

**Effectiveness of microfinance services
and entrepreneurial performance of micro and small enterprises' members
of St. Vincent Ferrer Parish Multi-Purpose Cooperative in Sibuyan, Romblon**

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ABSTRACT

This survey-correlational research design aimed to determine the effectiveness of microfinance services and the entrepreneurial performance of Micro and Small Enterprises (MSE) members of the St. Vincent Ferrer Parish Multi-Purpose Cooperative (SVFPMC) in Sibuyan, Romblon for the year 2026. Specifically, it examined the effectiveness of microfinance services in terms of loan adequacy, savings mobilization, and entrepreneurship training, and the entrepreneurial performance of members in terms of business growth, enterprise expansion, and job creation. The study also analyzed the significant relationship between the effectiveness of microfinance services and entrepreneurial performance. The participants included 186 randomly selected members from the total population of 356 cooperative members, representing the three towns of Cajidiocan, Magdiwang, and San Fernando. The primary instrument used was a researcher-made questionnaire. Descriptive statistics, including frequency count, percentage, mean, and standard deviation, were employed. Inferential analysis using Pearson's r was conducted to examine the significant relationship between variables, with the alpha level set at 0.05. Major findings revealed that the level of effectiveness of microfinance services among cooperative members was "very high", with very high ratings in loan adequacy and savings mobilization, and a high level in entrepreneurship training. The entrepreneurial performance of members was found to be "high", with very high level in business growth and high levels in enterprise expansion and job creation. A strong positive relationship was observed between the effectiveness of microfinance services and entrepreneurial performance, indicating that more effective microfinance services are associated with higher entrepreneurial performance among cooperative members.

Keywords: Effectiveness of microfinance services, entrepreneurship training, loan adequacy, savings mobilization, entrepreneurial performance.

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INTRODUCTION

Microfinance has become a tool for poverty reduction and promoting economic empowerment, particularly for communities excluded from formal banking. Microfinance allows entrepreneurs in low-income areas borrow and save. It provides financial and non-financial services tailored to their unique needs. Organizations like the World Bank, the United Nations, and various NGOs support its use worldwide. In the Philippines, national policies and support for microfinance have expanded financial institutions offering small loans and savings programs. Savings and credit cooperatives, like the St. Vincent Ferrer Parish Multi-Purpose Cooperative in Sibuyan, Romblon, translate these principles into practice. The St. Vincent Coop stays relevant by providing low-income individuals opportunities to save and access financial support. It helps MSE members alleviate capital constraints, boost their entrepreneurial abilities, and build better livelihoods and living conditions through its microfinance services.

Drawing from firsthand experiences as an active member of the cooperative, the researcher has observed both the opportunities created by accessible microfinance and the persistent challenges faced by MSE owners in securing adequate financial support. However, despite the cooperative's significant role in the locality, existing academic literature does not sufficiently document the socioeconomic impacts of its microfinance initiatives. The impact of cooperative microfinance services on MSEs has not been thoroughly investigated in these communities. Evidence on microfinance influence in rural and island settings like Sibuyan, Romblon is limited, focusing mainly on urban and national contexts. The role of parish-based cooperatives, like the St. Vincent Ferrer Parish Multi-Purpose Cooperative, rarely examined in research. The gaps necessitate a systematic investigation into how SVFPMC microfinance initiatives drive entrepreneurial growth of MSEs members at the grassroots level.

To address the gaps, this study uses a quantitative research design, with structured survey questionnaires to collect data from MSE owners in St. Vincent Cooperative. The design lets the researcher examine how microfinance initiatives affect MSEs' performance. Data is collected with structured instruments, reducing subjectivity and making results more reliable. Descriptive and inferential statistics are applied to identify trends, relationships, and the effectiveness of the cooperative's microfinance services. Descriptive statistics summarize the demographic profile of respondents and their experiences, while inferential statistics test the hypotheses to determine the significance of relationships between microfinance services and entrepreneurial performance.

