson & Garcia-Vigonte, 2022; Hubbard & Strain, 2020).

Recent years have seen a diversification in the financing sources available to small businesses. Traditional bank loans have been supplemented by alternative financing options such as crowdfunding, peer-to-peer lending, and fintech solutions. These alternatives provide more flexible and accessible financing options, particularly for businesses that may not meet the stringent requirements of traditional banks (Beaumont et al., 2022; Lee and Shin, 2018).

The rise of financial technology (fintech) has revolutionized small business financing. Fintech innovations have streamlined the loan application process, reduced transaction costs, and made it easier for small businesses to access credit. Data-driven lending models have improved the assessment of creditworthiness, allowing more small businesses to obtain the financing they need (World Bank, 2022).

E-commerce offers significant potential for MSMEs to broaden their market presence, increase revenue streams, and improve operational efficiency. However, according to Quimba et al. (2021), local MSMEs have shown limited adoption of e-commerce, with adoption rates as low as 6.2 percent for micro-enterprises, 14.6 percent for small enterprises, and 13.4 percent for medium enterprises in 2015. This reluctance stems from their attachment to existing business models, apprehensions about security and privacy, and difficulties arising from unreliable internet connectivity (David, 2024).

The central idea behind ESG principles is to expand the main objective of business: along with generating profit, a company should strive to reduce (ideally, eliminate) its adverse impact on the environment (environmental), consider the interests of society (social), and adopt the best approaches to management (governance) (Galaktionov, 2021).

For a number of years, international banking practice has been applying a special approach to lending to organizations that base their activities and implement projects on the principles of sustainable development. Encouraged by governments, such lending programs ultimately benefit all participants (Adygezalova et al., 2022).

High-cost borrowing (including home credit) is a reality of modern Britain and reflects the nature of finance in working-class communities and the increasingly punitive nature of the benefits system (Terry et al., 2021).

Securing formal financing often requires SMEs to undergo lengthy and tedious procedures, causing many to go for informal funding channels—i.e., borrowing from relatives or friends.

The decision to grant credit to SMEs is affected by the information asymmetry between the SME demanding credit and the bank granting the credit; because available information about those SMEs is often unreliable due to not being audited. Most banks are at risk towards SMEs as there is a lack of data about their credit history, business transactions, and financial performance with no official documents to trace. Hence, banks depend heavily on credit employees' efficiency and experience for enterprise assessment in the lending process (Boushnak et al., 2018).

On the Challenges of Small Business Financing

Securing funding for small businesses comes with a host of challenges that entrepreneurs need to overcome to ensure their businesses thrive and expand. These challenges include meeting strict eligibility requirements, grappling with perceptions of being high-risk borrowers, and navigating a sometimes-confusing array of financing options. Access to funding can also be uneven, influenced by financial knowledge gaps and changing regulatory landscapes. These obstacles underscore the real-world complexities that small business owners face in their pursuit of financial stability and growth.

Small businesses are frequently seen as risky borrowers because they typically have limited credit histories, lower levels of capitalization, and higher rates of business failure compared to larger corporations. This perception often results in higher interest rates, more stringent loan conditions, and increased challenges in obtaining financing (Flaminiano & Francisco, 2021).

Many small business owners lack the financial literacy necessary to navigate the complexities of business financing. This gap in knowledge can result in suboptimal financing decisions, such as taking on unfavorable loan terms or failing to explore alternative financing options (Bancoro, 2023).

Access to financing is not uniformly distributed among small businesses. Minority-owned businesses, in particular, face greater challenges in obtaining financing due to systemic biases and discrimination. These disparities can hinder the growth and sustainability of minority-owned enterprises (Meyer & Schweitzer, 2022; Fairlie et al., 2021; Montout, 2019). Tollano (2019), observed that poor credit assessment and dishonest borrowers were cited as one of the factors affecting microfinance organizational performance by 44 percent of management personnel. Moreover, low loan disbursement resulted in low capital among members due to poor assessment, and hence VICOBA members failed to perform well (Magali, 2021).

The performance of informal lending depends on group formation, as it creates joint liability as to the collateral. It was also observed by Mou et al. (2020) who revealed that geographical location has an impact on the performance of microloans. Consequently, group members with different locations will have different characteristics, which include age, job specifications, place of origin, and marital status. These features cement joint liability as they improve the performance of informal lending.

Evans et al. (2017) find that actively managed equity funds that lend securities underperform relative to similar funds that do not lend. The results of underperformance under performance is concentrated among funds with investment restrictions (unable to sell stocks), which helps to explain why fund managers lend rather than sell stocks with high short-selling demand. An alternative explanation is managers' overconfidence.

On the Needs of Small Business Financing

Meeting the various needs for small business financing is essential to creating a nurturing environment where entrepreneurs can flourish and drive economic progress. These needs include empowering business owners with better financial knowledge, ensuring fair access to funding opportunities, and leveraging cutting-edge technologies to simplify the financing journey. By prioritizing these aspects, we can strengthen the resilience and long-term success of small businesses, enabling them to grow, innovate, and thrive in today's competitive business world.

Enhancing financial literacy among small business owners is essential. Educational programs focusing on financial management, investment strategies, and understanding financing options can empower small business owners to make better financial decisions and improve their businesses' financial health (Nkwinika & Akinola, 2023; Davis, 2023; Lusardi, 2019).

There is a need for more inclusive financing policies that address disparities in access to capital. Financial institutions and policymakers should develop targeted programs to support minority-owned and women-owned businesses, ensuring equitable access to financing (Cosgrove et al., 2023; Pavlova and Gvetadze, 2023; Coleman et al., 2019).

Further integration of technology in the financing process can enhance efficiency and accessibility. Fintech solutions should continue to evolve, offering innovative products tailored to the specific needs of small businesses. Additionally, efforts should be made to ensure that small business owners are aware of and can effectively utilize these technologies ((Harsono and Suprapti, 2024; Cybage, 2024; Bhutto, 2023).

Indeed, the landscape of small business financing is evolving, with new opportunities arising alongside persistent challenges. Addressing the needs of small businesses requires a multifaceted approach, including improving financial literacy, promoting inclusive policies, and leveraging technological advancements. By focusing on these areas, stakeholders can create a more supportive environment for small businesses to thrive.

Related Studies

Foreign Studies

Eggers (2020) examined how crises amplified challenges for SMEs, which were already burdened by inherent size limitations. Results revealed that constrained resources and liquidity issues reduced consumer spending and prompted cautious lending practices among financiers, complicating SMEs' access to funding. Strategies like trade credits and diverse financing programs were suggested to alleviate these difficulties, while crises also created opportunities for agile and customer-centric SMEs to innovate and thrive. The research underscored the critical role of financial resources in fostering entrepreneurial orientation (EO) and market orientation (MO), essential for SME growth. However, limited resources during crises heightened risk aversion among managers and finance institutions, hindering investments in innovation and highlighting the need for further research into effective funding strategies. Expertise, although not universally advantageous in crisis management, showed promise through effective thinking, emphasizing adaptive and collaborative decision-making with current resources. Significant research gaps remained in understanding how various firm types, particularly family firms, navigated crises like COVID-19 with their distinct strategies and challenges.

Nkwinika and Akinola (2023) conducted a study on financial management in small businesses, highlighting challenges, best practices, and opportunities. The research identified significant financial hurdles faced by SMEs, including limited resources that impede innovation, organizational growth, and access to long-term financing. High-risk lending practices, information asymmetry, and administrative costs further complicate SMEs' ability to secure loans and credit. Cash flow mismanagement, caused by inadequate budgeting and confusion between profit and cash flow, frequently leads to liquidity issues. The study underscored the importance of practices such as financial literacy, technological adoption, and governmental support in navigating these obstacles, along with effective financial management. By equipping SMEs with essential competencies like financial awareness and strategic decision-making skills, effective financial management enables them to balance assets and liabilities for liquidity, maintain strong financial records, and manage risks associated with market fluctuations and insufficient funding. Emphasizing the role of technology, the study highlights how innovations such as financial software and fintech solutions automate core financial processes, enhance operational efficiency, and reduce costs. Despite initial implementation costs and cybersecurity concerns, integrating these technologies empowers SMEs to make informed decisions, improve transparency, and achieve sustainable growth in today's digital economy.

Tang (2022) highlighted innovation management as pivotal for small business growth, emphasizing the critical role of securing funding in finance and innovation management. Adequate financial resources allow organizations to strategically invest in production factors to gain a competitive advantage. The study examined how financial literacy, innovativeness, and environmental sustainability influence the sustainability of SMEs. The research revealed that both financial literacy and innovativeness significantly enhance SME sustainability and growth. It also identified social inclusion as a key factor impacting sustainability and overall performance. The study advocates for SMEs to integrate sustainability frameworks into their operations and to bolster financial knowledge to strengthen their sustainability efforts.

Kumar and Singh (2023), in their study, also highlighted governmental support as an opportunity for small business financing. The study aimed to provide a comprehensive and critical analysis of the literature regarding the impact of government support programs on the development and growth of small and medium enterprises. The survey findings indicate that government support programs have generally benefited small businesses, with a majority of respondents (76.5%) acknowledging their positive impact on growth. However, a small proportion (8.8%) reported no benefits, and some (14.7%) were neutral or unsure about the programs' effectiveness. While these initiatives are perceived as effective in enhancing performance, productivity, innovation, and resilience among small businesses, there are evident gaps in awareness, eligibility, and satisfaction with available programs. These findings align with existing research showing that government subsidies and national champion programs can significantly enhance SME survival, job creation, and revenue generation. Nevertheless, challenges persist, such as access barriers and post-support sustainability issues, necessitating tailored solutions and improved program delivery.

In one study, Iyanda (2021) identified why about 50% of small businesses fail within the first five years, highlighting lack of capital as a key factor. Using the pecking order theory, the study explored strategies and practices small business owners use to secure capital. Eight successful business owners from Georgia and Illinois were interviewed. The findings of the study revolved around four themes: reliance on internal financing, limited early access to external funds, use of external financing during critical stages, and cost minimization. Recommendations include better support from fund providers and policymakers to enhance small business sustainability, benefiting local and national economies.

Meenakshi & Ranjan (2024) also reiterated in their study the role of small businesses in the economy and the unique financial challenges that they face, which require specialized management techniques. Effective financial management strategies are crucial for small business resilience, sustainability, and success. The study's findings revealed that key practices for effective small business financing include precise budgeting and financial planning to manage cash flow and set realistic targets, implementing budget controls, and regularly reviewing financial performance. Diversifying funding sources—such as crowdfunding, venture capital, and government grants—beyond traditional loans is also essential. Adopting comprehensive financial strategies enables small businesses to withstand economic challenges and significantly contribute to economic development.

Nosike and Udekwesili (2022) conducted a study examining the challenges and opportunities for small businesses in Nigeria, particularly focusing on Enugu. Their research identified three critical issues significantly impacting small and medium-sized enterprises (SMEs) in the region. Firstly, inadequate financing severely affects SMEs, leading to decreased production, profitability, and potential business closures. Secondly, limited access to funds hampers SMEs' ability to leverage bulk purchases, thereby affecting cost efficiency and long-term sustainability. Thirdly, SMEs struggle with the unavailability of raw materials, which impedes their production capabilities, sales performance, and overall profitability. Moreover, the unreliable power supply adds to these challenges, compelling SMEs to resort to expensive alternatives like generators or solar systems, further straining profitability and hindering business expansion. The potential of small businesses heavily relies on robust government intervention to support them comprehensively. By implementing policies that improve access to finance, ensure consistent power supply, and facilitate access to quality raw materials, governments can significantly bolster the resilience, growth, and sustainability of SMEs in Nigeria.

