

WINNING MECHANISMS OF SURVIVAL: A CASE OF “BUL-ANON” RETAILERS IN RURAL PHILIPPINES

Charlotte Bisnar¹, Lisa Neoy², Mary Crist Villamor³, Candy Elizabeth Gil-Salapi^{4*}

^{1,2,3,4}Business Administration Department, Southern Leyte State University-Tomas Oppus San Isidro, Philippines

*Corresponding author; Email: csalapi@southernleytestateu.edu.ph⁴

Submitted: March 13, 2024, Reviewed: March 19, 2024, Accepted: June 11, 2024, Published: Sept. 1, 2024

Abstract

This study focused on the challenges faced by a group of independent and small retailers called Bul-anon retailers and identified coping mechanisms adopted. The study was conducted to investigate the coping mechanisms that can be utilized by other members of the retail industry to continue to thrive despite difficulties. Findings indicated that the challenges faced by the Bul-anon retailers revolved around three of the four primary business functions: marketing, finance/accounting, and operations. To avoid the significant impact of the above challenges, retailers adopted coping mechanisms to stay in business amidst large department stores and other businesses. How they handled their customers, being customer-oriented, was the winning mechanism for the survival of these retailers.

Keywords: Business challenges, coping mechanism, marketing, finance, operations, human resource management.

Introduction

The retail industry is a dynamic and ever-changing sector and is critical to the global economy since it facilitates the exchange of products and services between producers and consumers. The foundation of retailing is the direct sale of goods to consumers, and it encompasses a wide range of enterprises, from physical stores to e-commerce platforms. This business not only meets the different requirements of consumers but also reflects broader socioeconomic and technical changes that influence how people shop.

For the fourth time in recorded history, there has been a dramatic shift in the global operational landscape. This is similar to the revolutions experienced in Industry 1.0, Industry 2.0, and Industry 3.0, each of which has significantly impacted the total human experience, changing not only business practices but also how individuals live, work, and engage in leisure activities. Similarly, the retail industry has gone through four major revolutions, corresponding to a phase of the Industrial Revolution. The retail industry's evolution can be divided into four stages: Retail 1.0, Retail 2.0, Retail 3.0, and Retail 4.0, each representing a significant shift in its operational paradigm (Har, Rashid, Chuan, Sen, & Xia, 2022).

The earliest revolution in retail, known as Retail 1.0 or mechanization, began in the mid-eighteenth century and ended in the mid-nineteenth. This period saw the rise of electrification and mass production, coinciding with Industry 2.0. The second industrial revolution, sometimes known as "Industry 2.0" or "mass

production," saw the widespread mass production of low-cost items, allowing automotive manufacturing to proliferate. On the other hand, the broad acceptance of online purchases is seen as a watershed moment in the history of retail. Retail 3.0's origin coincided with the rise of the Internet, which enabled global product and service manufacturing, marketing, and consumption, as well as the widespread use of digital technologies. Lastly, Retail 4.0 is the fourth evolution of the retail business, leveraging the capabilities of business 4.0 technologies such as Artificial Intelligence (AI), Internet of Things (IoT), Cloud Computing, Big Data Analytics (BDA), and Augmented Reality (AR) to meet client demands. As a result, Retail 4.0 is described as a mix of technology, innovation, and human interaction, with notable advances in manufacturing and data analytics technologies. The majority of these improvements focused on AI techniques and digital manufacturing systems, which transform systems into intelligent and clever entities (Har *et al.*, 2022).

This industry is undoubtedly an essential sector in the Philippine economy. Businesses, whether large or small, significantly impact society. A considerable number of entrepreneurs and businessmen established their businesses and provided jobs to the people. Furthermore, as an important element in society, businesses also face challenges, which can be internal or external.

There is one group of independent and small retail store owners in a rural municipality in the Philippines called the “Bul-anon”. Clothing, bags, footwear, and tailoring materials are just some of the products these retail stores offer. The group had been thriving

and competing with other traders in the area. Years passed, and various department stores offering the same products were established, making competition more intense. However, despite the more competitive business environment brought about by the emergence of large department stores and stores offering more sophisticated products housed in more attractive spaces, Bul-anon retailers are still thriving in the trade. This perception of competition aligns with the findings of the study by Byun, Han, Kim, and Centrallo (2020) that more than half of small retail businesses view competition positively. Moreover, results show that retail businesses in urban clusters perceived competition differently than in urban areas. Most retail companies in urban clusters were optimistic about competition, viewing such through confidence and cooperation.