The purpose of the study was to assess the effectiveness of microfinance services of St. Vincent Coop. It is essential to determine whether these services are delivered properly, meet members' actual needs, and function as intended. Effective services provide entrepreneurs with necessary resources, skills, and risk protection to operate and grow their businesses; if they are not effective, the cooperative's core mission of empowering members remain unfulfilled. This variable is critical to evaluate if the cooperative's interventions are functional, relevant, and capable of delivering intended benefits to its MSE members. Entrepreneurial performance represents the tangible outcome and success of the business ventures operated by St. Vincent Coop's MSE members. This variable is significant because the main objective of joining the cooperative and accessing its services is to improve business conditions, increase income, and ensure livelihood stability. Performance directly reflects whether members are able to translate available support into real economic gains; it also serves as the key measure to verify if membership and assistance lead to meaningful improvement in their enterprises. Studying this variable reveals the actual impact of cooperative engagement and shows whether members achieve better economic status and long-term business viability.

Statement of the problem

The main purpose of this study was to assess the effectiveness of microfinance services and entrepreneurial performance of micro and small enterprises' (MSE) members of St. Vincent Ferrer Parish Multi-Purpose Cooperative (SVFPMC) in Sibuyan, Romblon for the year 2026. Specifically, the study sought to provide answers to the following questions:

1. What is the level of effectiveness of the micro-finance services of MSE as a whole and in terms of entrepreneurship training, loan adequacy, and savings mobilization?
2. What is the level of entrepreneurial performance of the MSE as a whole and in terms of business growth, enterprise expansion, and job creation?
3. Is there a significant relationship between effectiveness of microfinance services and entrepreneurial performance of MSE?

METHODOLOGY

This survey-correlational study was conducted among micro and small enterprises' members of St. Vincent Ferrer Parish Multi-Purpose Cooperative for the year 2026. According to Fraenkel and Wallen (2006), surveys serve as a descriptive method to enhance the quality and accuracy of research objectives, particularly when gathering data on phenomena that cannot be directly observed. Meanwhile, correlational research examines the relationship between two variables without the researcher manipulating either (McCombes, 2020).

The design was used to examine how microfinance initiatives affect MSEs' performance. Data was collected using structured instruments, reducing subjectivity and making results more reliable. Descriptive and inferential statistics were applied to identify trends, relationships, and the effectiveness of the cooperative's microfinance services. Descriptive statistics summarized the demographic profile of respondents and their experiences, while inferential statistics tested the hypotheses to determine the significance of relationships between microfinance services and entrepreneurial performance.

This study was implemented in three municipalities: Cajidiocan, Magdiwang, and San Fernando of Sibuyan Island, Province of Romblon. Interviews with the Cooperative Branch Manager of St. Vincent Ferrer Parish Multi-Purpose Cooperative to further inquire about the requirements of provisions of credit to MSEs' members for purpose of triangulating the findings, validating their responses, and to understand the requirements by the cooperative on issuance of credits to Micro and Small Entrepreneurs.

The participants of this study were the one hundred eighty-six (186) members of Micro and Small Enterprises (MSEs) affiliated with the St. Vincent Ferrer Parish Multi-Purpose Cooperative (SVFPMC) taken from the MSE population of 356 members. The sample size was obtained using the Raosoft Sample Size Calculator, ensuring an acceptable margin of error and confidence level appropriate for academic research.

The study used stratified sampling technique, wherein participants were selected based on predetermined characteristics essential to the research objectives. Stratified sampling was selected to ensure that different subgroups within the MSE population particularly business types are proportionately represented. This method enhances the validity and precision of the findings by allowing each stratum to contribute meaningful data relevant to the study's inquiry (Edmonds & Kennedy, 2017). To qualify as respondents, participants must meet two criteria: (1) they must have applied for a cooperative credit or loan under the microfinance program, and (2) they must have been legitimate cooperative members for a minimum of three years.

Limiting the sample to active members in good standing helps guarantee that respondents can provide reliable insights regarding the cooperative's microfinance interventions. This targeted inclusion strengthens the accuracy and applicability of the results (Andrade, 2021).

The sample was allocated proportionally across different business categories within the cooperative. This ensures that manufacturing, merchandising, and service-oriented enterprises are fairly represented, reflecting their actual distribution within the population.

For this study, a researcher-made survey questionnaire was utilized to suit the researcher's need. It contained three parts. Part I was the Demographic profile of the participants. Part 2 was the Effectiveness of Microfinance Services Questionnaire, and Part 3 was the Entrepreneurial Performance Questionnaire.

