

An Empirical Study on Internal and External Resources and the Performance of MSMEs in Misamis Oriental

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Abstract. Empirical investigations in Misamis Oriental are pretty limited in understanding the resources and performance of MSMEs. This study examined the internal resources—such as physical capital, financial resources, human capital, brand reputation, and organizational culture—as well as external resources, including relationships with suppliers, partners, and regulatory bodies, and the financial and non-financial performance of MSMEs. The study used a quantitative research design with a descriptive approach. It was conducted in the municipalities of Manticao, Lugait, and Naawan, located in the second legislative district of Misamis Oriental. The survey was carried out with 266 registered MSME owners or managers. Data was collected using a structured questionnaire administered directly through face-to-face interaction. Results indicate extensive utilization of physical capital and financial resources, resulting in operational efficiency and economic stability. The significant use of physical capital, financial resources, and brand reputation among MSMEs supports the Resource-Based Theory's assertion that internal resources are essential for achieving superior performance. However, human capital was substantially underutilized, particularly in areas such as employee training, recruitment, and career development. The organizational culture also appeared to be in its early stages, with a limited emphasis on communication, employee engagement, and collaboration. On the other hand, external resources were notably underutilized. While some engagement was observed in supplier relationships, there was minimal involvement in broader strategic partnerships or regulatory interactions. This contrasts with the core premise of Resource Dependence Theory, which asserts that organizations rely on external entities for vital resources and that these dependencies significantly influence strategic decisions and operational behavior. The findings underscore the need to optimize internal resource utilization and strengthen external linkages. Additionally, government support must be relevant and accessible to bolster the performance of MSMEs effectively.

Keywords: MSME performance; Physical capital; Human capital; Brand reputation; Organizational culture.

1.0 Introduction

Micro, small, and medium-sized enterprises (MSMEs) have continued to be a focus of academic and policy attention, given their critical importance in enabling inclusive economic growth. As emphasized by Juminawati et al. (2021) and Gherghina et. al. (2020) states that MSMEs play a significant role in driving national development through employment creation, industry innovation, and substantial contributions to the gross domestic product. MSMEs account for 99.6 percent of all registered enterprises in the Philippines, employ over 60 percent of the labor force, and represent almost half of the national gross domestic product (UNCTAD, 2021).

Despite being a frontrunner in MSME development within Region 10, particularly in agriculture and tourism, Misamis Oriental struggles with deep-rooted structural and operational vulnerabilities that undermine the sector's sustainability (DTI, 2018). Alarming, MSME failure rates in the Philippines range from 50% to 80% (Talavera, 2023), with Misamis Oriental exhibiting similar trends. These failures are frequently linked to systemic barriers, including limited access to finance, inadequate human capital, and poor integration into supply chains and markets (Indra et al., 2021; Lencho, 2019; Suparlinah et al., 2020).

Compounding these challenges, the Northern Mindanao Regional Development Plan (NEDA, 2023) highlights persistent competitiveness issues, as reflected in low rates of compliance certification (only 5.3% of the 4,382 firms in the region) and limited global readiness. Such shortcomings indicate a broader failure to equip MSMEs with the capacities and linkages required to thrive in an increasingly competitive and interconnected economic environment. Moreover, while MSME research has garnered national and international attention, most studies employ generalized frameworks that fail to capture the nuanced realities of local contexts, such as Misamis Oriental. They often overlook how disparities in internal resource capacity and the quality of external partnerships vary by industry and geography, leaving critical blind spots in policy and program implementation.

This study directly addresses that gap. It examines how internal resources, such as physical capital, financial resources, human capital, brand reputation, and organizational culture, interact with external linkages like suppliers, partners, and regulatory bodies in shaping the performance of MSMEs in Misamis Oriental. By grounding the analysis in both Resource-Based and Resource Dependence theories, this research aims to generate actionable, context-sensitive insights that can inform more responsive and inclusive policy interventions.

2.0 Methodology

2.1 Research Design

This study employed a quantitative research approach with a descriptive design to explain the resources and performance of MSMEs systematically. It also employed descriptive research, a methodological approach that focuses on systematically observing and documenting behaviors, situations, events, and outcomes without attempting to explain underlying causes or predict future occurrences.