Regardless of form and size, a business meets challenges, and “Bul-anon” retailers are not exempted from these challenges. To cope with the challenges in both market & industry, owners must adopt strategies as their weapon to contend with these challenges and survive. The findings of the study of Fang, Prayag, Ozanne, and de Vries (2020) highlighted the different coping strategies used by small business owners and managers. These coping strategies are applied by these businesses to begin personal and business rehabilitation following a crisis. Effective coping mechanisms are essential to keep their firms survive and thrive.

This study focused on the challenges encountered by the Bul-anon retailers in operating their respective businesses and the mechanisms they employed that made them survive and thrive despite intense competition. The results of this study are beneficial for other retailers since industries in whatever form would also face particular challenges and must adopt strategies to contend.

The study is anchored on the four primary functional areas, such as marketing, finance, operations, and human resources (Russell & Taylor, 2003). In most firms, operations are the technical “core” interacting with other functional areas to produce goods and provide services.

Figure 1 shows the central function of operations as it interacts with the other major functions. For instance, marketing provides relevant information to operations such as sales forecasts, customer orders, customer feedback, and promotional campaigns. In turn, operations provide marketing with information on product/service availability, lead time estimates, status of order, and delivery schedule. Conversely, to have the needed resources for production, operations will submit to finance/accounting the production and inventory data, capital budgeting requests, and capacity expansion and technology plans. Then, the finance/

accounting will perform cost analyses, approve capital investments, and communicate the requirements of shareholders and financial markets. For personnel needs, operations rely on human resources to recruit, train, evaluate, and compensate workers and to assist with legal issues, job design, and union activities. Outside the organization, operations interact with suppliers to order materials or services, communicate production and delivery requirements, certify quality, negotiate contracts, and finalize design specifications.

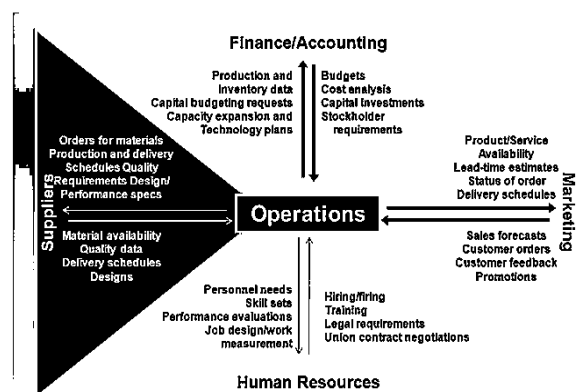


Figure 1. Operations as the technical core

Source: Russell & Taylor, 2003

The present study focused on the four primary functions of a business organization in investigating the challenges encountered by Bul-anon retailers in their business operations.

Research Methods

The study is conducted at Sogod, Southern Leyte, Philippines. The respondents are selected using the purposive sampling method. The business owners are targeted for the survey and interview; however, if the owners are not available, the employees answer the questionnaire.

It uses a researcher-made questionnaire and conducts an unstructured interview. The first part of the questionnaire deals with the profile of the respondent’s business which includes the duration of the business’s existence, source of start-up capital, monthly net revenue from the business, credits/loans, business status (gaining, losing), business size, main business’ products, source of merchandise, and the form of ownership. The second part contains a checklist of challenges faced by the respondent’s businesses and coping mechanisms identified from the extant literature. Nine (9) significant challenges are gathered from extant literature. These include:

- Competition;
- Employee management;

- Marketing management;
- Financial management;
- Environmental changes;
- Business infrastructure and logistics;
- Security, debt/credit control, and
- Customer's perception and loyalty.

Specific situations related to these significant challenges are then formulated for the respondents to affirm to have experienced such. Respondents are also asked to specify other challenges they have encountered that are not reflected in the checklist. Conversely, a checklist of coping mechanisms, taken from extant literature, is also provided for the respondents to affirm having adopted such to counter encountered challenges. They are also asked to write specific unique mechanisms that they use that are not found in the instrument. An unstructured interview is for the follow-up questions to enrich the survey. These two are relevant to come up with the desired results of the study listing the challenges faced by the “Bul-anon” traders and pairing them with the specific coping strategies adopted.

The data collected are tabulated and analyzed using frequency counts and percentages. The data collected during the interview are arranged into themes and used to support the survey conducted.

