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## Research Article

### Training Program for MSME Owners: A Needs Assessment

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## ABSTRACT

The purpose of this study was to evaluate the MSME Owners in Sorsogon's present skill and competency levels as well as their need for training programs. Additionally, this needs assessment identifies particular talents that are thought to be crucial to improving business operations. This study will identify the MSME Owners' profile with regard to training program accessibility. ]

The study's findings suggest that MSME owners needed specialized training programs to improve their skills, creativity, and long-term performance in this changing economic climate. Due to time and cost constraints, MSME owners have limited access to trainings; therefore, this program will help them stay current on industry developments and be of tremendous advantage to them. It is strongly advised that MSME owners attend trainings.

**Keywords:** Training programs, MSMEs Owner and Nees assessment

## Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital role to the economic growth in today's business environment. Micro, Small, and Medium Enterprises (MSMEs) have emerged as the backbone of the economy in many developing countries. They play a crucial role in job creation, innovation, and economic growth. In India, MSMEs contribute around 29% to the country's Gross Domestic Product (GDP) and employ over 111 million people (Ministry of Micro, Small & Medium Enterprises, 2021). Despite their significant contribution to the economy, MSMEs face several challenges, such as lack of access to finance, technology, and skilled labor. In this context, training programs have become essential for

MSMEs to enhance their skills, competitiveness, and productivity.

Training is essential for individual and organizational success. According to Kozlowski and Salas (2011), training is defined as "a systematic process of providing learners with a set of knowledge, skills, and abilities (KSAs) that are required to perform a job or task" (p. 3). However, the success of training depends on the effectiveness of the needs assessment process that precedes it. Training programs are designed to help MSMEs advance their knowledge and abilities, which will enhance the effectiveness, caliber, and creativity of their goods and services. These programs aim to give MSMEs the instruments and methods they need to spot business opportunities, run their businesses

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efficiently, and increase their market share. But the content's applicability to the particular needs of MSMEs, along with the delivery's caliber and aftercare, are what really determine how successful training initiatives are.

The need for training programs for MSME Owners to enhance their productivity and competitiveness highlighted in several studies. For instance, Sanita and Ghufran (2020) note that training programs can improve the managerial skills of MSME owners, resulting in an increase in sales and profitability. Similarly, Khan et al. (2020) argue that training programs help MSMEs in adopting new technologies and business practices, leading to a reduction in costs and an increase in efficiency. Despite the benefits of training programs, MSME Owners faced difficulties in accessing them. According to DAS, S. (2018), MSMEs find it challenging to identify suitable training programs due to a lack of awareness about the available options. Additionally, MSMEs may not have enough financial resources to pay for the training sessions or time to attend them. Therefore, it is essential to carry out a need assessment in order to pinpoint specific training needs and design to address these needs and overcome obstacles in their implementation.

A need assessment is an essential component in the development of effective policies, programs, and strategies that support MSME growth and competitiveness. The identification of the critical needs and challenges confronting MSMEs is paramount to understand the deficiencies in the business environment and improve on them. Firstly, need assessments help in identifying the capacity of MSMEs to address the changing market demands. Through a need assessment, policymakers and development practitioners may identify trends and changes in the business environment that necessitate the adoption of new technologies, marketing strategies, and innovation. Secondly, need assessments help to evaluate the impact of existing policies, programs, and interventions on MSMEs' growth, competitiveness, and sustainability. Thirdly, the need assessment of MSMEs improves policymakers' and entrepreneurs' knowledge base through stakeholder consultation and research, allowing them to design and

implement practical initiatives that meet the specific demands of MSMEs (UNIDO, 2016).

Despite the significant contribution of MSMEs in the province of Sorsogon, they face difficulties in accessing skills and competencies training and seminars due to lacks financial resources and time availability. This was evidenced by the study conducted by DTI Sorsogon. According to a study conducted by the DTI Sorsogon (DTI, 2019), MSME owners in the province lack financial resources for training programs. The study revealed that among the challenges faced by MSMEs in Sorsogon were the lack of access to finance and the high cost of training programs. It also indicated that MSMEs were willing to avail of training programs, but they cannot afford the fees charged by training providers. Furthermore, a survey conducted by the Philippine Statistics Authority (PSA) showed that only 27.9% of MSMEs in Bicol have undergone training and skills development programs. Such findings suggest that the lack of financial resources is a significant barrier to MSME growth and development in Sorsogon province and the entire Bicol region (PSA, 2018). Considering this fact, researchers perceived that a need assessment is necessary to identify MSME Owners skills and competencies need in the province of Sorsogon. To address these needs, the researchers want to conduct study entitled **"Training programs for MSME Owners: A need assessment"** to identify the current level of competencies the MSME Owner has and specific training programs they believe will enhance their business operations.