2.2 Research Locale

The study was conducted in three municipalities of the second legislative district of Misamis Oriental, located in Northern Mindanao, Philippines. These municipalities are Manticao, Lugait and Naawan or ManLuNa, as local stakeholders refer to them. These municipalities were purposely chosen because they share similar geographic characteristics and economic circumstances, which allows a strategic framework for measuring MSME performance in a homogeneous regional context.

2.3 Research Participants

The subjects in this study were owners/managers of registered MSMEs located in ManLuNa. Additionally, the study focused solely on formally registered and operational MSMEs from 2021 to 2023. This criterion was applied to help establish baseline organizational stability and industry experience. Stratified random sampling was used, enabling a more even representation among MSMEs of different types. The sample size was calculated using Cochran's formula (1977) for continuous data, a widely accepted method in research, with an expected population proportion of maximum variability of 50% ($p = 0.5$), a 95% confidence level, and a margin of error of $\pm 5\%$. With a total MSME population of 856 in the target area, the computed minimum sample size was 266.

2.4 Research Instrument

The survey instrument used was a researcher-made questionnaire. The instrument was designed to examine the factors that affect MSME performance. It reflected the perspective of the MSME, as seen through the eyes of the owner or manager. The research instrument underwent rigorous testing for validity and reliability. The data collected during this pilot test underwent reliability analysis, specifically a Cronbach's alpha test, to determine the instrument's internal consistency. The result yielded a Cronbach's alpha of 0.865, indicating good internal consistency among the items. This value fell within the generally accepted good range for most research. This testing ensured that the survey accurately measured the concepts the researcher was interested in and produced consistent results. To provide clear and effective communication with the target respondents, the questionnaire was translated from English to Cebuano (Bisaya) by a professional translator. This allowed respondents to understand the questions accurately and provide more precise answers.

2.5 Data Gathering Procedure

Before proceeding with the survey, approval was obtained from the university. The procedure began by preparing the survey instrument by the problem statement. The survey instrument was then administered to the target sample size of 266 respondents to gather quantitative data. The survey administration involved face-to-face interactions with MSMEs in Manticao, Lugait, and Naawan. By conducting face-to-face surveys, researchers could establish rapport with respondents, clarify any questions, and ensure the quality and accuracy of the data collected.

2.6 Ethical Considerations

The researcher surveyed individuals who willingly and voluntarily expressed their desire to participate. Additionally, respondents were reassured that there were no inherent risks associated with their participation in the study. Furthermore, participants possessed the inherent right to withdraw from the study at any point should they choose to do so. Additionally, before administering the survey, respondents were provided with a clear understanding of the study's objectives. An informed consent form was presented to each respondent, and participation proceeded only after obtaining their explicit consent. The respondents were also informed that the survey questionnaire was expected to require 30 minutes to complete. Respondents were informed of this duration in advance to ensure they were adequately prepared. Importantly, all data collected were treated with the utmost confidentiality, with respondents identified solely by a unique identifier rather than their names. Access to both the information and the survey results was exclusively restricted to the researcher. These measures have complied with Republic Act 10173, also known as the "Data Privacy Act of 2012." The researcher was committed to protecting participant privacy and maintaining the security of all collected data.

3.0 Results and Discussion

3.1 Level of Respondents' Utilization of Physical Capital

The data outlined in Table 1 provides perceptive insight regarding the use of physical capital by MSMEs. The overall mean score of 2.54 for physical capital indicates a relatively high level of utilization.

Table 1. *Distribution of Respondents in terms of their level of utilization of Physical Capital (N=266)*

Indicator	Mean	SD	Interpretation
B1. We effectively utilize technology to enhance operational efficiency in our business.	2.39	1.22	Low utilization
B2. The buildings owned or rented by our business are well-maintained and conducive to business operations.	2.58	1.24	High utilization
B3. Vehicles used for business purposes are regularly maintained and meet operational needs.	2.23	1.22	Low utilization
B4. The land owned by our business is optimized to support business activities.	2.55	1.20	High utilization
B5. Our business has the right machinery and equipment necessary for the business operation.	2.17	1.21	Low utilization
B6. We actively monitor inventory levels to prevent overstocking or shortages that may impact operations.	3.30	0.93	Very high utilization
OVERALL	2.54	1.17	High utilization

Legend: 3.26 - 4.00 (Very high utilization); 2.51 - 3.25 (High utilization); 1.76 - 2.50 (Low utilization); 1.00 - 1.75 (Very low utilization)

While MSMEs demonstrate a strong inclination to manage inventory, many still lack the necessary machines and equipment to run their operations optimally. This may prevent efficiency and competitiveness, especially in the case of micro-enterprises. This is well described by Santana et al. (2018) and noted that investing in the right technology and equipment can streamline processes, reduce operating costs, and open up new business opportunities.