The retail businesses that are part of the study are sole proprietorship businesses operating for more than eleven (11) years. Nine (9) out of the ten (10) respondents used personal savings as the start-up capital of the business, while one (1) got it from a government grant. Business revenue per month ranges from P4,000 to P10,000. Fifty percent (50%) of the respondents do not have loans, while the other 50% have acquired loans to support the business. Their loan amount ranges from P9,000–P20,000. One of the ten respondents perceive that the business is already losing, while the remaining nine (9) believe their businesses are gaining. Six of the businesses have employees, while the other four (4) have none. The owners are also the ones operating the stores. Most of the products sold by the retail stores are ready-to-wear clothes and footwear from Cebu City, Philippines.

Results and Discussion

Marketing

The marketing function is best understood as the function overseeing the organization's relationship with its customers. The American Marketing Association (AMA) defines marketing as “*the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have va-*

lue for customers, clients, partners, and society at large” (American Marketing Association, 2017).

Marketing definition encompasses activities carried out by a business or individual to promote their services and products. Marketing comprises promoting, advertising, and selling items and services to customers. It is a critical component of any organization. It includes tasks such as creating product descriptions, building website pages, improving customer service, identifying business and market segmentation, and doing market research. Marketing tactics assist in the growth of a commercial enterprise (“Indian economy likely grew at weakest pace”, 2024). With the marketing function, Bul-anon retailers encountered challenges in terms of competition, marketing management, customer perception, and loyalty (see Table 1).

In terms of competition, these challenges include the newly opened stores of fellow Bul-anon traders, the presence of large department stores in the area, and other small retailers such as the sidewalk vendors. In addition, challenges relating to marketing management include low sales leading to products becoming obsolete. Also, customer complaints concerning defective products are considered challenging for these retailers. With regards to customer perception and loyalty, Bul-anon traders consider customer attitude towards them and their products, customer retention, and meeting the demands of customers as challenging.

For Bul-anon retailers, selling becomes even more challenging, leading to low sales since all of them are situated in one place (clustering). Customers have more options within a small geographic area, making it harder for these individual retailers to stand out and attract customers. This heightened competition can drive down prices, reduce profit margins, and create a “race to the bottom” scenario where retailers engage in price wars to gain market share. More often than not, these retailers end up competing against each other for the same pool of customers. Instead of expanding the overall market, each retailer may simply be capturing a share of existing demand. As a result, none of the retailers can achieve their full sales potential, leading to lower overall sales for everyone involved. Those products not sold by the Bul-anon retailers become obsolete or defective. To avoid these, instead of spending heavily on promotional campaigns and materials, Bul-anon retailers focus on word-of-mouth advertising and adopting going-rate pricing.

The investment in word-of-mouth advertising includes responsiveness to the needs/complaints of customers and building good customer relationships. Word-of-mouth advertising relies on satisfied customers spreading positive reviews and recommendations

about a product or service to others. Bul-anon retailers understand the power of word-of-mouth in influencing consumer behavior. By delivering exceptional products and services, they aim to generate positive buzz and referrals from their existing customer base. This not only helps in acquiring new customers but also fosters a sense of trust and credibility around the brand.

Table 1
Challenges and Coping Mechanisms in Terms of the Marketing Function

Challenges Encountered	Coping Mechanisms Adopted	Mechanisms Unique to Bul-anon Retailers	
Competition New Bulanon retailers.	Sell a variety of products to meet the demands of customers.	Word-of-mouth advertising.	
	Large department stores.		Sell cheaper.
	Other sellers (e.g. sidewalk vendors).		Offer customers additional services (e.g., allowing customers to try on shoes or clothes to see if they fit well).
Marketing Management	Products becoming obsolete.	Adapt specific pricing practices such as giving discounts, or promos such as “buy 1, take”	
	Low sales.		Going-rate pricing.
Customer’s Perception and Loyalty	Customer complaints about defective products.	Practice responsiveness.	
	Customer’s attitude towards the products and sales personnel (e.g., irate customer).		
	Customer retention.		Build good customer relationship management.
	Meeting customer demands.	Keep up with the trend.	

Further, in a clustered environment, retailers may struggle to differentiate themselves from their competitors. If all the retailers offer similar products at similar price points, customers may perceive them as interchangeable and base their purchasing decisions solely on convenience or price. This is the reason why selling cheaper is one of the coping mechanisms adopted by Bul-anon traders besides having a wide variety of goods in their store so that customers will have more

choices. Without a clear value proposition or unique selling points, Bul-anon retailers find it challenging to attract and retain customers.