## Objectives of the Study

This research assessed the training program needs of MSMEs in Sorsogon.

Specifically, it seeks to:

1. Determine the profile of MSME Owners in terms of type of business, number of employees, year of operation, and annual revenue.
2. Determine the current level of skills and competencies required to run the business effectively.
3. Identify access to training or resources available to MSME Owners in Sorsogon.
4. Create training programs to improve skills and competencies of MSME Owners.

## Methodology

This study used Mixed design. This was used to assess the current level of skills and competencies and training needs of MSME Owner in Sorsogon. The respondents composed of one hundred fifty (150) MSME Owner in the province of Sorsogon. The researcher employed a quantitative portion of the research design to determine the profile of MSME Owners in terms of type of business, number of employees, years in operation and annual revenue. To determine the current level of skills and competencies required to run the business effectively, qualitative research design was used. Survey questionnaires were distributed to gather information from the respondents. The collected data was coded and transcribed

to identify patterns regarding the training access available and the needs training program of MSME Owners in Sorsogon.

## Results And Discussion

This presents the data gathered, analysis, and interpretations from the survey conducted.

### A. Profile of MSME Owners

This part shows the profile of MSME Owners in the province of Sorsogon in terms of their business type.

#### A. 1. Type of Business

Figure 1 presents the profile of MSME Owners in terms of type of business.

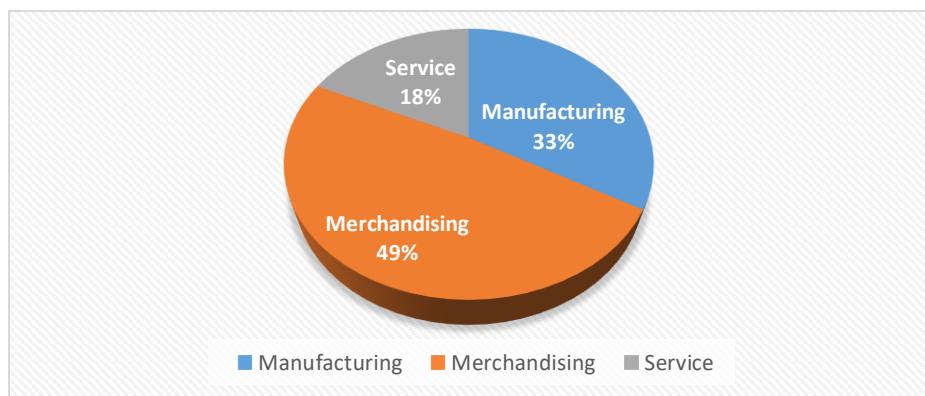


Figure 1. Type of business of MSME Owners

According to the results of one hundred fifty (150) respondents, the manufacturing, service, and retail sectors accounted for 33%,

18%, and 49% of the total. This suggests that the majority of respondents were employed in the retail industry.

### A.2. Number of employees

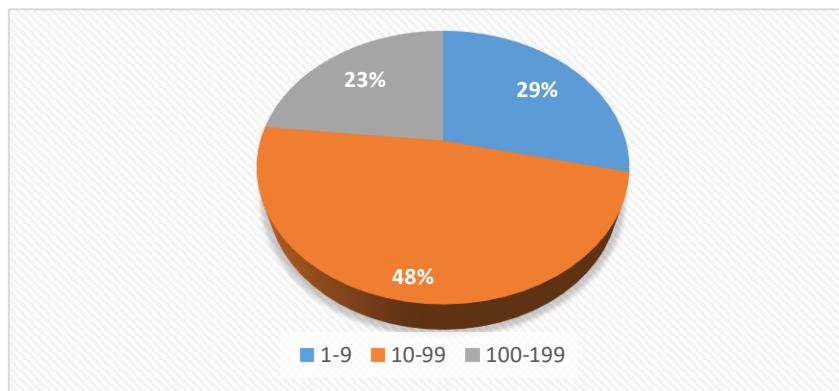


Figure 2. Number of Employees

The profile of MSME Owners with respect to the number of employees is displayed. More than 48% of the sample as presented employs 10–99 people, 29% employs 1–9 people, and 23% employs 100–199 people. Additionally, it demonstrates unequivocally that 29% came from microbusinesses, 48% from small businesses, and 23% from medium-sized businesses.