3.2 Level of Respondents' Utilization of Financial Resources

Table 2 shows that MSMEs have a relatively high level of financial resource utilization, with a mean score of 2.69 and a standard deviation of 1.17. Proactive budgeting and working capital management are well practiced by MSMEs. However, participation in government-backed financial programs remains low, which may hinder access to additional capital. This gap, identified by the Asian Development Bank (2021), can constrain MSMEs from investing in growth and innovation. Overcoming obstacles such as perceived risks, lack of collateral, and limited credit history is essential to unlock the potential of government-supported financing.

Table 2. *Distribution of Respondents in terms of their level of utilization of Financial Resources (N=266)*

Indicator	Mean	SD	Interpretation
B7. I am confident that our current working capital level is sufficient to meet the ongoing needs of our business.	2.95	1.12	High utilization
B8. We allocate sufficient funds for capital expenditures to invest in long-term assets.	2.79	1.13	High utilization
B9. We have successfully secured loans to finance business expansion and growth.	2.41	1.24	Low utilization
B10. We actively seek opportunities to increase working capital through revenue generation.	2.70	1.14	High utilization
B11. We regularly review and update our budget to reflect changing business conditions.	3.08	1.10	High utilization
B12. We have actively sought government-backed loan programs or grants to increase our capital.	2.20	1.27	Low utilization
OVERALL	2.69	1.17	High utilization

Legend: 3.26 - 4.00 (Very high utilization); 2.51 - 3.25 (High utilization); 1.76 - 2.50 (Low utilization); 1.00 - 1.75 (Very low utilization)

3.3 Level of Respondents' Utilization of Human Capital

The data shows that human capital utilization across the sample is low, with a mean score of 1.82 and a standard deviation of 1.13.

Table 3. Distribution of respondents in terms of their level of utilization of Human Capital (N=266)

Indicator	Mean	SD	Interpretation
B13. Our business invests in employees' training activities to provide them the necessary knowledge and skills.	1.60	0.97	Very low utilization
B14. Our business encourages a culture of learning and knowledge sharing among employees.	1.82	1.07	Low utilization
B15. We actively attract, recruit, and retain talented individuals who contribute to our business's success.	1.85	1.09	Low utilization
B16. Our business provides opportunities for career advancement to enhance employees' knowledge and skills.	1.67	0.97	Very low utilization
B17. Teamwork and collaboration are valued and encouraged within our business.	2.29	1.26	Low utilization
B18. We conduct regular performance evaluations and feedback sessions to support employee growth.	1.67	1.00	Very low utilization
OVERALL	1.82	1.06	Low utilization

Legend: 3.26 - 4.00 (Very high utilization); 2.51 - 3.25 (High utilization); 1.76 - 2.50 (Low utilization); 1.00 - 1.75 (Very low utilization)

Teamwork and collaboration are essential, but investment in the training and development of employees is minimal. This lack of investment can stifle growth and innovation when workers are not equipped to respond to shifting business requirements. As stressed by Jayabalan et al. (2020) and McCracken (2017), prioritizing human capital development can immensely improve MSME performance and competitive advantage.

3.4 Level of MSMEs' Ability to Leverage Brand Reputation

Data from Table 4 shows the ability of MSMEs to leverage brand reputation. MSMEs achieve a high mean score of 3.07 in overall brand reputation, indicating that the effectiveness of leveraging this intangible asset is generally high.