However, the outbreak of COVID-19 has instigated significant shifts in the predominant media channels influencing consumer purchasing choices (Byun, Park, Yoo, & Cho, 2023). After the pandemic, these academic scholars will undertake an examination to ascertain the prevalence of specific media types and assess potential divergences across product categories. A comprehensive analysis of data from 12,000 respondents from 2018 to 2021 is conducted to elucidate these inquiries. The findings reveal a discernible reduction in the impact of word-of-mouth on purchasing decisions post-COVID-19, juxtaposed with a noteworthy escalation in the influence of social media advertising. Furthermore, the investigation underscores the contingent nature of these alterations, indicating variations based on the nature of the product.

Customer-related challenges are also present, specifically, the customer’s perception that retailers only offer low-quality products. For the Bul-anon retailers, the attitude of the customers towards their products and sales personnel is the main challenge in terms of customer perception and loyalty. Problems such as these are countered with a lot of patience on the part of the retailers in answering complaints and explaining issues about the products and services. Perceived value, which represents the perceived advantages of a good or service over its price, has a big impact on consumer decisions about what to buy. Customers who think a product has high value are more inclined to buy it because they think the advantages outweigh the costs. In contrast, buyers who believe the cost will outweigh the benefits may decide not to purchase if the perceived value is poor. Through a variety of techniques like pricing, product quality, and branding, marketers have a significant impact on how consumers perceive value. Businesses can achieve greater customer satisfaction and loyalty as well as increased sales and profitability by comprehending and improving perceived value (Agdigos, Etpison, Patino, & Etrata, 2022). On the other hand, a company’s desire for customer loyalty is crucial, especially if it hopes to develop its name. With so many brands available for every product on the market, winning over a customer’s allegiance is a difficult task (De Jesus & Fajardo-Ibarra, 2023). In an analysis of the factors affecting customer loyalty conducted in Nueva Ecija, Philippines by De Jesus and Fajardo-Ibarra (2023), the findings demonstrated that acquiring a customer’s loyalty is significantly impacted by brand image, brand awareness, and customer satisfaction. As a result, businesses can use improved marketing techniques to retain customers longer and win their brand loyalty.

Customer retention is also a challenge. As a coping mechanism, retailers ensure that they have an adequate supply of products to avoid opportunity losses and strive to build good customer relationships. Ensuring product availability translates to responsiveness which, according to the study of Benavides (2022), was one of the major factors that determined customer loyalty. The causal model developed for this study showed that product availability, location, and customer satisfaction all influenced consumer loyalty.

During an interview with the vendors, they said that buyers come to them if they think that what they need, like scouting uniforms and more, is in the store. They also noted that most of their loyal customers look for them. The traders reasoned that buyers visit the stores for the needed merchandise not found in department stores. The customers already knew the nature of this industry, and they did not compare it to giant retail stores.

Finance/Accounting

The finance/accounting function involves budget preparation, cost analysis, capital investments, and stockholder requirements. Effective financial management has a largely important role in micro and small businesses like the Bul-anon industry. Making a budget is crucial for these firms. It allows them to plan and manage their limited resources effectively. They can find places where expenses might be reduced or optimized to increase profitability by doing cost analysis. Due to their limited financial resources, these enterprises must carefully weigh the risks and possible rewards of any capital investment decision. While less typical in micro and small businesses, shareholder requirements.

The most prevalent challenge encountered by the Bul-anon retailers in terms of the finance/accounting function is high operating costs leading to low profit (see Table 2). Another challenge is insufficient financial resources in terms of finance determined by the Bul-anon. The coping mechanisms adopted are borrowing from family members and using money from the business's earnings only. This is another unique mechanism of the group. They do not resort to loans to finance the businesses, instead, they only purchase what they can use of the business's money.

A performance assessment of the MSMEs in the Philippine Province of Isabela was carried out by Cammayo and Cammayo (2020). The data collected from the 227 randomly selected MSMEs were analyzed using the descriptive correlational research method.

This study's findings demonstrate that both the financial (profitability, liquidity, and solvency) and soci-

al performance (reducing poverty and raising standards of living circumstances) of the participating businesses are poor. It is correlated with the degree of adoption of sound financial management (FM) procedures. It suggests that when the degree of good FM practice adoption rises, MSMEs' performance rises as well. The low ICT and financial literacy of MSME owners, managers, and staff; frequent personnel turnover; a deficiency in innovation; and restricted access to financing are among the issues facing MSMEs.

Table 2
Challenges and Coping Mechanisms in Terms of Finance/Accounting Function

Challenges Encountered	Coping Mechanisms Adopted	Mechanisms Unique to Bul-anon Retailers
High operation cost.		Purchasing of products depends on funds availability.
Low profit.	Borrow money from family members to keep up with bill payments.	Comparing ending inventory with the business earnings is the means of knowing whether the business is gaining.
Lack of financial sources.		
Lack of know-how in the financial aspect of the business.		