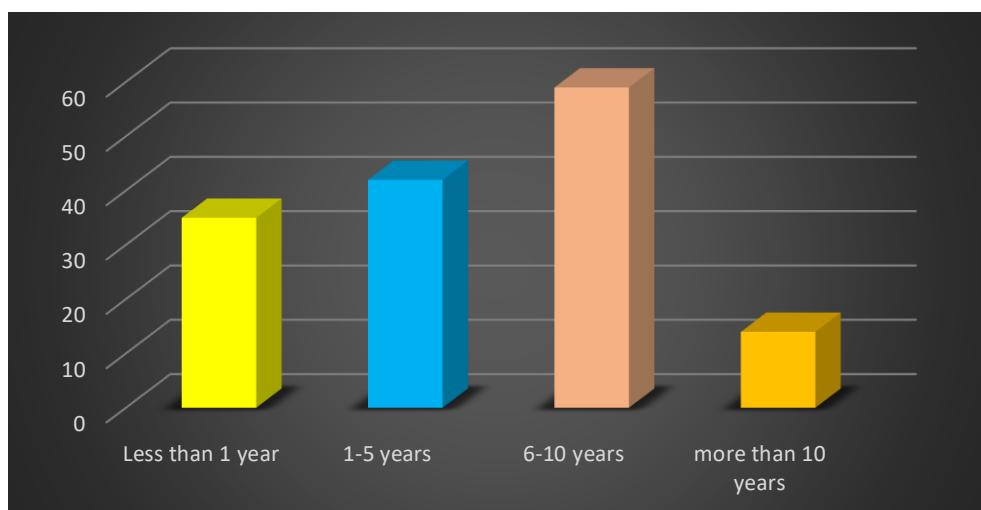
Recent study suggests that firms with fewer than 10 employees may not have the resources to achieve economies of scale, whereas those with more than 50 employees may face increased coordination and management challenges (Akpan, E. O., Asongu, S. A., & Osabuohien, E. S., 2020).

### A.3. Number of years in operation

The profile of MSME Owners in terms of number of years in operation was presented in this chart. Results shows that more than fifty-nine (59) MSME Owners was 6-10 years in operation.

According to a recent study (SBA, 2020), the number of years a small business has been in operation is directly related to its survival rate. The study found that businesses that had been operating for five years or more had a survival rate of 50% compared to businesses that had been operating for less than five years, which had a survival rate of only 20%.

*Chart 1. Number of Years in operation*



### A.3. Annual Revenue

*Chart 2. Annual Revenue*

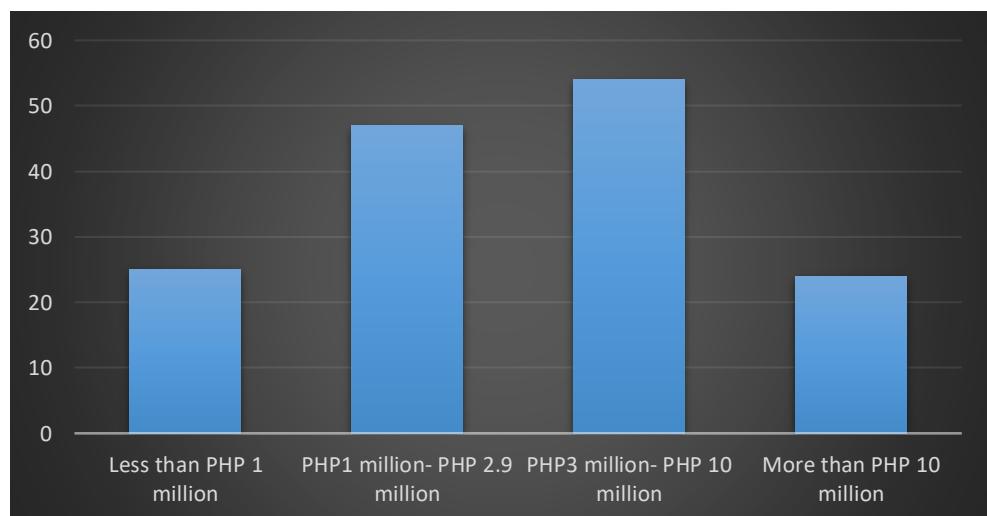


Chart 2 shows that the majority of MSMEs earned an average annual revenue ranging from PHP 3 million to PHP 10 million. According to a study (Manasan, R. G., Ballesteros, M. M., & Orden, D., 2019) found that the revenue threshold for microenterprises in the Philippines was around PHP 2.42 million (USD 47,000) per year, while small enterprises needed to earn at least PHP 15.56 million (USD 303,000) annually to thrive. Meanwhile, medium-sized enterprises required a minimum of PHP 112.94 million (USD 2.2 million) in revenue per year.