Table 4. Distribution of respondents in their ability to leverage their Brand Reputation (N=266)

Indicator	Mean	SD	Interpretation
C1. Customers perceive our brand positively, leading to high customer satisfaction ratings.	3.17	1.02	Highly leveraged
C2. Our brand is well-recognized and known among our target audience.	3.17	0.99	Highly leveraged
C3. We receive positive reviews and testimonials from customers about our products/services.	3.23	1.06	Highly leveraged
C4. We actively monitor and respond to customer feedback to maintain a positive brand image.	3.03	1.17	Highly leveraged
C5. Suppliers and partners trust our business, leading to favorable business collaborations.	3.25	1.02	Highly leveraged
C6. We actively engage in brand-building activities such as marketing campaigns and community initiatives	2.54	1.35	Highly leveraged
OVERALL	3.07	1.10	Highly leveraged

Legend: 3.26 - 4.00 (Extremely leveraged); 2.51 - 3.25 (Highly leveraged); 1.76 - 2.50 (Minimally leveraged); 1.00 - 1.75 (Poorly leveraged)

Because MSMEs demonstrate substantial brand equity, they command trust and reliability among suppliers and partners, which can be leveraged for improved brand-building. MSMEs can expand their reach and gain a competitive edge through proactive marketing initiatives and community engagement, which will help create

brand visibility and foster a deep connection with customers. A strong brand has been shown to impact market positioning and long-term success (Keller, 2009; Ansarin & Ozuem, 2014).

3.5 Level of MSMEs' ability to leverage Organizational Culture

The data in Table 5 reveal the limited capacity of MSMEs to harness organizational culture, with an aggregate mean score of 2.36, indicating low utilization of this valuable intangible asset.

Table 5. Distribution of respondents in their ability to leverage their Organizational Culture (N=266)

Indicator	Mean	SD	Interpretation
C7. Our business promotes open communication among employees at all levels.	2.25	1.25	Minimally leveraged
C8. Employees in our organization feel valued and appreciated for their contributions.	2.41	1.27	Minimally leveraged
C9. Our business has a supportive work environment that fosters personal and professional growth.	2.32	1.25	Minimally leveraged
C10. Our business promotes a healthy work-life balance for employees.	2.39	1.26	Minimally leveraged
C11. There is a sense of camaraderie and mutual respect among employees in our business.	2.41	1.26	Minimally leveraged
C12. Employees feel motivated and engaged in their work in our organization.	2.39	1.28	Minimally leveraged
OVERALL	2.36	1.26	Minimally leveraged

Legend: 3.26 - 4.00 (Extremely leveraged); 2.51 - 3.25 (Highly leveraged); 1.76 - 2.50 (Minimally leveraged); 1.00 - 1.75 (Poorly leveraged)

While there is evidence of employee appreciation and camaraderie, the absence of open communication hurts collaboration, innovation, and performance. According to Ravikumar (2013), a balanced organizational culture is key to employee engagement, productivity, and adaptability. Companies can gain a competitive edge by unlocking their human capital through open communication, encouraging the sharing of ideas, and creating a conducive work environment.

3.6 Level of Benefits Gained from Suppliers

Table 6 shows that MSMEs generally have a favorable perception of their supplier relationships in terms of benefits, as reflected in an overall mean score of 2.80.

Table 6. Distribution of Respondents' Level of Benefits Gained from Suppliers (N=266)

Indicator	Mean	SD	Interpretation
D1. Our suppliers consistently deliver raw materials and components on time as per our requirements.	2.89	1.15	Considerably beneficial
D2. The quality of products and services provided by our suppliers meets or exceeds our expectations.	2.97	1.12	Considerably beneficial
D3. Our suppliers offer competitive pricing that aligns with our budget and financial goals.	2.67	1.16	Considerably beneficial
D4. Our negotiations with suppliers result in favorable terms and conditions for our business.	2.71	1.21	Considerably beneficial
D5. Our suppliers are flexible and accommodating to changes or adjustments in our orders or requirements.	2.75	1.21	Considerably beneficial
D6. We have backup or alternative suppliers in place to mitigate risks associated with supplier dependencies.	2.80	1.24	Considerably beneficial
OVERALL	2.80	1.18	Considerably beneficial

Legend: 3.26 - 4.00 (Extremely beneficial); 2.51 - 3.25 (Considerably beneficial); 1.76 - 2.50 (Marginally beneficial); 1.00 - 1.75 (Barely beneficial)

This perceived benefit is especially evident in product and service quality, highlighting the value of reliable, high-performing suppliers. As Sutthachaidee et al. (2022) assert, such connections reduce disruptions, enhance efficiency, and ultimately contribute to business success. However, the relatively lower perception of price-related benefits indicates a potential challenge in striking a balance between cost-effectiveness, quality, and reliability. MSMEs can address this by practicing strategic sourcing—negotiating better terms, engaging multiple suppliers, and fostering long-term partnerships.