This study holds the Bul-anon traders' case. Inadequate knowledge about the financial status of their business is a challenge for retailers since they do not prepare financial statements to track their progress. This group of retailers has a unique and unique way of gauging whether they are operating at a profit or loss. This finding is closely related to the study of Mungal and Garbharran (2014) which found that businesses of this type did not have proper financial accounting. The mechanism that they used to track their earnings was through conducting an inventory of their products. In this way, they can compute how much was sold based on the amount of their initial stocks on hand. This practice allowed them to determine the financial status of their business. Similarly, the study of Lontchi, Yang, and Shuaib (2023) found that financial literacy played a positive and significant mediating role in the connection between financial technology services and the performance of SMEs.

In conclusion, this study emphasizes the crucial role of financial literacy as a mechanism through which financial tech services influence SMEs' operational and financial performance. This research contri-

butes to a deeper understanding of how SMEs can enhance their performance by effectively implementing fintech solutions and fostering financial literacy.

High operational costs and lack of financial literacy have also been identified by Bhuiyan (2023) as primary barriers to SMEs' establishment even before the pandemic, which were exacerbated when the pandemic hit. These barriers impede the establishment and growth of SMEs, especially in economically challenging times such as the pandemic. The coping mechanisms of these SMEs include reducing marketing and operational costs.

In addition, as opposed to the Bul-anon traders who do not avail themselves of loans from financial institutions, the SMEs took advantage of soft loans with low interest and other government financial support. This access to low-interest loans and financial assistance enhances their resilience and capacity to navigate within economic uncertainties. Therefore, improving financial literacy and facilitating access to affordable financing is crucial for supporting the growth and sustainability of micro and small businesses.

Operations

Russell and Taylor (2003) defined operations were "transformation processes" since they were concerned with the input transformation into valuable outputs. Due to its ability to increase the final product's value and increase client desire, this transformation is essential. Any activities that do not add value to the final product are eliminated. Most businesses' organizations consider operations as the central function from which other functional areas interact to produce goods and provide services to customers.

To meet consumer needs and maximize profitability, operations management makes sure that resources like personnel, equipment, and raw materials are used efficiently. Furthermore, to guarantee alignment with production objectives and customer requirements, operations management organizes activities across many functional areas, including marketing, finance, and human resources. Operations are the foundation of an organization's value creation process since it immediately affects the cost, quality, and delivery of goods and services. Operations optimization is essential to the overall performance of a firm because it may boost competitiveness, provide cost efficiencies, and provide customers with higher value.

Bul-anon retailers are challenged by calamities such as typhoons, floods, and heavy rains, which, during these times were left with no choice but to close their stores (see Table 3). MSMEs are exposed to unanticipated risks due to resource shortages, which are

made worse by the COVID-19 pandemic. Micro, small, and medium-sized enterprises (MSMEs) incur losses in addition to the pandemic. Several natural disasters frequently struck The Philippines. SMEs in particular suffer from them in the business world (Ballesteros & Domingo, 2015). The labor, capital, logistics, and product market can all be jeopardized by these occurrences, which jeopardizes business recovery and continuity. While structural building repairs and the recovery or replacement of damage equipment required to resume operations involve significant resources, physical damage and disruptions in labor and supply might result in the temporary closure of a corporation. The negative consequences could last from the medium to the long term in addition to the short term. Regrettably, municipal, sectoral, and business strategies have not adequately incorporated the Disaster Risk Reduction and Management (DRRM) framework of the government. SMEs in the Philippines are therefore extremely susceptible, show little flexibility, and have little access to a wider range of coping mechanisms.

Another challenge is that it is difficult for Bul-anon traders to keep up with inflation. According to Dekimpe and van Heerde (2023), inflation had returned, with a greater severity this time. The global pandemic had caused unprecedented inflation worldwide, resulting in a "perfect storm" of contributing variables. These included expansive monetary and fiscal policies, pent-up demand, supply-demand imbalances, and cost pressures caused by poor weather conditions that influenced commodities in diverse places. Russia's invasion of Ukraine and other circumstances significantly increased worldwide consumer prices. While present inflation rates were not exceptional, as they were far higher in the 1970s and 1980s, the prolonged period of remarkably low inflation in most nations over the last few decades had perplexed consumers, manufacturers, and retailers.