Effectiveness of Microfinance Services Questionnaire. To determine the participants' perception on entrepreneurship training, loan adequacy, and savings mobilization, the researcher utilized thirty (30)- item researcher-made survey questionnaire, answered using the 5point Likert Scale.

Entrepreneurial Performance Questionnaire. To determine the participants' entrepreneurial performance measured by business growth, enterprise expansion, and job creation, the researcher utilized thirty (30)- item researcher-made survey questionnaire, answered using the 5point Likert Scale.

The panel face- and content-validated the instruments, incorporating their suggestions into its revision. It was then pilot-tested on 30 selected non-respondent members of SVFMPC.

The results of the pilot testing was used in determining the computer-processed factor analysis, construct validation, and reliability testing of the research instrument using the Statistical Package for Social Science (SPSS) software.

McDaniel (1992) contends that an instrument with a reliability index of .70 and above is considered reliable. Result of Cronbach alpha revealed a reliability index of .977 for the effectiveness of microfinance services and .990 for entrepreneurial performance of MSEs' members. The results of statistical tests indicated that the instrument was reliable and valid.

This section outlines the methods and procedures used to collect the data, along with the details on the statistical analysis to be performed.

Pre-Data Gathering. Before conducting the study, the researcher sought permission from the Dean of the Graduate School of Filamer Christian University, Inc. – Roxas City to pilot-test and administer the researcher-made instruments. Upon approval, a formal request was sent to the St. Vincent Ferrer Parish Multi-Purpose Cooperative Main Office to conduct the study across Sibuyan Island to MSEs' members of the cooperative permission to conduct the study. After the letters were approved, the researcher personally distributed the questionnaires first to the identified participants across Sibuyan MSEs members of St. Vincent Ferrer Parish Multi-Purpose Cooperative.

Actual Data Gathering. The questionnaire was served to the respondents in person and the participants were informed to uphold ethical research that: (1) they are taking part in a study; (2) the research offers potential benefits; (3) their participation is entirely voluntary; and (4) measures will be taken to safeguard their confidentiality. Then, the researcher proceeded with the pilot testing of the researcher-made survey questionnaire of this study. After validation, the researcher sought permission from the branch manager to conduct the study. Upon approval, the questionnaire was distributed to the 186 respondents of the study.

Post-Data Gathering. The pilot testing results were utilized to conduct computer-processed factor analysis, construct validation, and reliability testing of the research instrument using SPSS software. Once the questionnaires were fully completed, the collected data were tabulated, analyzed, and interpreted using the appropriate statistical tools.

The data gathered from the study were analyzed using the Statistical Package for Social Sciences (SPSS) software. Frequency Count and percentage were used to determine the number of respondents who are members of micro and small enterprises (MSEs) of the St. Vincent Cooperative. Mean was employed to determine the level of effectiveness of microfinance services and the entrepreneurial performance of MSE members. Standard Deviation was used to determine the variability or consistency of the responses regarding microfinance services and entrepreneurial performance. To determine the relationship between the effectiveness of microfinance services and the entrepreneurial performance of MSE members, Pearson r was used at 0.05 significant alpha level.

RESULTS AND DISCUSSION

Effectiveness of microfinance services

The result shows that the level of effectiveness of microfinance services is “very high.” This means that the respondents generally perceive the microfinance services offered by the cooperative as highly effective in supporting their financial and entrepreneurial needs, particularly in terms of loan adequacy, savings mobilization, and entrepreneurship training.

In particular, the “very high level” loan adequacy ($M = 4.35$, $SD = 0.48$) indicates that respondents generally find the loan amount and accessibility sufficient to support their business operations. However, some respondents may still experience limitations in loan size, repayment terms, or access to additional capital. The savings mobilization ($M = 4.24$, $SD = 0.45$) was rated “very high”, suggests that its savings services positively contribute to members’ financial security and preparedness. However, it also implies that some members may still struggle to save consistently due to irregular income, household needs, or business expenses. While entrepreneurship training ($M = 4.12$, $SD = 0.82$) was rated as “high” indicates that respondents viewed training positively, although it obtained the lowest mean and highest variability among the indicators. While many find the training useful, others may differ in their views regarding its relevance, accessibility, or applicability to their business needs. The overall mean of 4.24 with a standard deviation of 0.46 indicates that respondents have a highly favorable assessment of the effectiveness of the cooperative’s microfinance services. It suggests that respondents generally benefit from the cooperative’s financial and developmental services.