3.7 Level of Benefits Gained from Partners

Table 7 reveals that MSMEs perceive their relationships with partners as barely beneficial, with a mean score of 1.41.

Table 7. *Distribution of Respondents' Level of Benefits Gained from Partners (N=266)*

Indicator	Mean	SD	Interpretation
D7. Our partners provide comprehensive support and assistance, such as technical expertise or training.	1.40	0.86	Barely beneficial
D8. Our partnerships with other businesses or organizations effectively contribute to achieving our business goals.	1.42	0.87	Barely beneficial
D9. Collaborating with partners enhances our access to resources that are critical for our operations.	1.41	0.85	Barely beneficial
D10. We have clear communication channels and efficient coordination with our partners.	1.44	0.89	Barely beneficial
D11. Collaborating with partners helps us expand our market reach and access new customer segments.	1.37	0.80	Barely beneficial
D12. We have established long-term relationships with our partners based on mutual trust and collaboration.	1.44	0.90	Barely beneficial
OVERALL	1.41	0.86	Barely beneficial

Legend: 3.26 - 4.00 (*Extremely beneficial*); 2.51 - 3.25 (*Considerably beneficial*); 1.76 - 2.50 (*Marginally beneficial*); 1.00 - 1.75 (*Barely beneficial*)

There is very little communication, coordination, and trust between partners, indicating a lack of collaboration. According to Sutrisno (2023) and Metris et al. (2024), strong partnerships provide access to markets, resources, and knowledge. Through collaboration with larger firms, MSMEs can broaden their market reach. They can also form strategic alliances with complementary businesses to access new customer segments, expand into new markets, and generate synergy.

3.8 Level of Benefits Gained from Regulatory Bodies

The data in Table 8 shows that MSMEs perceive their contact with regulatory bodies as providing only marginal benefits (mean score of 2.50), with clear and simple guidelines being the most helpful.

Table 8. *Distribution of Respondents' Level of Benefits Gained from Regulatory Bodies (N=266)*

Indicator	Mean	SD	Interpretation
D13. Government agencies provide clear and understandable guidelines that help us comply with legal requirements.	3.01	1.05	Considerably beneficial
D14. The policies and regulations set by the government positively contribute to our business growth and sustainability.	2.94	1.04	Considerably beneficial
D15. Government agencies effectively communicate changes in policies or regulations that affect our business operations.	2.87	1.02	Considerably beneficial
D16. The government provides sufficient guidance and resources to help us comply with tax regulations.	2.41	1.15	Considerably beneficial
D17. Government financial assistance programs have been instrumental in supporting our business growth.	1.99	1.23	Marginally beneficial
D18. We have benefited from government-sponsored training programs aimed at improving our business skills and knowledge.	1.80	1.18	Marginally beneficial
OVERALL	2.50	1.11	Marginally beneficial

Legend: 3.26 - 4.00 (*Extremely beneficial*); 2.51 - 3.25 (*Considerably beneficial*); 1.76 - 2.50 (*Marginally beneficial*); 1.00 - 1.75 (*Barely beneficial*)

While both clear regulations and government-sponsored training can support MSMEs, the limited availability of training programs remains a significant concern. According to Jou (2022) and Ngo (2023), proper training is essential for MSMEs to adapt to changing market environments and maintain a competitive edge. Governments should collaborate with industry experts and MSME stakeholders to design training programs that better address the specific needs of MSMEs, thereby improving their effectiveness.

3.9 Level of Financial Performance of MSMEs in Misamis Oriental

Table 9 presents the financial performance of MSMEs in Misamis Oriental, specifically their sales growth from 2021 to 2023.