The review of extant literature, conducted by Dekimpe and van Heerde (2023), identified various strategies retailers used to deal with inflation, covering the whole retail spectrum. These solutions included internal cost-cutting measures and vertical integration. Furthermore, merchants have passed on higher prices to customers and suppliers, demonstrating their ability to prosper in the current inflationary environment while dramatically increasing profit margins. Depending on one's point of view, this activity might be classified as "greedflation" - either profiteering and adding to the inflation crisis or as clever business acumen that creates shareholder value in difficult circumstances. Greedflation, regardless of perspective, is a highly dynamic phenomenon with unpredictable short- and long-term ramifications for customer trust, shopping behavior,

and merchant brand value. On the contrary, the Bul-anon retailers counter inflation by just adopting a lower markup so as not to make the price of their products very expensive for the customers. This is a unique strategy among small retailers since they cannot compete with big department stores regarding market reach, so they adopt a pricing strategy that is favorable to customers.

Table 3
Challenges and Coping Mechanisms in Terms of the Operations Function

Challenges Encountered	Coping Mechanisms Adopted	Mechanisms Unique to Bul-anon Retailers
	Nature's threat (e.g. typhoon, flood).	
Changes in Environment (both physical and business environment)	Inflation.	Close business during calamities.
	High tax rate.	Comply with government regulations.
Infrastructure and Logistics	Compliance with government requirements and other regulations.	Adapt a low profit margin.
	Location of the business.	Space maximization through proper arrangement of products and display shelves.
Security	Risk of robbery and theft.	Early closing of the store. Reactive strategy.

Other significant challenges faced are high taxation rates, meeting customer demands, and compliance with permits and other government requirements. Policy and administrative challenges are faced mainly by retailers, according to Christina, Neelufar, and Al-amri (2014). Bul-anon retailers must comply with the minimum requirements.

Pandey, Khare, and Bhardwaj (2016) iterated that business infrastructure and logistics were considered challenges for retailers. Regarding the business's location, Bul-anon does not transfer to a better location because the retailers depend on the government for the business area. They did not have a choice at all regarding this problem. Additional cabinets/shelves outside the stores answer their problem of small retail space.

Security, particularly the risk of robbery and theft, is also considered a challenge by Bul-anon traders. Crime causes uncertainty in business, which can disrupt, if not ruin, the already precarious business environment (Manansala & Valerio, 2019). Because they

are smaller, MSMEs are more vulnerable to the consequences of crime because they do not have the funds to invest in security and bear its consequences. To avoid and lessen the impact of crimes against people and property on micro firms and to foster an environment that is conducive to business, the results of the study conducted by Manansala and Valerio (2019) about the Philippine experience highlighted the significance of multisectoral participation.

A study on customer deviance was conducted by Fombelle *et al.* (2020) which included consumer misbehavior such as shoplifting, participating in abusive anti-brand conduct on social media, or even breaching established standards such as trespassing in businesses after closing hours are all challenges to the security of traders. According to this study's findings, firms with considerable resources appeared to be relying on advanced technology as the default option to handle deviant behavior. The use of technology in service and retail sectors has had an impact on consumer deviance, both promoting and deterring such conduct. "Promoting" such conduct included devising other ways to outsmart the firm's system. However, for the Bul-anon traders, advances in technology such as the use of CCTV are not a mechanism to counter the challenges in security. Some sellers said that CCTVs are not necessary and would only increase costs. Instead, they will report the incident to the police if shoplifting is committed. They do not have activities to prevent these from happening due to the lack of materials and budget.

Human Resources Management

The Human resource management function of the organization involves staffing, training and development, performance appraisal, compensation and benefits, employee relations, safety and health, and employee rights and responsibilities (Russell & Taylor, 2003).

- Staffing involves identifying workforce requirements, recruiting suitable candidates, selecting the most appropriate individuals, and placing them in suitable positions within the organization.
- The training and development function ensures that employees receive the necessary training and development opportunities to enhance their skills, knowledge, and abilities. This function aims to improve employee performance and prepare them for future roles.
- Performance appraisal is responsible for evaluating employee performance through performance appraisal systems. It involves setting performance standards, providing feedback to employees, and identifying areas for improvement.

- Compensation and benefits to the design and compensation and benefits packages administration to attract, retain, and motivate employees. This includes salary, bonuses, incentives, health insurance, retirement plans, and other perks.
- The employee relations function involves managing relationships between employees and the organization and among employees. It includes addressing conflicts, resolving disputes, and fostering a positive work environment.
- With the safety and health function, HRM ensures that the workplace is safe and healthy for employees. It involves implementing safety policies and procedures, providing training on safety measures, and complying with relevant regulations.
- Lastly, HRM communicates employee rights and responsibilities to ensure fair treatment and compliance with labor laws and regulations.

