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### Operational Practices of Selected Businesses in Taal, Batangas, Philippines

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#### A B S T R A C T

The study aimed to determine the operational practices of selected businesses in Taal, Batangas. Descriptive type of research was utilized in the study. Most of the businesses in Taal were veteran in the operations, sole proprietorship, have high capital located in the market and have nominal number of employees. Using raw materials in the production is the most common operational practices. Tough competition is the most common problems encountered by the businesses in Taal, Batangas. The operational practices employed by the business have relationship with the problems encountered.

### Introduction

The success of small business relies on how the entrepreneur manages and operates the business. There are a lot of people starting a small business every day, but because of lack of knowledge they end up with an empty pocket. It is critical that one must consider how the business should operate. As business owner, you should have a clear understanding on your business plan and this should include your operational decisions in order to meet your business goals and objectives (Dyson, 2013).

Nowadays, starting a business can be a little confusing and overwhelming. In order to run a business effectively, as a whole, the problem that arises frequently is

coordinating among the conflicting goal of its various functional areas. To find the optimum solution, the decision maker must decide the best policy. The Embroidery Industry in Taal found out that they have adequate human resources as well as the material resources. Most of the embroiderers were registered in the municipality of Taal which helped the government monitor the embroidery industry (Buted, Menez, Baruc & Borbon, 2014).

Operations management is the management of processes or system that creates goods and provides services. It encompasses, forecasting capacity planning, scheduling, managing inventories, assuring quality,

motivating employees, deciding where to locate facilities and move. There are number of good reasons why operations are important. One is that operation management activities are at the core of all business organizations regardless of what the business they are in. Second, 50 percent or more of all jobs are in operations management related areas. Third activities in all other areas of business organizations, such as finance, accounting, human resources, logistics, management information systems, marketing, purchasing, as well as others are all interrelated with operations management (Stevenson, 2010).

Operational practices of selected businesses in Taal such as kakanin, panutsa, balisong, embroidery, tapa industry set out what the business stands for and what its goals are. Procedures are usually implemented to support each practices explaining how to apply the policy to the business's customers, employees and products, and the instructions necessary to follow the policy. Areas of consideration where businesses typically institute policies are ethics, human resources, accounting and customer service.

According to Slack and Lewis (2010), operations strategy is the total pattern of decisions which shape the long-term capabilities of any type of operations and their contribution to the overall strategy, through the reconciliation of market requirements with operations resources. Operations strategy is the tool that helps to define the methods of producing goods or a service offered to the customer.

Operations management focuses on carefully managing the processes to produce and distribute products and services. Major, overall activities often include product creation, development, production and distribution. Related activities include

managing purchases, inventory control, quality control, storage, logistics and evaluations of processes. A great deal of focus is on efficiency and effectiveness of processes. Therefore, operations management often includes substantial measurement and analysis of internal processes. Ultimately, the nature of how operations management is carried out in an organization depends very much on the nature of the products or services in the organization, for example, on retail, manufacturing or wholesale.

Furthermore, in business, organizational performance is mainly measured by financial indicators that suffer from several limitations. The linkage among service operations practice, cumulative capabilities, and balanced performance measurement has not been understood. The scarcity of studies that analyzes the mediating role of cumulative capabilities in the practice and organizational performance relationship broadens the research opportunities especially in the service area (Arias-Aranda, 2009). Capabilities are cost, quality, time, and flexibility. In service industry, quality, speed and flexibility are associated with responsiveness. Hence, responsiveness is a "cumulative capability" of quality, speed and flexibility. Responsiveness is important capability of an organization to cope with the change in customer demand and to enhance organizational performance. Therefore, responsiveness is expected to mediate the operations practice-organizational performance relationship.

In summary, the poor performance of the businesses could be improved through service operations practice and cumulative capability. Research that examines the link among service operations practice, cumulative capability, and organizational performance in service is still in its early

development. Hence, this study is trying to examine the link between service operations practice, responsiveness, and performance. By examining this link, the service operations practice related to responsiveness and organization performance would be identified so that improvement in performance of selected businesses in Taal, Batangas could be achieved.(Wu, 2007).

According to Heizer (2009), operation management will continue to progress with contributions from other disciplines including industrial engineering and management science. These disciplines along with statistics management and economics, contribute to improved models and decision making. In order for operation to be truly effective, it is important to link it to organization strategy, that is, the two should not be formulated independently. Rather formulation of strategies should take into account the realities of operations strengths and weaknesses, capitalizing on strengths and dealing with weaknesses. (Smith, 2008)

According to Slack, Nigel (2010), operations management has grown in scope and increased in importance. Today, it has elements that are strategic, it relies on behavioral and engineering concepts, and it utilizes management science/operations research tools and techniques for systematic decision-making and problem-solving.