Table 9. *Respondents' Level of Financial Performance in terms of Sales (N=266)*

Indicator	Mean	SD	Interpretation
E1. Year End 2021 (Sales)	1.40	0.84	Low Improvement
E2. Year End 2022 (Sales)	1.48	0.86	Low Improvement
E3. Year End 2023 (Sales)	1.73	0.95	Low Improvement
Overall Result	1.54	0.88	Low Improvement

Legend: 3.26 - 4.00 (*Very High improvement*); 2.51 - 3.25 (*High improvement*); 1.76 - 2.50 (*Average Improvement*); 1.00 - 1.75 (*Low Improvement*)

The average score across all aspects of financial performance is 1.54, indicating a relatively low level of improvement over the three years. The mean sales performance in 2021 is 1.40, which indicates a slight improvement. The average score improved marginally to 1.48 in 2022; however, the improvement is still low. By 2023, the mean score had improved to 1.73, which is an improvement but still relatively low. This gradual increase suggests that MSMEs in Misamis Oriental have experienced some recovery over time; however, the financial recovery during this period was not substantial. One of the primary reasons for these issues was the COVID-19 pandemic, which impacted MSMEs worldwide by disrupting supply chains and reducing consumer spending, and led to strict lockdowns and restrictions that hindered business operations. The meager sales improvement during this period is likely due to multiple factors, many of which were aggravated by the pandemic, resulting in limited access to capital, weak demand, and challenges in adapting to different business realities. The ability to access finance is crucial for enabling MSMEs to invest in inventory, marketing, and expand their businesses (Nwosu & Orji, 2016). Nonetheless, many MSMEs had their finances stretched by the pandemic and were unable to secure the necessary funding, which exacerbated the sluggish recovery in sales.

3.10 Level of Non-financial Performance of MSMEs in Misamis Oriental

Table 10 presents the non-financial performance of MSMEs in Misamis Oriental, specifically their employee growth from 2021 to 2023. The aggregate mean score of 1.20 indicates weak employment growth during this period.

Table 10. Respondents' Level of Non-financial Performance in terms of Sales (N=266)

Indicator	Mean	SD	Interpretation
E4. Year End 2021 (Employees)	1.11	0.38	Low Growth
E5. Year End 2022 (Employees)	1.20	0.48	Low Growth
E6. Year End 2023 (Employees)	1.29	0.63	Low Growth
Overall Result	1.20	0.50	Low Growth

Legend: 3.26 - 4.00 (Very High growth); 2.51 - 3.25 (High growth); 1.76 - 2.50 (Average growth); 1.00 - 1.75 (No growth)

In 2021, the average employee growth score was 1.11, reflecting relatively low workforce expansion. This rose slightly to 1.20 in 2022 and further increased to 1.29 in 2023, suggesting a gradual, albeit still limited, improvement. The pattern suggests that MSMEs encountered significant challenges in expanding their workforce over the three years, primarily due to the COVID-19 pandemic. Business operations in and around Misamis Oriental were heavily affected by decreased consumer demand, supply chain disruptions, and overall economic uncertainty. This disruption is especially evident in the low employee growth in 2021 when pandemic restrictions were at their peak.

Although there was some improvement in 2022 and 2023, overall growth remained limited, reflecting the slow recovery of MSMEs from the pandemic's long-term effects. The sluggish rebound in employment during this period has significant implications. Employee growth is a key indicator of non-financial performance that resonates with stakeholders, as it reflects business expansion and the potential for job creation. According to Fajnzylber et al. (2010), business growth—driven by increased sales and market reach—typically leads to higher staffing needs. However, the pandemic significantly reduced the market for many MSMEs, limiting their ability to hire additional workers.

4.0 Conclusion

This study's findings highlight the varying levels of resource utilization among MSMEs in Misamis Oriental and their corresponding performance implications. This paper finds that MSMEs exhibit a relatively high level of utilization of internal resources, particularly in terms of physical capital and financial resources. This encompasses the supply of devices, features, and financial instruments, the application of which has a positive impact on operations and budgets. However, the study also reveals a significant underuse of human capital. More particularly, little has been done to train employees, structure recruitment, and provide career development. By implication, MSMEs in the study area lack a consistent recruitment and retention of qualified personnel, as well as the upskilling of employees with competencies that foster organizational productivity.

Additionally, the development of organizational culture is still in its initial stage. The emphasis on open communication, employee engagement, and interdepartmental collaboration is lacking. Improving these aspects

of organizational culture will foster a friendly work environment, which may boost innovation, productivity, and sustainable growth for the entity. Examining external resources, the study reveals that MSMEs derive benefits from supplier relationships; however, their involvement in broader partnerships and regulatory networks is suboptimal. Strengthening efficient communication with partners can help MSMEs capitalize on their external environment and improve their resilience, competitiveness, and sustainability. In this regard, government intervention is also essential. Public support needs to be effective, and this could only happen if there is a nitty-gritty understanding of the operational realities and needs of MSMEs. Such organizational outcomes can be vastly enhanced by context-sensitive, tailored, and accessible initiatives.