#### **B. Current level of skills and competencies required to run the business effectively.**

According to the findings, the majority of MSME owners possess "basic and intermediate" levels of knowledge and abilities. They don't have the advanced abilities needed to manage the company efficiently. A study conducted (ILO, 2019) reports underscores the importance of advanced skills in MSMEs, and the need for appropriate policies and programs to support their development. By investing in advanced skills, MSMEs can enhance their competitiveness, contribute to inclusive growth, and help create a more sustainable and prosperous future for all.

#### **C. Access to training or resources available to MSME Owners**

Due to a lack of funding and scheduling restrictions, the study finds that MSME Owners have restricted access to resources and training. According to Khan, M. N., & Razzaq, A. (2021), MSME owners have limited access to training due to various reasons. One reason is the lack of awareness of the training and development opportunities available. Additionally, the time required for training is often not feasible, as the owners are also responsible for managing the day-to-day operations of their businesses. Some owners are also not able to attend training due to financial constraints. Moreover, training programs may not be tailored for MSME needs specifically.

#### **D. Training programs that will improve MSME Owner's skills and competencies.**

MSME Owners needed training programs, according to the study's findings. The study pinpointed several areas that they feel can improve their company's operations, including: Product Design, Pricing, and Costing; Bookkeeping for Non-Accountants; Marketing and Sales; Financial Management; and Registration & Reportorial Requirements.

To meet the requirements of the MSME Owners, the researchers developed a training program. Through a business and accounting education program, training, and mentorship, this program seeks to provide MSMEs with the information and abilities needed to manage their finances wisely. The three (3) components of the training program are as follows:

**Training Program:** Business Education and Accounting Training and Mentorship program for MSMEs in Sorsogon

**Objective:** To equip MSME Owners with essential knowledge and skills to enhance the business operation and its sustainability.

**Duration:** 3 years

#### **Session 1: Bookkeeping, Registration & Reportorial requirements, and Taxation updates (TRAIN LAW)**

- Acquaint MSME Owners with the needed business and legal requirements under TRAIN LAW including compliance to BIR.
- Provide basic training on Bookkeeping for Non-Accountants.
- Equip business owners with the knowledge on registration and reportorial requirements under DTI, SEC, LGU, and BIR.

#### **Session 2: Training on Financial Management, Product Design, Pricing, and Costing**

- Equip MSMEs with the basics of financial management.
- Provide business owners with different strategies for setting prices.
- Equip MSME Owners with different approaches in costing of their product and services.

### **Session 3: Marketing and sales, Entrepreneurship, and Business politics**

- Help small-scale businesses sustain organizations through marketing strategies and entrepreneurship.
- Increase awareness of MSME Owners about implications of political aspects in business.

All component training will be conducted on a quarterly basis for a period of three years. To evaluate each component training's application in the business and provide guidance on any issues that may arise, follow-up sessions will take place three months afterward. It is possible to tailor the training program's duration and content to the demands and specifications of MSMEs.

### **Output**

The main output of this study was an effective training program for MSME Owners. The objective is to furnish MSME Owners with the requisite training and coaching to enhance their business operations. It would also equip MSMEs with the necessary information and abilities to make sound financial decisions and efficiently manage their money.

### **Conclusions and Recommendations**

The study infers that the profile of MSME owners varies in terms of type of business, number of employees, year of operation, and annual revenue. MSME owners current levels of skills and competencies were basic and intermediate. As indicated in a need assessment made, access to training programs was limited due to difficulties in financial resources and time constraints for MSME owners. This finally identifies a need for training programs for MSME owners, specifically on financial management, registration and reporting requirements, marketing and sales, bookkeeping for non-accountants, taxation updates (Train Law), product design, pricing, and costing. The researchers recommended that MSME owners undergo training that will improve their skills and competencies. MSME owners may adapt the training program designed by the researchers.

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