Chilembo (2021) investigated factors impacting SMEs' access to finance in Lusaka, emphasizing collateral requirements, interest rates, and other influencing factors. Using a mixed-methods approach, the study revealed a significant correlation between insufficient collateral and loan rejection, along with a moderate correlation with interest rates. Recommendations include exploring alternative financing avenues such as crowdfunding, particularly through initiatives like "Village Banking". Collaboration among SMEs is also suggested to improve efficiency and attract investors, while enhancing business record-keeping to appeal to venture capital and angel investors. Future research should delve into strategies enabling SMEs to finance operations independently from traditional financial institutions, employing advanced statistical analyses to understand causal relationships and their effects on SME performance.

Harrison et al. (2022) examined the challenges SMEs faced in obtaining bank financing during financial crises. The study investigated whether these challenges stemmed from reduced credit supply or decreased credit demand among SMEs. The findings indicated that macroeconomic conditions played a crucial role: while demand-side factors were deemed unlikely to drive the decline in bank loans, credit supply constraints significantly hindered SMEs' access to bank credit during crises. Heightened lender risk during such periods led to a contraction in credit supply and credit rationing, known as the bank lending channel. Post-crisis, SMEs with increased risk and reduced profitability encountered significant difficulties in securing bank loans, known as the borrower balance sheet channel. These findings underscored that during financial crises, supply-side effects initially manifested through the bank lending channel and later transitioned to the borrower balance sheet channel.

Amadasun & Mutezo (2022) emphasized in their study that access to finance has remained a significant challenge for SMEs in developing economies like Lesotho. Their study investigated how factors such as access to financial information, support services from banks and businesses, banking structure, and collateral requirements affected SMEs' competitive growth in Lesotho. The analysis highlighted strong connections between these factors and SMEs' ability to achieve competitive success. Specifically, Basotho entrepreneurs and managers identified collateral requirements, access to financial information, and support services as critical barriers that had prevented them from obtaining necessary credit from banks, thereby hindering SMEs' growth in Lesotho. The study concluded by advocating for targeted financial policies that could enhance access to tailored funding programs for Lesotho SMEs. These policies were recommended to promote coordinated and competitive financial schemes, underpinned by a harmonized credit policy that benefited both SME loan applicants and financial market operators.

Rachapaettayakom et al. (2020) conducted a study examining the needs of small business entrepreneurs and the impact of knowledge management tools and technology on organizational competitiveness. Focused on small business owners, the research investigated how acquiring financial knowledge, crucial for business survival, influences the adoption of knowledge acquisition tools and technology. Their findings emphasize that entrepreneurs prioritize financial knowledge to effectively manage their businesses. Moreover, those with limited financial expertise are particularly motivated to acquire such knowledge, especially in areas like capital acquisition and accurate cost estimation, which contrasts with prior research. The study recommends that governmental initiatives offering financial education, both pre- and post-business establishment, could significantly enhance small business sustainability, reduce failure rates, and stimulate economic growth.

Local Studies

In a study by Raquiza (2021) significant challenges and opportunities within the MSME sector in the Philippines were highlighted. Key issues included low productivity and growth, insufficient public financing, high operational costs due to taxes and lengthy procedures, and limited market access, exacerbated by competition from unregistered enterprises and imports. Additionally, productivity and efficiency were hampered by high utility costs, poor working conditions, and low investment in technology. Despite these hurdles, there were promising opportunities for MSMEs. Government support programs aim to streamline business procedures and improve market access through trade fairs and product development services. Capacity-building initiatives, such as vocational training and information sessions on free trade agreements, could boost productivity and international compliance. The study recommended a policy shift toward more active government involvement, suggesting tailored support programs to help MSMEs navigate economic disruptions and foster growth.

Gamundoy et al. (2020) also conducted a study highlighting the funding challenges faced by small businesses, specifically in Pulo, Cabuyao City, Laguna, Philippines, as reported by business owners. The study aimed to identify these challenges to enhance SME competitiveness and foster growth. The respondents expressed difficulties in obtaining funds due to stringent loan application requirements. They also identified that increased competition from unregistered enterprises offering cheaper products further complicates their market position, leading to some SMEs struggling to compete with microbusinesses. In terms of government support, there is also a perceived bias against medium enterprises in favor of micro-enterprises, which is exacerbated by insufficient funding from the local government to bolster the SME sector.

Cruzado et al. (2023), in their study, highlighted that lack of access to finance is the biggest obstacle for MSMEs. Specifically, the study evaluated MSMEs' awareness of financial access and their ability to handle financial constraints, focusing on the financial sector's structure, awareness of funding opportunities, collateral requirements, and support services. Surveying 363 MSMEs in Calapan City, the findings showed significant relationships between these financial constraints and MSMEs' access to finance. The study recommended that MSMEs find suitable financial institutions and improve their financial management skills through government training and seminars. Further research was suggested to identify additional factors affecting MSMEs' access to finance. Manahan and Duran (2024) also examined the common challenges of MSMEs in the Philippines, as well as the opportunities for their success in a related study. Specifically, the study examined the various factors influencing micro, small, and medium enterprises (MSMEs) in the Philippines using the PESTLE framework. Economic factors, such as inflation, currency fluctuations, and high tax rates, were identified as significant challenges to MSME growth and sustainability. However, the study highlighted the potential of technological advancements, particularly AI and online tools, to enhance operations, efficiency, and customer engagement. Societal trends also present opportunities for innovation and market expansion by aligning with evolving consumer preferences. Legal, environmental, and political factors also played a role in shaping the MSME business landscape. The research underscored the need for nuanced strategies to navigate these complex factors, providing valuable insights for informed decision-making and targeted interventions to foster MSME growth and resilience.

Cueto et al. (2022) highlighted the urgent need for digital innovations in small business financing during the pandemic. Their study focused on young Filipino entrepreneurs, revealing that the pandemic pushed many to move their businesses online, driven by both personal growth and external factors like mobility restrictions and market conditions. Entrepreneurs faced barriers such as the need for online business skills, market-related issues on digital platforms, and unreliable internet infrastructure. Despite these challenges, the study suggests that digital entrepreneurship can be a key strategy for economic recovery. It recommends developing support programs to help entrepreneurs navigate disruptions and guide government policies. The findings also stress the need for future research to empower entrepreneurs, especially in developing economies, during and beyond the pandemic. This research can support those looking to innovate and adapt in a changing economic landscape.

Relevance of the Review of Related Literature

The literature on small business financing provides essential insights into financing options, challenges, and needs that are critical for entrepreneurial growth and economic development. Recent studies show an increase in financing sources for small businesses, with alternatives like crowdfunding, peer-to-peer lending, and fintech solutions complementing traditional bank loans. Fintech has streamlined loan applications, reduced costs, and improved credit access through data-driven models (Beaumont et al., 2022; Lee & Shin, 2018; World Bank, 2022).

Government support during the COVID-19 pandemic, such as the Paycheck Protection Program (PPP) in the United States, has significantly impacted small business growth and sustainability (Kumar & Singh, 2023; Tecson & Garcia-Vigonte, 2022; Hubbard & Strain, 2020).

E-commerce offers substantial opportunities for MSMEs to expand market presence, though low adoption rates indicate a need for more support to leverage digital platforms (Quimba et al., 2021; David, 2024). However, securing funding remains challenging due to limited credit histories and higher failure rates, leading to higher interest rates and stricter loan terms (Flaminiano & Francisco, 2021).

Many small business owners lack financial literacy, resulting in suboptimal financing decisions (Bancoro, 2023). Minority-owned businesses face greater challenges due to systemic biases and discrimination (Meyer & Schweitzer, 2022; Fairlie et al., 2021; Montout, 2019).

Enhancing financial literacy through educational programs and inclusive financing policies is essential to address disparities in capital access, particularly for minority- and women-owned businesses (Nkwinika & Akinola, 2023; Davis, 2023; Lusardi, 2019; Cosgrove et al., 2023; Pavlova & Gvetadze, 2023; Coleman et al., 2019). Further integration of technology in financing can enhance efficiency and accessibility, with fintech solutions evolving to meet small business needs (Harsono & Suprapti, 2024; Cybage, 2024; Bhutto, 2023).

Key studies emphasize financial literacy and technological adoption as crucial for overcoming financial hurdles, suggesting strategies like trade credits and diverse financing programs (Eggers, 2020; Nkwinika & Akinola, 2023). Research highlights the importance of financial resources and governmental support in enhancing SME sustainability and growth, with recommendations for targeted government policies and alternative financing avenues (Tang, 2022; Kumar & Singh, 2023; Nosike & Udekwesili, 2022; Chilembo, 2021; Harrison et al., 2022; Amadasun & Mutezo, 2022).

In summary, the dynamic landscape of small business financing presents evolving opportunities and persistent challenges. Enhancing financial literacy, promoting inclusive policies, and leveraging technological advancements are crucial for developing effective strategies that enable small businesses to significantly contribute to economic growth and stability.

III. RESEARCH METHODOLOGY

This chapter includes and discusses the research design, respondents of the study, reliability testing, validity of the instrument, data gathering instrument, data gathering procedure, and statistical tools to be used.

Research Design

This study aimed to determine the opportunities, challenges, and needs of small business financing in the province of Iloilo, Philippines, for the year 2023. A descriptive-correlational research design was used in this study. The descriptive research design describes a situation by providing measures of an event or activity. Descriptive research was designed to obtain data that describes the characteristics of the topic of interest in the research. These are usually structured and specifically designed to measure the characteristics described in the research questions (Hair, Page and Brunsveld, 2019).

On the other hand, a correlational study describes relationships between variables. While correlational studies can suggest that there is a relationship between two variables, finding a correlation does not mean that one variable causes a change in another variable (Sekaran and Bougie, 2016).

The independent variables are composed of the business owner's demographic profile, such as age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization.

Since this study aimed at determining the opportunities, challenges, and needs of small business financing, a descriptive-correlational research design was found to be appropriate for this study.

Respondents of the Study

The respondents of the study were the 200 selected small business financing owners whose businesses are registered with the Department of Trade and Industry and have business permits located in the 5th congressional district in the Province of Iloilo. They were selected using purposive sampling.

The distribution of respondents is shown in Table 1.

Table 1. Distribution of Respondents

Congressional District	N	%
1st	40	20
2nd	40	20
3rd	40	20
4th	40	20
5th	40	20
Total	200	100

Data Gathering Instrument
The researcher utilized sets of questionnaires to gather data. It was composed of four (4) parts.

Part I was designed for personal information about the respondents' age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization.

Part II was designed to gather data on the opportunities for small business financing. Part III was designed to gather data on the challenges of small business financing. Part IV was designed to gather data on the needs of small business financing.

The respondents were asked to complete the questionnaires using a numerical scale as a reference. The scale included the following weights and corresponding descriptions: 5 for "Strongly agree," 4 for "Agree," 3 for "Uncertain," 2 for "Disagree," and 1 for "Strongly disagree."

The researcher constructed a Likert's scale instrument to determine the opportunities, challenges, and needs of small business financing. The representation of the respondents was measured using a five-point Likert's scale with its numerical scale, statistical limits, and verbal description:

Strongly agreeing means that the participant agreed to a great extent with the idea or situation conveyed by the item.

Agree means that the participant agreed with the item's idea or situation.

Uncertainty means that the participant neither conformed nor dissented with the statement or situation conveyed by the item.

Disagreement means that the participant disapproves of the idea or situation conveyed by the item.