Entrepreneurial performance

The result shows that the overall entrepreneurial performance of respondents is “high.” This indicates that respondents are actively engaged in diverse entrepreneurial activities, including manufacturing, merchandising and services. Their participation drives business growth, enterprise expansion, and job creation within the community.

The “very high” mean scores for business growth ($M = 4.25$, $SD = 0.54$) indicates that respondents have effectively increased their business operations, revenues, or market presence. The SD of 0.54 shows minor differences in the degree of expansion among members, likely due to variations in resources, market access, or individual strategies. The enterprise expansion ($M = 4.10$, $SD = 0.60$), and job creation ($M = 3.87$, $SD = 0.81$) were rated as “high” indicate a substantial level of achievement in entrepreneurial performance. While standard deviations suggest largely consistent performance, areas such as job creation still offer room for improvement. Continued support in training, resources, and community collaboration is

essential to sustain and enhance entrepreneurial performance, enabling all members to achieve growth, expand operations, and contribute meaningfully to local employment.

Relationship between effectiveness of micro-finance services and entrepreneurial performance

The result indicates a significant positive relationship between the effectiveness of microfinance services and entrepreneurial performance among cooperative members. This implies that the effectiveness of the cooperative's microfinance services significantly influences the members' entrepreneurial performance. Members who perceive the services as more effective are likely to exhibit better business growth, enterprise expansion, and job creation, while those who perceive the services as less effective may not experience the same level of entrepreneurial outcomes.

This finding suggests that improving the effectiveness of microfinance services can lead to enhanced entrepreneurial performance. It highlights the importance of strengthening programs such as loan adequacy, savings mobilization, and entrepreneurship training. Providing greater support and resources in these areas can help members maximize the benefits of microfinance services and achieve higher levels of business success.

CONCLUSION

St. Vincent Coop's microfinance services is highly effective since it is functional, relevant, and fully delivering intended benefits to MSE members. The services effectiveness is evident in proper delivery, alignment with members' needs, and consistent provision of resources, skills, and risk protection. This confirms the cooperative's interventions are valuable, reliable, and truly impactful support system. However, to maximize these benefits, more targeted entrepreneurship training programs should be implemented to ensure all members can fully develop their business skills and effectively utilize available financial resources.

Highly effective microfinance services clearly drive better performance across merchandising, manufacturing, and services sectors. These enterprises translate services to tangible gains: higher sales, bigger profits, asset growth, more jobs, and long-term sustainability. However, to sustain and enhance these outcomes, continuous support and access to resources, particularly in business management and sustainable growth strategies, are essential.

The strong positive relationship between the services of St. Vincent Coop becomes more effective, functional, and relevant, and the entrepreneurial performance of members significantly improves. These services are fundamental to the cooperative's success, serving as the fuel that drives business growth, expansion and job creation. As a result, this creates a mutually beneficial arrangement that fosters growth for both the institution and its members. Therefore, these relationships highlight the importance of continuously improving and maintaining effective microfinance services to enable cooperative members to maximize their entrepreneurial potential and contribute to local development.

Micro and Small Entrepreneurs, it is strongly recommended that they maximize the use of available microfinance services by utilizing loans efficiently, and maintaining consistent savings practices, active participation in capacity-building programs, particularly in bookkeeping, financial literacy, and financial management, is essential in managing resources effectively and make sound business decisions, and engage in more specialized training programs including digital marketing and online selling.

St. Vincent Coop employees may further strengthen the impact of its microfinance services by expanding specialized support programs and ensuring that the financial assistance is effectively directed to those who need it most through implementation of a “Business Incubation and Mentorship Program”. Under this initiative, the cooperative can provide comprehensive support to qualified members, both new and existing enterprises.

Local Government Officials and Policymakers may implement more targeted programs to support the growth and sustainability of micro and small enterprises. Financial support initiatives, such as local microfinance and livelihood loan programs, expand capacity-building initiatives, and regulatory and administrative support should likewise be improved through streamlined business registration and permitting process.

Future Researchers and Academics may conduct further studies in different geographic locations or comparing findings across various cooperatives is also encouraged to validate and broaden the results of the study.

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