These functions collectively contribute to the effective management of human resources within an organization, with the ultimate goal of maximizing employee performance, satisfaction, and organizational effectiveness.

In the context of the Bul-anon traders, encountering difficulties related to human resource management functions is uncommon due to their operational model. Unlike traditional businesses, these traders typically operate independently without hiring employees. Instead, they oversee their business affairs. In situations where their presence is required elsewhere, they often rely on family members to temporarily oversee the store operations.

Conclusions and Implications

The challenges faced by the Bul-anon retailers revolved around three of the four primary business functions. These include the marketing, finance/accounting, and the operations function. Like any other organizations, the mentioned challenges pose a risk to product demand, sales, and overall profitability. Bul-anon dealers have to contend with marketing obstacles like fierce competition, in which multiple companies fight for customers in their local area. Sustaining consumer perception and loyalty in a competitive environment is difficult and calls for deliberate efforts to successfully differentiate offerings. To overcome these obstacles, Bul-anon traders also need to practice excellent marketing management, which means allocating resources as efficiently as possible and putting focused marketing plans into action to draw in and keep consumers. In addition, the Bul-anon dealers face significant obstacles including high operating costs that lower their profit margins. It is also challenging for them to main-

tain profitability. Their limited financial resources and lack of financial management experience. To overcome these obstacles and enhance overall financial performance, it will be necessary to implement efficient cost management techniques, look for alternative financing sources, and raise financial literacy. Natural disasters like typhoons and floods pose a threat to Bul-anon dealers as well. They can cause operational disruptions, inventory damage, and financial losses. The cost of goods and services is rising due to inflation, which also presents a problem because it could reduce these dealers' profit margins. They also face additional financial strain and administrative complexity, such as high tax rates and have to follow government laws. In addition, impacting sales and security and raises the risk of theft and robbery at the enterprises' locations, which are frequently in high-crime zones or places with restricted customer access. Moreover, Bul-anon dealers' limited shop space limits their capacity to meet client demands and exhibit products efficiently, which exacerbates operational difficulties and may impede expansion prospects.

To avoid the significant impact of the above challenges, retailers adopt coping mechanisms to stay in business amidst the presence of large department stores and other stable businesses which crop up in the aftermath of the development of the municipality and the province as a whole. Among the mechanisms they employ, which other retailers may also adapt, relate to how they handle their customers. Bul-anon retailers prioritize customer relationships as a key mechanism for survival, focusing on personalized service and responsiveness to customer needs. To avoid costly advertisements, these retailers rely on word-of-mouth advertising. By fostering strong connections with their clientele, these retailers cultivate loyalty and generate positive word-of-mouth referrals, reducing the reliance on costly advertising methods. This customer-centric approach not only enhances their reputation within the community but also strengthens their competitive advantage against larger department stores. The investment of which is building good customer relationships at all times and being responsive to the needs and wants of the customers. It is the winning mechanism of the Bul-anon retailers despite the presence of large and more sophisticated department stores in the area. Furthermore, the emphasis on building trust and rapport with customers enables Bul-anon retailers to adapt quickly to changing market dynamics and evolving consumer preferences, ensuring long-term sustainability in the retail landscape. The commitment to customer satisfaction is a fundamental pillar of Bul-anon retailers' success and enables them to thrive despite the formidable competitors' presence.

Future research endeavors could explore the experiences of independent retailers in various industries or regions to identify sector-specific challenges and coping strategies, providing valuable insights for targeted support initiatives. Additionally, comparative studies could examine how retailers offering different product lines navigate similar challenges, shedding light on the effectiveness of various coping mechanisms across diverse retail sectors. Understanding these nuances can inform policymakers and industry stakeholders in developing tailored interventions and support mechanisms to bolster the resilience and sustainability of independent retailers in a rapidly evolving marketplace.