Strongly disagreeing means that the participant dissented to a great extent from the idea or situation conveyed by the item.

To interpret the scores, the researcher used the following scales of means and interpretations:

Opportunities of Small Business Financing Questionnaire:

Scale of Means	Descriptive Rating	Interpretation
4.21 – 5.00	Greatest Opportunity	The Small Business Financing is distinguished to be beneficial all the time in the province of Iloilo.
3.41 – 4.20	Great Opportunity	The Small Business Financing is distinguished to be beneficial most of the time in the province of Iloilo.
2.61 – 3.40	Moderate Opportunity	The Small Business Financing is distinguished to be beneficial sometimes in the province of Iloilo.
1.81 – 2.60	Less Opportunity	The Small Business Financing in the province of Iloilo is noted to be not beneficial most of the time.
1.00 – 1.80	No Opportunity	The Small Business Financing is distinguished to be not beneficial at all times in the province of Iloilo.

Challenges of Small Business Financing Questionnaire:

Scale of Means	Descriptive Rating	Interpretation
4.21 – 5.00	Greatest Challenge	All small business financing encountered trials which require great effort and determination to continue the operation.
3.41 – 4.20	Great Challenge	Most small business financing encountered trials which require great effort and determination to continue the operation.
2.61 – 3.40	Moderate Challenge	Some of the small business financing encountered trials which require great effort and determination to continue the operation.
1.81 – 2.60	Least Challenge	Few of the small business financing encountered trials which require great effort and determination to continue the operation.
1.00 – 1.80	Not A Challenge	None of the small business financing encountered trials which require great effort and determination to continue the operation.

Needs of Small Business Financing Questionnaire:

Scale of Means	Descriptive Rating	Interpretation
4.21 – 5.00	Mostly Needed	All small business financing encountered discrepancies in attaining their goals.
3.41 – 4.20	More Needed	Most small business financing encountered discrepancies in attaining their goals.
2.61 – 3.40	Moderately Needed	Some of the small business financing encountered discrepancies in attaining their goals.
1.81 – 2.60	Slightly Needed	Few of the small business financing encountered discrepancies in attaining their goals.
1.00 – 1.80	Not Needed	None of the small business financing encountered discrepancies in attaining their goals.

- Validity of the Research Instrument

The improved researcher-made questionnaire was submitted for validation with the assistance of the research experts, statistician, and campus paper adviser. To check whether the questions were appropriate, clear, reasonable, non-spatial, typical, and sufficiently inclusive, the Good and Scates Criteria Validation will be employed. To finally make sure that the questionnaire is accurate, suggestions and comments from the validators will be incorporated into the final copy.

- Reliability of the Research Instrument

To address the reliability of the instrument, the said research instrument was pilot tested with 30 small business owners coming from the different congressional districts of Iloilo, wo were not considered as part of the final respondents. Cronbach's alpha statistic was used to assess the reliability or internal consistency of responses across a set of questions (scale items) designed to measure a particular concept (scale). It produces an alpha coefficient with a value between 0 and 1. Values of 0.7 or above suggest that the questions on the scale are internally consistent (Saunders, Lewis, and Thornhill, 2019). After completing the reliability testing, the results were 0.808 for opportunities, 0.834 for needs, and 0.838 for challenges. These coefficients were considered reliable.

- Data Gathering Procedure

The researcher employed three phases in conducting the study: phase 1, phase 2, and phase 3.

In phase 1, the researcher constructed a table of specifications, considering the variables included in the study. A questionnaire was created based on the Table of Specifications. The questionnaire was submitted to the panel of experts to ascertain its validity. The researcher inquired to the municipality and DTI about the list of small business financing located in the 5 congressional districts of Iloilo. After that, the researcher secured permission from the barangay captain to engage their residents as respondents to the study.

In phase 2, the researcher administered the questionnaire to the respondents and explained each item on the questionnaire to ensure that essential data were properly collected. The results of the data gathering were kept appropriately to ensure confidentiality.

In phase 3, the data was collected, encoded, and processed using the Microsoft Excel application and the Statistical Package for the Social Sciences (SPSS) software.

To guarantee ethical conduct in the process of this research, the researcher certainly observed the following: The respondents' names were never mentioned in any part of the research, and it was an assurance that they would never be emotionally and physically harmed as respondents for the research study. Proper and accurate document sourcing of the dates and materials being used in the study was done to avoid copyright infringement or plagiarism. A communication letter was presented to the people who helped with the validity and verification of the questions in the questionnaire. The researcher ensured that the questionnaire would not tamper with any ethical conduct.

Statistical Tools Used

The data gathered was subjected to certain statistical treatments. For this study, both descriptive and inferential statistics were used.

Frequency Count. A frequency count was used to determine the number of participants belonging to a class or category of the independent variables. This was used to determine the distribution of the personal attributes of the respondents, such as age, educational attainment, line of business, length of business operation, amount of capitalization, source of capitalization, and the number of responses for each item in the questionnaire.

Percentage Analyses. This was used to determine the relative frequency of the distribution of respondents' based on their demographic profile expressed in percentage. It was calculated by taking the frequency in the category divided by the total number of participants and multiplying by 100%.

Mean. The average of the responses for each item was taken and interpreted based on the range of the average obtained. The means were used to determine the level of opportunities, challenges, and needs in small business financing.

Mann Whitney U-Test. This was used to determine significant differences in the means of the opportunities, challenges, and needs of small business financing when classified according to the variables of length of business operation.

Kruskal-Wallis H-Test. This was used to determine significant differences in the means of the opportunities, challenges, and needs of small business financing when classified according to the variables of educational attainment, line of business, length of business operation, amount of capitalization, and source of capitalization.

Spearman's rho. This was used to determine the relationship among the needs, challenges, and opportunities of small business financing in the province of Iloilo.

IV. PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA

This chapter presents, analyzes, and interprets the data to determine the opportunities, challenges, and needs of small business financing in the Province of Iloilo for the year 2023.

Demographic Characteristics of the Respondents

Table 2 presents a comprehensive overview of the demographic characteristics of the 200 respondents included in the study, representing the entire population under consideration. The distribution across various demographic variables is as follows:

In terms of age, the study included individuals from different age groups, with 74 respondents (37.00%) falling in the 19–35-year-old category, 102 respondents (51.00%) in the 36–59-year-old category, and 24 respondents (12.00%) aged 60 and above.

The educational attainment of the respondents varied, with 93 individuals (46.50%) being college graduates, 77 individuals (38.50%) having completed high school, and 30 individuals (15.00%) being elementary graduates.

Regarding the length of business operation, 97 respondents (48.50%) had businesses that had been operating for 1-5 years, 59 respondents (29.50%) for 6-10 years, and 44 respondents (22.00%) for 11 years and above.

The respondents were engaged in diverse lines of business, with 106 individuals (53.00%) operating sari-sari stores, 25 individuals (12.50%) involved in vending (vegetable/fish/meat), 16 individuals (8.00%) running carinderias/restaurants/F&B establishments, 40 individuals (20.00%) engaged in online selling, and 13 individuals (6.50%) participating in other business activities.

In terms of capitalization, the respondents displayed a varied financial scale. For instance, 31 individuals (15.50%) had a capitalization ranging from 1,000 to 10,000, 80 individuals (40.00%) had a capitalization between 10,001 and 20,000, 76 individuals (38.00%) fell in the 20,001-50,000 range, and smaller percentages had capitalizations ranging from 50,001 to 100,000 (3.50%) and 100,001 and above (3.00%).

The source of capitalization diversified, as 25 respondents (12.50%) utilized personal funds, 77 respondents (38.50%) accessed microfinance providers, 16 respondents (8.00%) relied on banks/cooperatives, 25 respondents (12.50%) sought support from relatives and friends, 17 respondents (8.50%) obtained funds from informal money lenders, and 40 respondents (20.00%) utilized Bombay (5-6) financing.

This comprehensive breakdown provided a detailed and insightful understanding of the respondents' diverse characteristics, shedding light on their age distribution, educational backgrounds, business operations, lines of business, capitalization amounts, and sources of capitalization.

Table 2. Demographic Characteristics of the Respondents

Variable	f	%
As A Whole	200	100.00%
Age		
19-35 years old	74	37.00 %
36-59 years old	102	51.00 %
60 and above	24	12.00 %
Educational Attainment		
College Graduate	93	46.50 %
High School Graduate	77	38.50 %
Elementary Graduate	30	15.00 %
Length of Business Operation		
1-5 years	97	48.50 %
6-10 years	59	29.50 %
11 years up	44	22.00 %
Line of Business		
Sari-sari Store	106	53.00 %
Vendor (Vegetable/Fish/Meat)	25	12.50 %
Carinderia/Restaurant/F&B	16	8.00 %
Online Seller	40	20.00 %
Others	13	6.50 %
Amount of Capitalization		
1,000-10,000	31	15.50 %
10,001-20,000	80	40.00 %
20,001-50,000	76	38.00 %
50,001-100,000	7	3.50 %
100,001-up	6	3.00 %
Source of Capitalization		
Personal	25	12.50 %
Microfinance Provider	77	38.50 %
Bank/Cooperatives	16	8.00 %
Relatives and Friends	25	12.50 %
Informal Money Lenders	17	8.50 %
Bombay (5-6)	40	20.00 %

- Opportunities of Small Business Financing as Assessed by Respondents When Taken as a Whole

Table 3 presents the opportunities for small business financing as evaluated by small business owners when taken as a whole. As assessed by respondents, the overall rating of (M=4.71) indicated that small business financing is viewed as providing the “Greatest Opportunity” in the province of Iloilo. This high rating signified that stakeholders consistently see it as extremely beneficial, suggesting a widespread positive impact on the local economy and small business development.

The importance of “intensifying and expanding entrepreneurship training programs” was reflected in the mean score of (M=4.75), placing it under the “Greatest Opportunity” category. This high rating showed that such programs were seen as highly beneficial, reinforcing the need to equip aspiring entrepreneurs with the necessary skills and knowledge to succeed. The small business owners believed that these programs greatly enhanced the entrepreneurial landscape in Iloilo.

With a mean of (M=4.71), "expanding skills development programs for labor" was also considered as "Greatest Opportunity". This rating indicated a strong recognition of the need to improve labor skills to boost productivity and competitiveness. The respondents saw these programs as essential for enhancing the workforce's capabilities, which in turn supported the growth and sustainability of small businesses in the province.

The mean score of (M=4.70) underscored the significant benefit of "facilitating easy access to funding sources for small businesses". This high rating suggested that access to finance was crucial for business growth and sustainability. Stakeholders viewed streamlined access to funds as a key enabler for small businesses to expand, innovate, and overcome financial barriers.

A mean of (M=4.75), which translated to "Greatest Opportunity", for the item "assuring access to a fair share of government contracts related and incentives" highlighted the perceived importance of fair and equitable access to these opportunities. This rating reflected the belief that small businesses greatly benefited from participating in government projects and receiving related incentives, which could provide them with significant growth opportunities and financial stability.

"Complementing and supplementing existing financing programs" was also seen as "Greatest Opportunity" and as highly beneficial with a mean score of (M=4.78). This indicated that small business owners believed that enhancing these programs provided critical support for small business financing, helping them to navigate financial challenges and access the resources they needed for development and expansion.

With a mean of (M=4.62), there was a strong consensus that "reducing stringent and burdensome collateral requirements" would be extremely beneficial. This rating reflected the difficulties small entrepreneurs faced in meeting such requirements and highlighted the need for more accessible and flexible financing options that did not impose excessive burdens on borrowers.