This study's findings align with the overarching principles of the Resource-Based Theory (RBT), which posits that competitive advantage emerges from firms' effective utilization of valuable, rare, inimitable, and non-substitutable resources. The high utilization levels of physical capital, financial resources, and brand reputation among MSMEs validate RBT's postulate that internal resources are key to improved performance. That said, RBT also highlights the notion that competitive advantage cannot only be a function of owning resources, but also a function of how well an enterprise can manage and deploy those resources strategically. In this context, it appears that MSMEs would do well to utilize their resource base as fully as possible, as evidenced by the existing gaps in the use of technology, equipment, human capital, and the organizational culture recognized. In addition, the study, based on the Resource Dependency Theory (RDT), explores the importance of external relationships. Resource Dependence Theory (RDT) posits that organizations are fundamentally dependent on external entities for the resources they require, and that these dependencies influence strategic decision-making and operational behavior. Consistent with this framework, findings reveal that existing external linkages of MSMEs in Misamis Oriental are relatively weak. However, MSMEs in the region do not optimally leverage the strategic benefits associated with external partnerships. Moreover, the limited application of collaborations with suppliers, business partners, and regulatory bodies suggests that further improvement of interactions with external actors is needed to alleviate environmental uncertainties and increase resource availability.

To enhance performance and sustainability, MSMEs should prioritize managing internal resources by maintaining equipment, optimizing inventory, and investing in modern technology to boost operational efficiency. Equally important is developing human capital through regular training aligned with industry trends, such as digital marketing, and fostering a positive workplace culture that encourages innovation and productivity. Strengthening external relationships is also critical, MSMEs should build strategic partnerships with suppliers and industry peers, and engage constructively with regulatory bodies to access support programs and enhance compliance.

On the other hand, investors are encouraged to assess MSMEs not only based on financial indicators but also on their utilization of tangible assets, intangible resources such as brand reputation and organizational culture, and the strength of their external partnerships. Supporting environmentally and socially responsible MSMEs aligns with growing demands for sustainable investing. Furthermore, investors should proactively facilitate access to finance by advocating for MSME-friendly policies, supporting credit guarantee schemes, and collaborating with financial institutions to offer accessible loan programs.

Government agencies can make significant contributions by simplifying regulatory processes, digitizing services, and streamlining procedures to alleviate the administrative burden on MSMEs. Providing targeted support programs tailored to the unique needs of specific sectors, such as grants and industry-specific training, can further enhance the competitiveness of MSMEs. Additionally, government-affiliated institutions, such as State Universities and Colleges (SUCs), can play a vital role in conducting localized research and delivering capacity-building initiatives, including entrepreneurship training and financial literacy seminars, to equip MSME owners with the skills necessary for sustainable growth.

Future researchers are encouraged to conduct longitudinal studies to evaluate the long-term impact of resource utilization on the performance of MSMEs, focusing on how the strategic use of physical, financial, and human resources affects growth, profitability, and sustainability over time. Comparative analyses across different regions and industries are also recommended to understand how geographic and sector-specific factors influence resource utilization and business outcomes, such as comparing manufacturing in one area with hospitality in another. Additionally, future studies should investigate other critical drivers of MSME performance, such as leadership styles, innovation capacity, market adaptability, and customer relationship management.

In general, the results underscore the importance of effectively managing both internal and external resources to achieve success for MSMEs. The strategic alignment of internal resources within MSMEs, combined with the development of impactful external partnerships, will enable MSMEs to achieve their competitive positioning and drive long-term growth. The synthesis of RBT and RDT, viewed through the lens of this study, reinforces the need for holistic resource management. It entails aligning and optimizing internal capabilities in parallel with engaging with external stakeholders, from customers to community members and even competitors, to provide a framework for long-term performance and organizational resilience.

5.0 Contributions of Authors

All authors contributed to the conceptualization of this study. Author 1 led the research design, data collection, analysis, and manuscript finalization. Author 2 contributed to the data analysis and manuscript completion.

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7.0 Conflict of Interests

The authors have no conflicts of interest to declare relevant to this article's content.

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