References

- Agdigos, M. A. H., Etpison, M. C. R., Patino, A. A. C., & Etrata, Jr., A. E. (2022). The impact of brand image and perceived value on consumers' purchasing behavior of clothing lines. *Management Review: An International Journal*, 17(2), 27–45. <https://doi.org/10.55819/mrij.2022.17.2.27>
- American Marketing Association. (2017). *Definitions of marketing*. Retrieved from <https://www.ama.org>
- Ballesteros, M. M., & Domingo, S. N. (2015). *Building Philippine SMEs resilience to natural disasters*. PIDS Discussion Paper Series, No. 2015-20, Philippine Institute for Development Studies (PIDS), Makati City.
- Benavides, G. G. (2022). Customer satisfaction and customer loyalty: A causal model. *Liceo Journal of Higher Education Research*, 18 (2), 19–36. <http://dx.doi.org/10.7828/ljher.v18i02.1616>
- Bhuiyan, M. R. I. (2023). The challenges and opportunities of post-COVID situation for small and medium enterprises (SMEs) in Bangladesh. *PMIS Review*, 2(1), 140–159.
- Byun, S. E., Han, S., Kim, H., & Centrallo, C. (2020). US small retail businesses' perception of competition: Looking through a lens of fear, confidence, or cooperation. *Journal of Retailing and Consumer Services*, 52, 101925. <https://doi.org/10.1016/j.jretconser.2019.101925>
- Byun, K. J., Park, J., Yoo, S., & Cho, M. (2023). Has the COVID-19 pandemic changed the influence of word-of-mouth on purchasing decisions? *Journal of Retailing and Consumer Services*, 74, 103411. <https://doi.org/10.1016/j.jretconser.2023.103411>
- Cammayo, E. U., & Cammayo, K. B. U. (2020). Factors affecting the performance within the micro, small medium enterprise sector in Isabela, Philippines. *Journal of Critical Reviews*, 7(11), 3377–3386.
- Christina, B., Neelufar, A., & Al-Amri, S. (2014). Challenges and barriers encountered by the SMEs owners in Muscat. *International Journal of Small Business and Entrepreneurship Research*, 2(3), 1–13.
- De Jesus, F. S., & Fajardo-ibarra, L. M. (2023). Factors affecting customer loyalty in Nueva Ecija, Philippines. *Multidisciplinary International Journal of Research and Development*, 2(3), 30–40.
- Dekimpe, M. G., & van Heerde, H. J. (2023). Retailing in times of soaring inflation: What we know, what we don't know, and a research agenda. *Journal of Retailing*, 99(3), 322–336. <https://doi.org/10.1016/j.jretai.2023.07.002>
- Fang, S. (E.), Prayag, G., Ozanne, L. K., & de Vries, H. (2020). Psychological capital, coping mechanisms and organizational resilience: Insights from the 2016 Kaikoura earthquake, New Zealand. *Tourism Management Perspectives*, 34, 100637. <https://doi.org/10.1016/j.tmp.2020.100637>
- Fombelle, P. W., Voorhees, C. M., Jenkins, M. R., Sidaoui, K., Benoit, S., Gruber, T., Gustafsson, A., & Abosag, I. (2020). Customer deviance: A framework, prevention strategies, and opportunities for future research. *Journal of Business Research*, 116, 387–400. <https://doi.org/10.1016/j.jbusres.2019.09.012>
- Har, L. L., Rashid, U. K., Chuan, L. T., Sen, S. C., & Xia, L. Y. (2022). Revolution of retail industry: From perspective of retail 1.0 to 4.0. *Procedia Computer Science*, 200, 1615–1625. <https://doi.org/10.1016/j.procs.2022.01.362>
- Indian economy likely grew at weakest pace in a year in Jan-March, says Reuters poll. (2024, May 27). *The Economic Times*. Retrieved from <http://www.economictimes.indiatimes.com>
- Lontchi, C. B., Yang, B., & Shuaib, K. M. (2023). Effect of financial technology on SMEs performance in Cameroon amid COVID-19 recovery: The mediating effect of financial literacy. *Sustainability*, 15(3), 2171. <https://doi.org/10.3390/su15032171>
- Manansala, L. D., & Valerio, A. T. (2019). Impact of violent and property crimes on microfirms' performance: The Philippine experience. *HCMCOUJS-Economics and Business Administration*, 14(1), 3–16. <http://dx.doi.org/10.46223/HCMCOUJS.econ.en.14.2.2765.2024>
- Mungal, A., & Garbharran, H. L. (2014). The perceptions of small businesses in the implementation of cash management techniques. *Journal of Economics and Behavioral Studies*, 6(1), 75–83. <https://doi.org/10.22610/jebs.v6i1.471>
- Pandey, S., Khare, A., & Bhardwaj, P. (2016). Antecedents to local store loyalty: Influence of culture, cosmopolitanism and price. *International Journal of Retail and Distribution Management*, 43(1), 5–25. <https://doi.org/10.1108/IJRDM-08-2013-0156>
- Russell, R. S., & Taylor, B. W. (2003). *Operations management*. Upper Saddle River, NJ: Prentice Hall.