A mean score of (M=4.68) emphasized the importance of "instituting cost-effective safeguards to protect and stabilize the credit delivery system". This score translated for a "Greatest Opportunity" for small business financing. Stakeholders saw this as critical for ensuring a reliable and secure credit environment, which was essential for maintaining trust and confidence in the financial system and supporting small businesses' growth.

The highest mean score of (M=4.80) was given for the item "promoting linkages between large and small enterprises and encouraging common service facilities". This meant that it was viewed as highly beneficial by small business owners, which was why they rated it as "Greatest Opportunity". This rating suggested that such collaborations and shared facilities could provide significant advantages, including access to resources, expertise, and markets, thereby strengthening the overall business ecosystem.

With a mean of (M=4.67), "making the private sector as a partner in supporting small businesses" was seen as very advantageous and a "Greatest Opportunity". Stakeholders believed that private sector participation could bring valuable resources, knowledge, and networks, enhancing the effectiveness of small business development initiatives and fostering a collaborative approach to economic growth.

A mean score of (M=4.70) highlighted the perceived benefit of "ensuring balanced and sustainable development through feedback and evaluation" mechanisms, categorizing it as "Greatest Opportunity". Stakeholders saw these mechanisms as essential for monitoring progress, identifying challenges, and making informed decisions to support the long-term success and sustainability of small businesses.

"Digitizing the small business loan process to reduce processing time" was also seen as "Greatest Opportunity" with a mean score of (M=4.56). Small business owners believed that leveraging digital technology to streamline loan processing could significantly reduce time and costs, making financing more efficient and accessible for small businesses.

With a mean of (M=4.66), “addressing the lag in lending technology adoption” presented a “Greatest Opportunity” for enhancing the efficiency and profitability of small business loans. Stakeholders recognized that adopting advanced lending technologies could improve the loan application and approval process, leading to better outcomes for borrowers and lenders alike.

The mean score of (M=4.79) underscored the critical role of small business financing in “poverty alleviation”. Stakeholders saw these financing programs as highly beneficial in providing opportunities for poor individuals to access loans, start businesses, and improve their economic conditions. This rating reflected the belief that small business financing was a powerful tool for addressing poverty challenges in the Philippines.

A mean score of (M=4.71) indicated that small business financing was perceived as extremely beneficial for “economic development” in the Iloilo province and the country. Stakeholders believed that providing loans to small businesses could stimulate economic activity, create jobs, and drive overall economic growth, contributing to the region's and nation's development.

With a mean of (M=4.72), small business financing was seen as highly beneficial for “fostering entrepreneurship”, categorizing this item as “Greatest Opportunity”. The respondents recognized that providing loans to individuals with innovative ideas could lead to the emergence of new businesses, drive entrepreneurship, and contribute to the dynamic and diverse economic landscape. This rating reflected the belief that supporting entrepreneurial ventures was crucial for economic vitality and innovation.

In summary, across all items, small business financing in Iloilo province was perceived as providing the greatest opportunity and being consistently beneficial. The focus areas included expanding training programs, easing access to funding, reducing collateral requirements, promoting linkages between enterprises, digitizing loan processes, and addressing poverty alleviation and economic development. The consistently high mean indicated a strong positive outlook on the impact of small business financing in Iloilo.

This study adheres to Adygezalova et al. (2022) who state that, for a number of years, international banking practice has been applying a special approach to lending to organizations that base their activities and implement projects on the principles of sustainable development. Governments encourage such lending programs, which ultimately benefit all participants.

Table 3. Opportunities of Small Business Financing as Assessed by Respondents When Taken as a Whole

Items	Mean	Remarks
As A Whole	4.71	Greatest Opportunity
1. Intensify and expand programs for training in entrepreneurship	4.75	Greatest Opportunity
2. Expand programs for skills development for labor	4.71	Greatest Opportunity
3. facilitate our easy access to sources of funds	4.70	Greatest Opportunity
4. Assure access to a fair share of government contracts and related incentives and preferences	4.75	Greatest Opportunity
5. Complement and supplementing financing programs for small business enterprise	4.78	Greatest Opportunity
6. Do away with stringent and burdensome collateral requirements that small entrepreneurs invariably find extreme difficulty complying with	4.62	Greatest Opportunity
7. Institute safeguards for the protection and stability of the credit delivery system throughout the country, at the least cost;	4.68	Greatest Opportunity

8. Promote linkages between large and small enterprises and by encouraging the establishment of common service facilities	4.80	Greatest Opportunity
9. Make the private sector a partner in the task of building up small businesses through the promotion and participation of private voluntary organizations, viable industry associations, and cooperatives;	4.67	Greatest Opportunity
10. Assure a balanced and sustainable development through the establishment of a feedback and evaluation mechanism that will monitor the economic contributions as well as bottlenecks and environmental effects of the development of small businesses.	4.70	Greatest Opportunity
11. Digitizing the small business loan from beginning to end can reduce processing time	4.56	Greatest Opportunity
12. Lag in lending technology adoption, which means they have tremendous opportunity to make small business loans more efficient and profitable.	4.66	Greatest Opportunity
13. Poverty Alleviation. The main advantage that can bring the Small Business Financing is alleviation of poverty. Philippines is facing a challenge of poverty. The Small Business Financing is one of the important tools in helping poor people's by providing loans to them.	4.79	Greatest Opportunity
14. Economic Development. Small Business Financing is helpful in development of the Iloilo province and ultimately the country. Providing loans to the people will boost the economic process of the country, which will further enhance the economic development of the country.	4.71	Greatest Opportunity
15. Entrepreneurship. The Small Business Financing can be also helpful in developing the entrepreneurship field in the economy. The loans can be provided to those people having unique ideas, so new business will emerge and, in that case, the entrepreneurship field will be simultaneously developed.	4.72	Greatest Opportunity

Scale of Means: 5.00-4.21 Greatest Opportunity, 4.20-3.41 Great Opportunity, 3.40-2.61 Moderate Opportunity, 2.60-1.81

Less Opportunity, 1.80-1.00 No Opportunity

Opportunities of Small Business Financing as Assessed by Respondents When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Table 4 presents the opportunities for small business financing as assessed by respondents when classified into age, educational attainment, length of business operation, line of business, amount of capitalization, and source of capitalization. The overall perception of Small Business Financing (SBF) in the province of Iloilo was overwhelmingly positive, with a mean score of (M=4.71), indicating it is seen as providing the "Greatest Opportunity" and being highly beneficial all the time.

When broken down by age, all age groups—19-35 years (M=4.65), 36-59 years (M=4.74), and 60 years and above (M=4.76)—view SBF as offering the “Greatest Opportunity”, showing a consistent appreciation across different life stages.

Educational attainment does not significantly alter this perception, as college graduates (M=4.70), high school graduates (M=4.68), and elementary graduates (M=4.79) all report that SBF is highly beneficial, with all their means falling under the “Greatest Opportunity” category. This means that, across all levels of education, SBF is seen as highly beneficial.

The length of business operation also shows a similar trend, with businesses operating for 1-5 years (M=4.65), 6-10 years (M=4.72), and over 11 years (M=4.82) all finding SBF to be of great benefit consistently. This shows that regardless of how long a business operates, SBF provides the “Greatest Opportunity”.

Different lines of business also perceive SBF positively. Owners of sari-sari stores (M=4.75), vendors (M=4.70), carinderia/restaurants/F&B (M=4.68), online sellers (M=4.68), and other types of businesses (M=4.49) all report that SBF provides the “Greatest Opportunity”.

Businesses in Iloilo with different levels of capitalization exhibit a positive sentiment towards small business financing (SBF), viewing it as highly beneficial. Specifically, businesses with capitalization between 1,000-10,000 PHP (M=4.64) perceive SBF as providing significant opportunities. This positive perception increases slightly for those with capitalization between 10,001-20,000 PHP (M=4.78), indicating that businesses in this range find SBF to be even more advantageous. Similarly, businesses with capitalizations of 20,001-50,000 PHP (M=4.68) and those with 50,001-100,000 PHP (M=4.74) also see SBF as highly beneficial. Even businesses with more substantial capitalization, over 100,001 PHP (M=4.42), maintain a positive view, though slightly lower, still categorizing SBF as greatly beneficial. Overall, regardless of the amount of capitalization, businesses consistently recognize the significant benefits provided by SBF.

Regarding the source of capitalization, businesses using personal funds (M=4.59), microfinance providers (M=4.73), banks or cooperatives (M=4.78), relatives and friends (M=4.66), informal money lenders (M=4.74), and the Bombay (5-6) method (M=4.73) all indicate that SBF provides the “Greatest Opportunity” and is beneficial all the time. This widespread positive perception highlights SBF's critical role in supporting small businesses in Iloilo, regardless of demographic factors or business characteristics.

This study is related to the findings of Boushnak et al. (2018) that securing formal financing often requires SMEs to undergo lengthy and tedious procedures, causing many to go for informal funding channels—i.e., borrowing from relatives or friends. The decision to grant credit to SMEs is affected by the information asymmetry between the SME demanding credit and the bank granting the credit; because available information about those SMEs is often unreliable due to not being audited. Most banks are at risk towards SMEs as there is a lack of data about their credit history, business transactions, and financial performance with no official documents to trace. Hence, banks depend heavily on credit employees' efficiency and experience for enterprise assessment in the lending process.

Table 4. Opportunities of Small Business Financing as Assessed by Respondents Owners When Taken as a Whole and When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Variable	Mean	Description
As A Whole	4.71	Greatest Opportunity
Age		
19-35 years old	4.65	Greatest Opportunity
36-59 years old	4.74	Greatest Opportunity

60 and above	4.76	Greatest Opportunity
Educational Attainment		
College Graduate	4.70	Greatest Opportunity
High School Graduate	4.68	Greatest Opportunity
Elementary Graduate	4.79	Greatest Opportunity
Length of Business Operation		
1-5 years	4.65	Greatest Opportunity
6-10 years	4.72	Greatest Opportunity
11 years up	4.82	Greatest Opportunity
Line of Business		
Sari-sari Store	4.75	Greatest Opportunity
Vendor (Vegetable/Fish/Meat)	4.70	Greatest Opportunity
Carinderia/Restaurant/F&B	4.68	Greatest Opportunity
Online Seller	4.68	Greatest Opportunity
Others	4.49	Greatest Opportunity
Amount of Capitalization		
1,000-10,000	4.64	Greatest Opportunity
10,001-20,000	4.78	Greatest Opportunity
20,001-50,000	4.68	Greatest Opportunity
50,001-100,000	4.74	Greatest Opportunity
100,001-up	4.42	Greatest Opportunity
Source of Capitalization		
Personal	4.59	Greatest Opportunity
Microfinance Provider	4.73	Greatest Opportunity
Bank/Cooperatives	4.78	Greatest Opportunity
Relatives and Friends	4.66	Greatest Opportunity
Informal Money Lenders	4.74	Greatest Opportunity
Bombay (5-6)	4.73	Greatest Opportunity

Scale of Means: 5.00-4.21 Greatest Opportunity, 4.20-3.41 Great Opportunity, 3.40-2.61 Moderate Opportunity, 2.60-1.81 Less Opportunity, 1.80-1.00 No Opportunity

- Challenges Encountered by Small Business Financing as Assessed by Respondents When Taken as Whole

Table 5 presents the challenges encountered by small business owners in the realm of financing, offering insights into the perspectives of the respondents when taken as a whole. The mean scores, ranging from 5.00 to 1.00, categorize the perceived level of challenge for each item.