This paper highlighted the significance of operation research, implementation of operational practices and the problems the business encountered. The researchers wanted to gain understanding about the operational practices and problems encountered in selected businesses in Taal, Batangas. In particular, the researchers are interested in finding out the problems, common business practices and

effectiveness of these businesses through this research work. This study would not only contribute to the discipline but also would contribute to enhance the quality in production. This paper indicated the effectiveness of operational policies in finding the optimum solution to critical problems. The researchers considered that this work will be valuable for improvement of business and keep their operation growing.

### **Objectives of the study**

The study aimed to determine the operational practices of selected businesses in Taal, Batangas.

Specifically, to describe the profile of the business in terms of their number of years in operation; forms of ownership; initial business capital; number of workers and business location; assess the operational practices of existing businesses in Taal, Batangas; determine the problems encountered of the subject respondents; determine the problems encountered by the respondents in the operations of the business; test significant relationship between the operational practices and the problem encountered; and propose an action plan to improve the operational practices of the selected business in Taal, Batangas.

**Hypothesis:** There is no significant relationship between the operational practices and problems encountered in the operational practices of the selected businesses in Taal, Batangas.

### **Method**

#### **Research design**

The study used the descriptive method of research since its intent was to describe the

condition or situation arising at the time of the study was conducted. Descriptive research is to provide an accurate description of a situation or of an association between variables from which one can then make some statements about a certain group or population. This method of research was deemed appropriate to this study since it involves collection of data in order to answer questions concerning the current status of the study. It determined the reports the way things are and it can only measure what really exist.

### **Participants**

The researchers used Slovincs formula having a 10% margin of error to identify the number of sample. The total number of selected businesses is 160, nine (kakanin), eight (panutsa), eight (balisong), ninety-six (embroidery) and thirty-nine (tapa) industry. To get the sample for each business the formula used was  $\frac{n}{N} \times 61$  as showed on Figure 1.

It was made so that the researchers will be provided with the direct contact with these subjects and in any forms of interviews written or verbal. The respondents were willing to help the researchers. The aim was to gather sufficient information to satisfy objectives of the study.

### **Instrument**

To obtain relevant information from the respondents, an adopted questionnaire was used. The questionnaire elicited information from the respondents in order to meet the required objectives of the study. All of the questions were constructed in English to reach the respondents' understanding. The researchers assured that questions were suitable in the study and they were also confident that the respondents can answer

the entire questions given. The researchers divided the questionnaire into three parts. First part was about the profile of the business which included queries with the nature of the business, initial capital, number of years in operation and type of business. The second part pertained to the operational practices employed by the subject respondents of the selected business in the operation of the business. The third part focused on the common problems encountered by the business as formulated through informal interview and from literature review pertaining to the problems.

### **Procedures**

The researchers formulated the title and presented it to the adviser for approval. After approval, the researchers started to search information from the books, internet and published thesis. Next was the gathering of related literature to be used as a guide for the researchers. The draft underwent thorough revisions before finalization and was validated through the help of some business administration instructors. The survey questionnaire was distributed to the respondents and retrieved then statistical analysis and interpretations of data were done.

### **Data analysis**

After the collection of the questionnaire, the answers were tallied, tabulated and analyzed. After the answers to the survey question have been recorded different statistical treatment was used.

Frequency distribution is the statistical tool which was utilized to present the data clearly and accurately in tabulated form with corresponding rows and column for each specified class or category, it is usually the number of responses under each category. It

was used in presenting the demographic profile of the business which includes years in operation; forms of ownership; initial business capital; number of workers and business location.

Percentage distribution is descriptive statistics that determine what part of the total respondents fall under certain categories. The percentage is determined by dividing the number of responses by the number of respondents multiplies to 100%. Weighted mean and ranking was used in assessing the operational practices of the subject respondents and determining the problems encountered by the respondents in the operations of the business.

The researchers used number 1, 2, 3, 4, 5, 6... to show the degree of importance where 1 signifies the most important and the last number signifies the least. Weighted mean is a method which was employed to interpret data from the responses provided. This response was interpreted according to a point scale. The results were analyzed and interpreted using the Statistical Version 17.0 statistical analysis software package. The hypotheses of the study were analyzed using Point-Biserial Correlation. The correlation was tested at 0.05 level of significance.