Challenges Encountered by Small Business Financing as Assessed by Respondents, the small business financing in Iloilo was generally perceived as "Great Challenge", with an overall mean score of (M=4.19). This indicated that most small businesses encountered significant trials requiring considerable effort and determination to continue operations.

Among the greatest challenges faced by SBF were the tasks of “applicant comparisons, verification, and automating processes to manage demand fluctuations”, which received a high mean score of (M=4.45). Similarly, the “lending process and identifying target borrower personas” also posed a significant challenge, with a mean of (M=4.44). These tasks demanded extensive resources and precision in order for small businesses to continue operations.

“Meeting consumer expectations for speed, accuracy, and 24/7 service” was another “Greatest Challenge”, as reflected by a mean score of (M=4.28). This challenge highlighted the high standards that consumers had come to expect. Additionally, “making complex and quick decisions” remained a “Great Challenge”, with a mean score of (M=4.08), indicating the pressure on small businesses to be decisive and efficient.

“Large financial institutions faced notable challenges in decision-making speed compared to online lenders”, with a mean score of (M=4.13). This indicated that traditional banks and financial entities struggled to keep pace with the quicker decision-making processes of online competitors. The need to “approve or decline loans within days, if not hours”, was another “Greatest Challenge”, scoring (M=4.31), underscoring the importance of rapid loan processing. These issues added burden to small businesses' access to financing.

The “lengthy lending process, frequent back-and-forth communications with customers, and extensive documentation” requirements were also seen as “Great Challenge” as well, with a mean score of (M=3.81). These procedural complexities slowed down the speed of loan advancements, impacting the efficiency of small business financing operations.

“Borrowers waiting for months to receive loan approval” was another “Great Challenge” for small business financing, with a mean score of (M=4.08), reflecting inefficiencies in the approval process. “Improving transparency in business development” was rated as one of the “Greatest Challenge”, with a mean score of (M=4.47), requiring substantial effort to achieve greater clarity and openness when it came to small business financing.

“Tracking outstanding post-closing documents” was a “Greatest Challenge” with a mean score of (M=4.28), necessitating meticulous tracking and follow-up. This challenge necessitated meticulous tracking and follow-up, impacting operational efficiency by causing delays and bottlenecks, compliance risks due to potential non-compliance with regulatory requirements, resource allocation by diverting significant time and resources from strategic activities, and customer trust by eroding borrower confidence and loyalty.

“Frequent communications with customers and prolonged approval times” was also seen as “Great Challenge”, scoring (M=4.13), indicating ongoing inefficiencies in the communication and approval processes. This challenge indicated inefficiencies in communication and approval processes, affecting customer experience by causing delays and frustration, creating a competitive disadvantage as traditional institutions risked losing customers to faster online lenders, increasing operational costs due to the need for more manpower and resources, causing borrower uncertainty by creating lengthy processes, and reducing efficiency and productivity, which could be improved by streamlining processes.

“Resource constraints and limited access to capital” were “Great Challenge” for small businesses, affecting their growth and expansion capabilities, as reflected by a mean score of (M=4.09). The “ability to develop clients and address location-related challenges” was another substantial issue, with a mean score of (M=3.98), impacting the stability and growth of most small businesses in Iloilo.

“Assessing the credibility and creditworthiness of borrowers” was a “Greatest Challenge” with a mean score of (M=4.21), indicating that all small business financing in Iloilo encountered this challenge. “Geographical and infrastructure limitations” also presented “Great Challenge”, scoring (M=4.07), indicating the difficulties in reaching customers and accessing markets.

In summary, small business financing in Iloilo faced numerous significant challenges. These included managing demand fluctuations, identifying borrower personas, meeting service expectations, making quick decisions, and improving transparency. The consistently high scores across these items underscored the substantial effort and determination required to overcome these trials and continue operations effectively.

This study connects with the findings of Ojwang and Shau (2021) on the challenges of financial communication for the growth of SMEs. Information sharing creates joint-liability very strongly, as all members will be participating in all matters relating to the group without missing anything.

The managers and employees who work with software robots are included in the planning process. Similarly, robotics implementation should incorporate the viewpoints of respective managers and employees. Hiring and retaining a highly skilled workforce is an acknowledged challenge in a range of industries (Barker, 2019).

Recent research (Pramod, 2021) revealed that RPA has been adopted mostly in the following industries: financial services, banking, and insurance. The healthcare, manufacturing, telecom, agriculture, and energy sectors have also implemented RPA. In addition, Pramod (2021) argued that there are hints that other sectors, such as retail, e-governance, construction, and tourism, are exploring the possibilities of RPA.

Table 5. Challenges Encountered by Small Business Financing as Assessed by Respondents When Taken as Whole

Items	Mean	Remarks
As A Whole	4.19	Great Challenge
1. Applicant comparisons and verification and automating tasks to help moderate demand fluctuations.	4.45	Greatest Challenge
2. Lending process and identify target borrower personas.	4.44	Greatest Challenge
3. Meeting the speed, accuracy, and 24/7 service consumers expect.	4.28	Greatest Challenge
4. Making complex and quick decisions.	4.08	Great Challenge
5. Comparison to online lenders, big financial institutions are too slow at making decisions.	4.13	Great Challenge
6. Approval or declination of loans within days if not hours.	4.31	Greatest Challenge
7. A long lending process, procedures and documentation. One of the reasons that have slow down the speed of loans advancement from the microfinance institutions to the borrowers is the procedures and large set of documentation in borrowing of loans. It takes more time and involves many procedures in taking the loan from the institutes, which has slow down the process of borrowing loans.	3.81	Great Challenge
8. Borrowers wait for months to find out whether or not they would be approved for a loan	4.08	Great Challenge
9. Improving transparency into business development.	4.47	Greatest Challenge
10. Tracking outstanding post-closing documents.	4.28	Greatest Challenge
11. Frequent back-and-forth communications with customers and lengthy approval times	4.13	Great Challenge

12. Can be resource constrained. They may not have the same access to capital as larger businesses, and they may not have the same collateral to offer to lenders. This can make it difficult for small businesses to get the financing they need to grow and expand.	4.09	Great Challenge
13. Client Development and Location. Small business owner's ability to repay tends to be unreliable. Therefore, an existing "good" customer can easily become a "bad" customer. Thus, simply to maintain the current size of the business, the small business financing/lender needs to look for new clients constantly.	3.98	Great Challenge
14. credibility of their clients/ creditworthiness of borrowers	4.21	Greatest Challenge
15. Geographical factors. Difficult for them to reach the customers due to lack of infrastructure.	4.07	Great Challenge

Scale of Means: 5.00-4.21 Greatest Challenge, 4.20-3.41 Great Challenge, 3.40-2.61 Moderate Challenge, 2.60-1.81 Less Challenge, 1.80-1.00 Not a Challenge

- Challenges Encountered by Small Business Financing as Assessed by Respondents When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Table 6 presents the challenges encountered by small business owners in the domain of financing, offering a nuanced perspective when analyzed across different demographic variables of age, educational attainment, length of business operation, line of business, amount of capitalization, and source of capitalization. The mean scores, ranging from 5.00 to 1.00, classify the perceived level of challenge for each variable.

On average, small business operators reported facing significant challenges, with a mean score of 4.19. This fell into the "Great Challenged" category, indicating that most small businesses encountered considerable trials requiring substantial effort and determination to continue their operations.

The analysis of challenges based on age revealed that both the 19-35 and 60 and above age groups experienced the highest level of challenge, each with a mean score of (M=4.26), categorized as "Greatest Challenge." In contrast, the 36-59 age group, with a mean score of (M=4.12), was also in the "Great Challenge" category but faced slightly fewer challenges compared to the younger and older age groups. This suggested that very young and very old entrepreneurs might have encountered more severe difficulties, potentially due to varying levels of experience, resources, and adaptability.

Educational attainment appeared to impact the perceived level of challenge. Elementary graduates reported the highest mean score of (M=4.27), followed closely by high school graduates at (M=4.23), both falling into the "Greatest Challenge" category. College graduates, with a mean score of (M=4.12), fell into the "Great Challenge" category. This trend might have indicated that lower educational attainment correlated with facing more intense challenges, possibly due to fewer skills or resources compared to those with higher education levels.

As to length of operations, business operators with 1-5 and 6-10 years of experience reported the greatest level of challenge, with mean scores of (M=4.22) and (M=4.24), respectively, categorized as "Greatest Challenge." Those with over 11 years of experience had a mean score of (M=4.04), which was still "Great Challenge" but lower compared to the shorter time frames. This suggested that newer businesses might have faced more immediate and intense challenges, while longer-established businesses might have developed strategies to better handle such difficulties.

Different lines of business showed varying levels of challenges. Online sellers reported the highest mean score of (M=4.31), followed by vendors (M=4.30) and carinderias/restaurants/F&B businesses (M=4.22), all categorized as "Greatest Challenge." In contrast, sari-sari stores (M=4.13) and other business types (M=3.99) faced fewer challenges but still fell within the "Great Challenge" category. This indicated that certain types of businesses, particularly those with more complex or competitive environments like online selling, faced greater difficulties.

The amount of capitalization impacted perceived challenges, with businesses having 20,001-50,000 in capitalization reporting the highest mean score of (M=4.21), categorized as "Greatest Challenge." Those with lower or higher capitalization amounts faced somewhat fewer challenges. This trend might have reflected that businesses within this mid-range capitalization bracket were more susceptible to financial strains and operational hurdles compared to those with very low or very high levels of capital.

The source of capitalization significantly affected the level of challenge. Businesses relying on microfinance providers (M=4.29) or informal money lenders (M=4.25) reported the greatest challenges, both categorized as "Greatest Challenge." In comparison, those relying on personal funds (M=4.08) or bank/cooperative loans (M=4.15) faced somewhat fewer challenges. This suggested that alternative and informal sources of funding might have come with higher costs or less stability, leading to greater operational difficulties.

Overall, the data highlighted that small businesses across various demographics and operational conditions faced considerable challenges. Factors such as age, educational attainment, length of business operation, line of business, amount of capitalization, and source of capitalization all contributed to the perceived level of difficulty in managing small businesses. This comprehensive view provided valuable insights into the diverse and complex challenges faced by entrepreneurs, and it could guide strategies to support and mitigate these difficulties.

This study adheres to the following findings: The performance of informal lending depends on group formation, as it creates joint liability as to the collateral. It was also observed by Mou et al. (2020) who revealed that geographical location has an impact on the performance of microloans. Consequently, group members with different locations will have different characteristics, which include age, job specifications, place of origin, and marital status. These features cement joint liability as they improve the performance of informal lending.

Evans et al. (2017) find that actively managed equity funds that lend securities underperform relative to similar funds that do not lend. The results of underperformance are concentrated among funds with investment restrictions (unable to sell stocks), which helps to explain why fund managers lend rather than sell stocks with high short-selling demand. An alternative explanation is managers' overconfidence.

Consequently, the regulators have also reinforced steps to assist inclusive formal lending infrastructures, such as international identification to help in legal reform, credit scoring, land titling, substantial lending, and internet connectivity (Charles & Mori, 2017; Hunt & Hayward, 2018).

Table 6. Challenges Encountered by Small Business Financing as Assessed by Respondents When Taken as Whole and When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Variable	Mean	Description
As A Whole	4.19	Great Challenge
Age		
19-35 years old	4.26	Greatest Challenge
36-59 years old	4.12	Great Challenge
60 and above	4.26	Greatest Challenge
Educational Attainment		
College Graduate	4.12	Great Challenge
High School Graduate	4.23	Greatest Challenge
Elementary Graduate	4.27	Greatest Challenge
Length of Business Operation		
1-5 years	4.22	Greatest Challenge
6-10 years	4.24	Greatest Challenge
11 years up	4.04	Great Challenge
Line of Business		
Sari-sari Store	4.13	Great Challenge

Vendor (Vegetable/Fish/Meat)	4.30	Greatest Challenge
Carinderia/Restaurant/F&B	4.22	Greatest Challenge
Online Seller	4.31	Greatest Challenge
Others	3.99	Great Challenge
Amount of Capitalization		
1,000-10,000	4.18	Great Challenge
10,001-20,000	4.19	Great Challenge
20,001-50,000	4.21	Greatest Challenge
50,001-100,000	4.08	Great Challenge
100,001-up	4.02	Great Challenge
Source of Capitalization		
Personal	4.08	Great Challenge
Microfinance Provider	4.29	Greatest Challenge
Bank/Cooperatives	4.15	Great Challenge
Relatives and Friends	4.20	Great Challenge
Informal Money Lenders	4.25	Greatest Challenge
Bombay (5-6)	4.02	Great Challenge

Scale of Means: 5.00-4.21 Greatest Challenge, 4.20-3.41 Great Challenge, 3.40-2.61 Moderate Challenge, 2.60-1.81 Less Challenge, 1.80-1.00 Not a Challenge

- Needs of Small Business Financing as Assessed by Respondents When Taken as Whole

Table 7 presents the needs of small business financing as perceived by small business owners, both collectively and in relation to specific items. The analysis revealed that small business financing in Iloilo faced several critical needs and demands, particularly regarding digital financial services and technological integration. The overall mean score of (M=4.33) indicated that these items were "Mostly Needed" for small business financing to acquire their business requirements and achieve their goals.

Among the top priorities was the "establishment of specific licenses and regulations for all digital financial service providers," which received the highest mean score of (M=4.82), falling under the "Mostly Needed" range. This underscored the importance of having a standardized regulatory framework to ensure compliance and foster a trustworthy financial environment. "Introducing time of obligatory requirements to supervisory bodies and national credit information systems" also emerged as "Mostly Needed," with a mean score of (M=4.31), highlighting the necessity for transparency and efficient information sharing.

Another critical area was the need for "digital lenders to present the costs and risks of their loan products in a manner comprehensible to consumers," with a mean score of (M=4.30). This indicated that clear communication was vital for building consumer trust and ensuring informed decision-making. Additionally, "engagement with initiatives that meet customer or community" needs scored (M=4.35), indicating the importance of aligning business operations with societal expectations. Both items fell under the "Mostly Needed" category, reflecting their necessity and urgency in the point of view of small business financing.

Similarly, "extending consumer protection policies to digital financial services" also emerged as "Mostly Needed," with a mean score of (M=4.32). This reflected the growing need to safeguard consumers' interests in the digital era. "Setting measurable targets, such as deadlines and quotas," received a score of (M=4.28), also classified as "Mostly Needed," emphasizing the importance of clear goals to drive organizational progress. On the other hand, the "use of new systems and technology" with a mean score of (M=3.74) was identified as "More Needed," indicating it was still necessary but slightly less critical compared to other needs. This showed that there was room for improvement in technological adoption.

"Appropriate strategies for resolving conflicts," with a mean score of (M=4.34), were essential for maintaining smooth operations and positive stakeholder relationships. "Regular evaluation of customer feedback," scoring (M=4.32), was also necessary for continuous improvement and enhancing customer satisfaction. "Upskilling in the age of digital natives," with a mean score of (M=4.35), was crucial for staying competitive in a rapidly evolving market. All three items fell under the "Mostly Needed" range, showing how critical these items were for small business financing to acquire their business requirements and attain their goals.

“Manage the flow of documents and store documents appropriately,” “bringing in loans more efficiently,” and “expediting the ability to originate, underwrite, and close small business loans” all scored (M=4.35), highlighting the need for streamlined processes to meet demand and improve customer experience. “The proper use of technology to process loan transactions efficiently and achieve the necessary return on investment,” as well as “organizing data from borrowers’ financial statements to make better credit decisions and identify risks,” also had mean scores of (M=4.35), respectively, emphasizing the importance of leveraging technology for operational efficiency and risk management.

In summary, addressing these critical needs will enable small business financing providers in Iloilo to meet their business requirements, achieve their goals, and remain competitive in an increasingly digital marketplace (Sevillo, 2024).

Brown (2022) also conducted a comprehensive investigation into the evaluation of training requirements, ultimately concluding that identifying these needs is essential for creating an efficient training and development plan. According to Brown, a training needs assessment is a continuous process of gathering data to determine what training requirements exist and how to design training programs that assist the organization in achieving its goals. She observed that many organizations develop and implement training programs without first conducting a thorough needs analysis, which can lead to significant issues. Without proper assessment, organizations risk either overtraining, undertraining, or entirely missing the training objectives, thereby failing to address the actual needs of the workforce. Brown's study underscores the importance of a systematic approach to training needs assessment to ensure that training initiatives are both relevant and effective.

There are thousands of nonprofit community development finance institutions (CDFIs) across the country, all providing capital to small businesses and microbusiness owners on reasonable terms, according to Jennifer Sporzynski, senior vice president for business and workforce development at Coastal Enterprises Inc. (CEI) (Peek, 2023).

There are two main ways of realizing philanthropy in crowdfunding: one is charitable donation crowdfunding, which means that promoters crowdfund for health or education and donors donate money to help others voluntarily (Liu et al., 2018;Wei et al., 2021).

The need for upskilling in the digital age and the adoption of technology to streamline small business financing practices were also highlighted in several studies. Sharma et al. (2023) concluded that FinTech is transforming how organizations conduct their core business activities. For small businesses, it offers a way to overcome persistent challenges, such as limited access to traditional financial instruments. Small businesses are rapidly evolving as they face increasing pressure to adapt, partly due to more transparent online marketplaces. As a result, FinTech can play an important role in small businesses' digitalization and competitiveness.

Li (2022) corroborated these findings, asserting that within five years, more than two-thirds of the skills considered important for today's jobs will change. By 2025, one-third of the essential skills will involve technological competencies not currently deemed crucial. Li's study indicates that lifelong learning should be integrated into an organization's strategic goals. Both individuals and companies must prioritize reskilling and upskilling, making career development a central focus for the future workforce. Significant efforts should be made to ensure these learning opportunities are accessible, available, and affordable for all workers.

Table 7. Needs of Small Business Financing as Assessed by Respondents Owners When Taken as Whole

Items	Mean	Remarks
As A Whole	4.33	Mostly Needed
1. Establish format of specific licenses and	4.82	Mostly Needed

regulations for all digital financial service provider		
2. Introduce time of obligatory reporting requirements to supervisory bodies and national systems for sharing credit information	4.31	Mostly Needed
3. Present option of the costs and risks of their loan products in a manner comprehensible to consumers by digital lenders	4.30	Mostly Needed
4. Engagement with initiatives that help meet customer or community needs.	4.35	Mostly Needed
5. Extending consumer protection policies to digital financial services.	4.32	Mostly Needed
6. Have measurable targets like deadlines and quotas that contribute to the company's greater vision	4.28	Mostly Needed
7. Use of new systems and technology.	3.74	More Needed
8. Appropriate strategies in resolving conflicts	4.34	Mostly Needed
9. Evaluate customers feedback	4.32	Mostly Needed
10. Upskill in the age of digital natives	4.35	Mostly Needed
11.Manage the flow of documents and store documents appropriately	4.35	Mostly Needed
12. bring in the loans more efficiently	4.35	Mostly Needed
13. Expedite their ability to originate, underwrite and close small business loans	4.35	Mostly Needed
14. Proper technology to efficiently process loan transactions and achieve the necessary return on investment	4.35	Mostly Needed
15. Organizing data from borrowers' financial statements, which enables the institution to make better, more accurate credit decisions and identify risks	4.35	Mostly Needed

Scale of Means: 5.00-4.21 Mostly Needed, 4.20-3.41 More Needed, 3.40-2.61 Moderately Needed, 2.60-1.81 Slightly Needed, 1.80-1.00 Not Needed

Needs of Small Business Financing as Assessed by Respondents When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Table 8 presents the needs of small business financing, considering the perspective of small business owners, both in their entirety and when stratified across various demographic variables such as age, educational attainment, length of business operation, line of business, amount of capitalization, and source of capitalization. The overall assessment of the needs of small business financing, as perceived by the owners, yielded a mean score of (M=4.33), categorizing it as "Mostly Needed." This indicated strong and consistent needs among small businesses for financing in Iloilo, emphasizing their crucial role in supporting their growth and sustainability.

As to age, small business owners aged 19-35 years old exhibited a particularly high level of needs with a mean score of (M=4.37), likely driven by their desire to grow their ventures and seize new opportunities. Those aged 36-59 years old (M=4.26) also showed a strong need, though slightly lower than the younger group, as they focused on scaling existing operations or addressing ongoing business challenges. In contrast, entrepreneurs aged 60 and above (M=4.46) displayed the highest needs, possibly due to the necessity of capital for modernizing or sustaining long-established businesses. This increased need might have stemmed from the requirement to modernize or sustain long-established businesses, ensuring their continued relevance and competitiveness in the market. All the mean scores of the three age groups fell under the “Mostly Needed” category, indicating that the needs of small business financing did not significantly vary across different ages.

As to educational attainment, college graduates (M=4.31) and high school graduates (M=4.32) both showed “Mostly Needed” results, indicating that higher educational attainment alone did not alleviate these requirements. Elementary graduates (M=4.39), also “Mostly Needed,” demonstrated the highest need, likely due to more significant barriers in accessing resources.

As to the length of business operations, businesses in their early years (1-5 years) exhibited a high need with a mean of (M=4.36). Similarly, mid-stage (6-10 years) and established businesses (11 years and up) continued to show high levels of needs with mean scores of (M=4.27) and (M=4.33), reflecting ongoing growth and modernization requirements. This consistent need across different stages underscored the critical importance of accessible financing for small business sustainability and development.

The analysis indicated that the need for financing varied across different lines of business but remained consistently high overall. Sari-sari stores (M=4.34) and vendors (vegetable/fish/meat) (M=4.26) exhibited high levels of need, likely due to their low-margin business models and operational costs. Carinderias and food businesses (M=4.17) showed slightly lower yet still substantial financial needs, categorizing them as "More Needed." Online sellers demonstrated the highest need with a mean score of (M=4.40), reflecting the demands of rapid scaling and technological investments. Other business types also revealed a high level of need (M=4.31), falling under the "Mostly Needed" category. This underscored the pervasive and critical need for accessible financing across various small business sectors to support their growth and operational requirements.

As to the amount of capitalization, the analysis revealed that small businesses with lower capitalization (1,000-10,000 PHP) exhibited the highest need for financing, with a mean score of (M=4.50), indicating significant financial constraints. Similarly, businesses with mid-range (20,001-50,000 PHP) and higher capitalization (50,001-100,000 PHP) also showed substantial needs, both with mean scores of (M=4.31) and (M=4.50), respectively. All three categories fell under the “Mostly Needed” range. Interestingly, businesses with the highest capitalization (100,001 PHP and up) demonstrated a slightly lower demand for financing, categorized as “More Needed” and with a mean score of (M=4.09), suggesting they might have had more resources or better access to alternative funding sources. Overall, these findings highlighted that financial needs remained critical across different levels of capitalization, though businesses with higher capitalization might have had slightly more financial flexibility.

As to the sources of capitalization, findings revealed high needs across the board: personal funds (M=4.42), microfinance providers (M=4.33), and banks/cooperatives (M=4.49). Financing from relatives and friends (M= 4.37) and informal money lenders (M=4.26) also showed substantial needs. All the foregoing categories fell under the “Mostly Needed” range, indicating that all small business financing acquired their business requirements and attained their goals. Businesses relying on "Bombay" loans (M=4.18) exhibited slightly lower, yet still significant, financial needs. Overall, the data underscored the pervasive and critical need for financing across various small business segments.

In summary, the analysis highlighted a consistent and high level of need for small business financing across various demographics, business types, and capitalization levels. This underscored the importance of tailored financial solutions and support to address the diverse needs of small businesses in Iloilo.

From the cognitive perspective, disclosure of lending motivations could decrease the consumption of cognitive resources and then promote helping and prosocial behaviors that need cognitive control because people have selfless motivations (Zhao et al., 2020).

Some previous studies have found that the last project description affects the next lending or investment in the context of crowdfunding (Zakhlebin and Horvat, 2019; Zhao et al., 2020).

Table 8. Needs of Small Business Financing as Assessed by Respondents When Taken as Whole and When Classified into Age, Educational Attainment, Length of Business Operation, Line of Business, Amount of Capitalization, and Source of Capitalization

Variable	Mean	Description
As A Whole	4.33	Mostly Needed
Age		
19-35 years old	4.37	Mostly Needed
36-59 years old	4.26	Mostly Needed
60 and above	4.46	Mostly Needed
Educational Attainment		
College Graduate	4.31	Mostly Needed
High School Graduate	4.32	Mostly Needed
Elementary Graduate	4.39	Mostly Needed
Length of Business Operation		
1-5 years	4.36	Mostly Needed
6-10 years	4.27	Mostly Needed
11 years up	4.33	Mostly Needed
Line of Business		
Sari-sari Store	4.34	Mostly Needed
Vendor (Vegetable/Fish/Meat)	4.26	Mostly Needed
Carinderia/Restaurant/F&B	4.17	More Needed
Online Seller	4.40	Mostly Needed
Others	4.31	Mostly Needed
Amount of Capitalization		
1,000-10,000	4.50	Mostly Needed
10,001-20,000	4.27	Mostly Needed
20,001-50,000	4.31	Mostly Needed
50,001-100,000	4.50	Mostly Needed
100,001-up	4.09	More Needed
Source of Capitalization		
Personal	4.42	Mostly Needed
Microfinance Provider	4.33	Mostly Needed
Bank/Cooperatives	4.49	Mostly Needed
Relatives and Friends	4.37	Mostly Needed
Informal Money Lenders	4.26	Mostly Needed
Bombay (5-6)	4.18	More Needed

Scale of Means: 5.00-4.21 Mostly Needed, 4.20-3.41 More Needed, 3.40-2.61 Moderately Needed, 2.60-1.81 Slightly Needed, 1.80-1.00 Not Needed

- Differences in the Opportunities of Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Table 9 presents the results of a statistical analysis investigating the significant differences in the opportunities perceived by small business owners concerning financing when classified based on various demographic variables. The variables considered include age, educational attainment, line of business, length of business operation, amount of capitalization, and source of capitalization.

The H-test, a statistical method, was employed to assess the significance of differences across these categories. The p-values associated with each variable determine whether the observed differences are statistically significant or not. The table provides the degrees of freedom (df) and remarks on the significance of the tests.

For both age and educational attainment, the results indicated that these variables did not significantly impact the opportunities available for small business financing. The p-values for age ($p=0.073$) and educational attainment ($p=0.373$) were above the ($p=0.05$) threshold, suggesting no statistically significant differences in financing opportunities among different age groups or educational backgrounds. Thus, the null hypothesis was not rejected. This implies that the opportunities for obtaining financing were fairly uniform across different ages and educational levels of small business owners.

In contrast, the length of business operations had a significant effect on financing opportunities. The p-value of ($p=0.002$) was well below the ($p=0.05$) threshold, indicating strong statistical significance. Therefore, the null hypothesis was rejected. This suggests that the duration for which a business has been operating plays a crucial role in determining the opportunities for financing. Established businesses, as opposed to newer ones, might have better access to financing opportunities, reflecting the importance of business longevity and the credibility it brings in securing financial support.

The line of business and amount of capitalization exhibited trends toward impact, but these results are not statistically significant. The p-values for the line of business (p=0.085) and amount of capitalization (p=0.052) are close to the (p=0.05) threshold but remain above it. In both cases, the null hypothesis was not rejected. This indicates that while there may be some differences in financing opportunities based on the type of business or the amount of capital, these differences are not statistically significant. As a result, the specific line of business or level of capitalization does not significantly affect the availability of financing opportunities.

Similarly, the source of capitalization did not show a significant impact on financing opportunities. With a p-value of (p=0.283), it was clear that whether a business relies on personal funds, microfinance, banks, relatives, friends, or informal money lenders does not lead to statistically significant differences in the opportunities for financing. Thus, the null hypothesis was not rejected. This suggests that the source of capitalization does not substantially influence the perceived opportunities for obtaining business financing.

In summary, the analysis revealed that, among the factors tested, the length of business operation is the only variable with a significant impact on the opportunities for small business financing. The duration a business has been in operation affects its ability to access financing opportunities, with established businesses likely benefiting more from their longevity. In contrast, age, educational attainment, line of business, amount of capitalization, and source of capitalization do not significantly influence financing opportunities. This highlights the critical role of business experience and stability in accessing financing, while other factors appear to have a more limited effect.

Table 9. Differences in the Opportunities of Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Variable	H-Test	df	p-value	Remarks
Age	5.250	2	0.073	Not Significant
Educational Attainment	1.910	2	0.373	Not Significant
Length of Business Operation	12.700	2	0.002	Significant
Line of Business	8.190	4	0.085	Not Significant
Amount of Capitalizations	9.400	4	0.052	Not Significant
Source of Capitalization	6.250	5	0.283	Not Significant

p-value <0.05

Differences in the Challenges Encountered by Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Table 10 presents the results of a statistical analysis examining the significant differences in the challenges faced by small business financing as perceived by small business owners. The analysis categorizes the challenges based on a variety of demographic variables, including age, educational attainment, line of business, length of business operation, amount of capitalization, and source of capitalization.

The analysis of the challenges encountered by small business owners revealed that there were no statistically significant differences based on the variables tested.

When examining the impact of age on the challenges faced by small business owners, the results showed a p-value of (p=0.172), which was greater than the standard significance level of 0.05. This indicates that age does not have a significant effect on the challenges encountered. Therefore, the null hypothesis was not rejected.

Similarly, educational attainment was assessed, with a p-value of 0.235. This suggests that differences in educational background do not significantly influence the types of challenges faced by small business owners. Similarly, the null hypothesis was not rejected.

The length of business operation was another factor analyzed, showing a p-value of (p=0.087). Although this value is relatively close to the threshold, it still does not reach statistical significance, indicating that the duration of business operations does not have a significant impact on the challenges faced. In this case, the null hypothesis was also not rejected.

The analysis of the line of business also resulted in a p-value of (p=0.164), suggesting that the type of business does not significantly affect the challenges encountered. Therefore, the null hypothesis was not rejected.

Regarding the amount of capitalization, the p-value was found to be (p=0.882), indicating no significant differences in challenges based on how much capital the business has, in which case the null hypothesis was not rejected.

Lastly, the source of capitalization was evaluated, with a p-value of (p=0.175). This shows that the source of the business's capital does not significantly influence the challenges faced by the owners. Hence, the null hypothesis was also rejected.

In summary, the study found no significant differences in the challenges faced by small business owners when classified by age, educational attainment, length of business operation, line of business, amount of capitalization, or source of capitalization. Thus, across all variables, the null hypotheses were not rejected.

The following findings adhere to this study: This chapter looks at how the financial structuring and hedging issues discussed in the last two chapters feed through to the lenders' documentation, and in particular: how the lenders control the project company's cash flow; the nature of the lenders' legal security; loan default procedures; and relationships between different classes of lenders. These are largely issues between the lenders and the project company (and its investors), but the contracting authority needs to review the lenders' documentation to ensure that there are no provisions which weaken or unduly inhibit the project company's ability to carry out its responsibilities under the PPP contract. (Yescombe, E R & Farquharson, Edward., 2018).

Table 10. Differences in the Challenges Encountered by Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Variable	H-Test	df	p-value	Remarks
Age	3.520	2	0.172	Not Significant
Educational Attainment	2.900	2	0.235	Not Significant
Length of Business Operation	4.890	2	0.087	Not Significant
Line of Business	6.520	4	0.164	Not Significant
Amount of Capitalization	1.170	4	0.882	Not Significant
Source of Capitalization	7.680	5	0.175	Not Significant

p-value <0.05

Differences in Needs by Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Table 11 presents the result of a statistical analysis examining the significant differences in the needs perceived by small business owners in the context of small business financing. The analysis categorizes the needs based on several demographic variables, including age, educational attainment, line of business, length of business operation, amount of capitalization, and source of capitalization.

The table presents the results of the H-Test, a statistical method used to assess the significance of differences across these demographic categories. It includes the degrees of freedom (df), the H-Test statistic, and the associated p-value for each variable. The p-value indicates whether the observed differences in need are statistically significant.

The analysis of small business owners' financing needs, categorized by various factors, revealed no significant differences across the tested variables.

First, when assessing the impact of age on financing needs, the p-value was (p=0.051). Although this was close to the threshold for statistical significance (0.05), it did not quite reach it, suggesting that age did not have a significant effect on the financing needs of small business owners. Hence, the null hypothesis was not rejected.

In terms of educational attainment, the p-value was (p=0.655), indicating that differences in education levels did not significantly affect the needs for financing among small business owners. Therefore, the null hypothesis was not rejected.

The analysis of the length of business operation yielded a p-value of (p=0.473). This result shows that the duration a business has been in operation does not significantly influence its financing needs, rejecting the null hypothesis.

Similarly, the type of line of business was examined, with a p-value of (p=0.412). This indicates that the sector or type of business does not significantly impact the financing needs. Thus, the null hypothesis was not rejected.

For the amount of capitalization, the p-value was (p=0.070). While this is somewhat close to the significance level, it is still not below the 0.05 threshold, suggesting that variations in the amount of capitalization do not significantly affect financing needs. Hence, the null hypothesis was also not rejected.

Finally, with a p-value of 0.127, the result suggested that where the capital comes from did not significantly alter the financing needs of small business owners. Likewise, the null hypothesis was not rejected.

In summary, none of the factors tested—age, educational attainment, length of business operation, line of business, amount of capitalization, or source of capitalization—showed significant differences in the financing needs of small business owners. The p-values for all variables are above the commonly accepted significance level of 0.05, indicating that these factors do not have a substantial impact on the financing needs. Therefore, across all variables, the null hypothesis was not rejected.

This study relates to these findings. Chinese farmers need loans. It’s hard for them to borrow from formal lenders like banks or even rural credit cooperatives. Thus, to satisfy their financial needs, farmers borrow from informal lenders. While farmers have benefited from the post-Mao reform in many respects, the financial reforms of the past three decades have failed to create an effective system in which farmers can borrow from formal lenders. To create an effective and efficient financial system that can meet farmers’ needs, it is necessary for informal lenders to play an active role in rural finance. China’s rural finances face four key problems: asymmetric information, a lack of collateral, the unique structure of costs and risks, and the nonproductive use of loans. Informal lenders have an advantage in solving these problems. This article proposes the creation of a financial system in which informal lenders play an active role in lending to farmers, and formal and informal lenders cooperate with each other. It develops the argument based on the first author’s field research in the provinces of Guangdong, Henan, Jilin, Shaanxi, Shandong, and Shanxi (Zhou, Li & Takeuchi, Hiroki.,2010).

Table 11. Differences in Needs by Small Business Financing as Assessed by Respondents When Classified According to Age, Educational Attainment, Line of Business, Length of Business, Amount of Capitalization, and Source of Capitalization

Variable	H-Test	df	p-value	Remarks
Age	5.960	2	0.051	Not Significant
Educational Attainment	0.846	2	0.655	Not Significant
Length of Business Operation	1.500	2	0.473	Not Significant
Line of Business	3.960	4	0.412	Not Significant
Amount of Capitalization	8.660	4	0.070	Not Significant
Source of Capitalization	8.580	5	0.127	Not Significant

p-value <0.05

- Significant Relationships Among the Opportunities, Challenges, and Needs of Small Business Financing

Table 12 presents the results of a statistical analysis examining the significant relationships among the opportunities, challenges, and needs within the context of small business financing. The table includes three variables: Opportunities, Challenges, and Needs, and the relationships between these variables are assessed using Spearman's rho correlation coefficient.

Firstly, the correlation between challenges and opportunities was quite weak, with a Spearman's rho of (0.065) and a p-value of (p=0.361). This indicates that there was no significant relationship between the challenges faced by small business owners and the opportunities available to them. Hence, the null hypothesis was not rejected. In other words, the extent of the challenges does not appear to affect the opportunities they encounter.

On the other hand, the relationship between needs and challenges was more pronounced. With a Spearman's rho of (0.434) and a p-value of less than (p=0.001), this correlation is both moderate and statistically significant. Thus, the null hypothesis was rejected. This suggests that as small business owners face more challenges, their perceived needs for financing tend to increase. Essentially, larger challenges are associated with a greater sense of need for financial resources.

Finally, the correlation between needs and opportunities shows a Spearman's rho of (-0.081) and a p-value of (p=0.251). This weak and non-significant relationship indicates that the perceived needs for financing are not significantly related to the opportunities available, and the null hypothesis was not rejected. This means that the presence of opportunities does not substantially influence the need for financing among small business owners.

The analysis reveals that among the three variables—opportunities, challenges, and needs—only the relationship between needs and challenges was statistically significant. A moderately positive correlation indicates that greater challenges are associated with higher perceived needs for financing. Conversely, the relationships between opportunities and both challenges and needs are not statistically significant, suggesting that opportunities do not have a meaningful impact on the challenges faced or the needs for financing.

This study agreed that Fonseca and Van Doornik's (2022)'s results are not comparable to ours; it is notable that they also found a positive relationship between more access to finance and employment decisions, at least concerning skilled workers.

As a result, individuals improve their emotional commitment to an organization after obtaining opportunities such as job promotion and growth ability. Personal resources can have an impact on decision-making (Wang et al., 2022).

Table 12. Significant Relationships Among the Opportunities, Challenges, and Needs of Small Business Financing

Variable		Opportunities	Challenges	Needs	Remarks
Challenges	Spearman's rho	0.065			
	Df	198			
	p-value	0.361			Not Significant
Needs	Spearman's rho		0.434		
	Df		198		
	p-value		< .001		Significant
Opportunities	Spearman's rho			-0.081	
	df			198	
	p-value			0.251	Not Significant

V. SUMMARY, FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents the summary, conclusions, and recommendations of the study to determine the opportunities, challenges, and needs of small business financing in the Province of Iloilo for the year 2023.

Specifically, this study seeks to answer the following questions:

1. What is the profile of the respondents in terms of age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
2. What are the opportunities for small business financing as assessed by the small business owners when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
3. What are the challenges encountered by small business financing as assessed by small business owners when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
4. What are the needs of small business financing as assessed by small business owners when taken as a whole and when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
5. Are there significant differences in the opportunities for small business financing as assessed by small business owners when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
6. Are there significant differences in the challenges encountered by small business financing as assessed by small business owners when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
7. Are there significant differences in the needs of small business financing as assessed by small business owners when classified according to age, educational attainment, line of business, length of business, amount of capitalization, and source of capitalization?
8. Are there significant relationships among the opportunities, challenges, and needs of small business financing?

Summary

The study focused on small business financing in the Province of Iloilo, specifically examining the opportunities, challenges, and needs associated with it. The research is descriptive-correlational in nature and relies exclusively on data provided by the respondents. The study will gather insights from 200 selected small business owners using purposive sampling to address its objectives.

Data collection was conducted using a researcher-developed questionnaire, which is divided into four sections. Part I collects demographic information, including age, educational attainment, line of business, length of business operation, amount of capitalization, and source of capitalization. Part II assesses the opportunities available for small business financing.

Part III identifies the challenges faced in securing financing, while Part IV evaluates the needs related to small business financing. Before administration, the questionnaire will undergo validation and reliability testing to ensure accuracy and consistency.

To analyze the data, statistical methods such as frequency counts, percentages, means, the Kruskal-Wallis H-Test, and Spearman's rho will be employed. The level of significance for the analysis is set at 0.05.

The Findings of the Study

In this study, the findings were the following:

1. The study provides a detailed profile of small business owners in the province of Iloilo. Most respondents are middle-aged (51.00%), with a significant portion being college graduates (46.50%). The majority of businesses have been operating for 1-5 years (48.50%) and are primarily in retail, such as sari-sari stores (53.00%) and online selling (20.00%). Capitalization levels vary, with the largest group having between 10,001 and 20,000 (40.00%). Diverse sources of funding include microfinance providers (38.50%), personal funds (12.50%), and Bombay financing (12.50%). This profile highlights the varied backgrounds and financial strategies of the respondents.
2. The study highlights that small business financing in the Province of Iloilo is widely regarded as a "Greatest Opportunity", with an average rating of 4.71. Key areas seen as beneficial include promoting linkages between enterprises (4.80), enhancing existing programs (4.78), and improving access to funding (4.70). High scores are also given to intensifying entrepreneurship training (4.75) and ensuring fair access to government contracts (4.75). The importance of addressing collateral requirements (4.62) and improving credit systems (4.68) is emphasized, along with digitizing loan processes (4.56) and advancing lending technology (4.66). This positive view is consistent across various demographics and business types, reflecting broad support for small business financing's role in economic development, poverty alleviation, and entrepreneurship.
3. The overall small business financing in Iloilo scored challenges as "Great Challenged" with the mean of 4.19. Key issues include managing applicant comparisons (4.45), navigating the lending process (4.44), and meeting speed and accuracy expectations (4.28). Challenges also involve slow decision-making by traditional lenders (4.13), lengthy approvals (3.81), and tracking post-closing documents (4.28). Younger and older entrepreneurs face the greatest challenges, with lower education levels and newer businesses experiencing more difficulties. Online sellers and businesses with mid-range capitalization face the most significant hurdles, while those using microfinance or informal loans encounter higher challenges compared to those relying on personal funds or bank loans.
4. The study highlights a consistent "Most Needed" for small business financing in Iloilo, with an overall mean score of 4.33. Key needs include establishing standardized digital financial regulations (4.82), clear loan cost communication (4.30), and enhanced consumer protection (4.32). Younger and older entrepreneurs, as well as those with lower educational attainment and newer businesses, report the highest needs. Online sellers and businesses with lower to mid-range capitalization face the greatest challenges. The findings emphasize the need for improved regulations, transparency, and tailored financial support across various business types and stages.
5. Findings show that the length of business operation significantly affects financing opportunities, with longer-established businesses having better access to funds (p=0.002). In contrast, age, educational attainment, line of business, amount of capitalization, and source of capitalization do not significantly influence financing opportunities, with p-values above 0.05. Thus, business longevity is the main factor impacting financing access, while other demographic variables have limited effects.
6. Findings indicate that challenges faced by small business owners do not significantly vary across age, educational attainment, length of business operation, line of business, amount of capitalization, or source of capitalization, with all p-values exceeding the 0.05 significance threshold. This means that the difficulties encountered by small business owners are consistent, regardless of these demographic and financial factors. Therefore, based on these variables, the analysis

found no significant differences in the challenges faced.

7. Statistical analysis shows that no significant differences exist in the financing needs of small business owners based on age, educational attainment, length of business operation, line of business, amount of capitalization, or source of capitalization. All p-values exceed the 0.05 significance threshold, indicating that these demographic and financial factors do not significantly impact small business owners' perceived financing needs. Thus, the null hypotheses for all variables were not rejected.
8. Challenges and opportunities have a weak, non-significant relationship (Spearman's rho = 0.065, $p = 0.361$), indicating that challenges don't significantly affect opportunities. However, there is a moderate and significant correlation between needs and challenges (Spearman's rho = 0.434, $p < 0.001$), suggesting that more challenges lead to higher perceived financing needs. The link between needs and opportunities is also weak and non-significant (Spearman's rho = -0.081, $p = 0.251$), showing that opportunities don't significantly influence financing needs. Overall, only the relationship between needs and challenges is significant, with greater challenges associated with higher financing needs.

Conclusions

1. The study profiles small business owners in Iloilo, revealing a diverse group: mostly middle-aged, college-educated, with businesses mostly in retail, varying capitalization, and multiple funding sources.
2. The Small Business Financing is distinguished to be beneficial all the time in the province of Iloilo.
3. Most small business financing encountered trials which require great effort and determination to continue the operation.
4. All small business financing acquired their business requirements and attain their goals.
5. The duration of business operation notably affects financing opportunities, with long-established businesses having better access to funds. Other demographic factors have limited impact on financing access.
6. Challenges faced by small business owners are similar across different demographics and financial conditions, with no significant differences observed.
7. Financing needs remain consistent regardless of age, education, business duration, type, capitalization level, or funding source, indicating a general uniformity in perceived needs.
8. While there is a weak and insignificant link between challenges and opportunities, there is a strong and significant correlation between needs and challenges, with greater challenges leading to higher perceived needs for financing. Opportunities do not significantly impact financing needs.

Recommendations

Based on the findings and recommendations presented, several recommendations emerge to enhance support for small business owners in the financing landscape:

1. To address the challenges impacting small business performance and income in Iloilo, it is critical for small business owners, managers, and employees to enhance their financial literacy and adapt effective financial strategies. They should actively engage in entrepreneurship training programs and leverage available resources to overcome barriers. Improving knowledge and practical skills will help to mitigate issues that lead to low income and boost overall business performance.
2. Local government officials should focus on reducing barriers to small business financing by improving funding access and supporting initiatives that enhance linkages between small and large enterprises. They should also work to streamline the lending process, promote fair access to government contracts, and address burdensome collateral requirements. Such measures will contribute to economic growth and support the development of small businesses in the province of Iloilo.
3. Business owners should invest in improving their financial literacy and avoid risky financial decisions. By understanding and applying successful financial strategies and learning from the real-life experiences of successful entrepreneurs, they can reduce the high failure rate among new businesses. Emphasis should be placed on efficient financial management and accessing

appropriate funding sources to enhance business sustainability.

4. Supporting local enterprises not only aids in their growth but also enhances the quality of goods and services available in the market, leading to a better consumer experience.
5. Researchers should use the findings to explore and address the specific needs, challenges, and opportunities in small business financing. This study's results can guide further research in identifying effective solutions and improvements in financial practices for small businesses.
6. Future researchers can build on this study by investigating additional factors influencing small business financing and exploring the relationship between various demographic and financial variables. This research can provide deeper insights and contribute to more effective financial strategies and policies for small businesses.

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