## **Results and Discussions**

Table 1 shows the frequency distribution of business profile. As seen from the table, in terms of number of years in operation, most of them were operating for almost 16 years and above since it obtained the highest percentage 32.26. The selected businesses justified that their business was doing well on the market. It followed by 13-15 years having a frequency of 17 or 27.42 percent. This is an implication that their business has been operating successfully. However, only 4 or 6.45 percent fall on the bracket of 4-6

years and only 1 or 1.61 percent was new in operating the business which falls on 1-3 years. This suggests that majority of the respondents operate the business 16 years and above and the least respondents over 1-3 years in operation of the business.

Also from the table, in terms of form of ownership, majority fall under sole proprietorship which obtained the highest frequency of 52 or 83.87 percent, followed by 16.13 percent of the respondents who were in partnership. However, no business entity runs as corporation. This could mean that putting up this business does not require a corporate effort. Most of the respondents acknowledged that they chose sole proprietorship for the reason that it is easier to establish, handle and supervise.

As regards to the initial business capital, most of the business establishments spent Php20, 000 as it obtained the highest frequency of 20 or 32.26 percent. It is closely followed by Php15, 001-Php20, 000 having frequency of 16 or 25.81 percent. On the other hand, none of the respondents had a capital of Php1, 000 and below. Nearly, all owners believe that running this business requires the said amount to suffice the requirements.

In terms of location, 46 of the respondents' answered they consider market, followed by 5 respondents or 12.90 percent answered within the vicinity. However, only 5 and 2 respondents choose along the highway and with commercial areas equivalent to 8.06 and 3.23 respectively. Only one respondent was located near the school and no one answers near government and private offices. This means that most of the businesses were established in the market that is why the most common problem was tough competition.

Based on number of workers, the highest is 1-5 workers having a percentage of 56.45 followed by 6-10 workers with the percentage of 32.26. This means that selected businesses in Taal, Batangas can be operated by few workers only with limited capital.

The results explained the concept of business. Selected businesses in Taal, Batangas can be operated by a few workers. The respondents were sole proprietor even claimed that it is so rewarding your own boss, working at something you enjoy while earning it yourself.

According to Okpara in Kalaw (2011), the number of years spent in an organization is an age-related variable that has a relationship to job satisfaction. It can predict the affective response to work or the positive feelings toward work (Ginete, 2011).

Table 2 presents the operational practices of the selected businesses in Taal. As seen from the table, the respondents often employ operational practices in their business having a composite mean of 3.37. The entire items yield high to very high mean ranging from 2.68-3.81 interpreted as “Always” and “Often”.

Among the operational practices the respondent always used raw materials in the production which rank first with the weighted mean of 3.81. Selected businesses in Taal, Batangas somewhat needed raw materials to enable them to produce their product. It is followed by maintenance on quality of supplies having the weighted mean of 3.65 interpreted as “Always”.

All the businesses always maintain the quality of supplies of materials for them to make high quality product. The least in the

rank was training and seminar conducted noted as “Often” by the businesses. They often conduct training and seminar for their workers on how they will do their work in production and operation of business.

The results imply that most of the selected businesses in Taal, Batangas always needed raw materials in the production. And often they conducts training and seminars for their workers.

Table 3 presents the operational problems of the selected businesses in Taal. As seen from the table, the respondents sometimes experience operational problems in their business having a composite mean of 1.71. The entire items yield high to very high mean ranging from 1.42-2.21 interpreted as “Sometimes” and “Never”.

Among the operational problems the respondents sometimes experience tough competition which rank first with the weighted mean of 2.21. Basically, it means they have to find strategy for them to keep up with other competitors. It is followed by defective raw materials and low production output having equal weighted means of 1.92. The least in rank is lack knowledge about their business having weighted mean of 1.42 interpreted as “Never”. This implies that all business owners in Taal, Batangas have enough knowledge to run their business.

All selected businesses in Taal, Batangas experience operational problems but they can deal with it. It also shows that business owners have enough knowledge to run their business. According to Sharifi& Zhang (2009), in operations practices, these aspects affecting the production process maybe the unavailability of resources or the defects brought about by the raw materials used.

**Table.1** Frequency distribution of businesses of the respondents

	N	N
Kakanin	9	3
Panutsa	8	3
Balisong	8	3
Embroidery	96	37
Tapa	39	15
Total	160	61

**Table.1a** Frequency distribution of business' profile (N=62)

<b>Number of Years in Operation</b>	<b>f</b>	<b>%</b>
16 and above	20	32.26
13-15 years	17	27.42
10-12 years	11	17.74
7-9 years	9	14.52
4-6 years	4	6.45
1-3 years	1	1.61
<b>Form of Business Ownership</b>		
Sole Proprietorship	52	83.87
Partnership	10	16.13
Corporation	0	0.00
<b>Initial Business Capital</b>		
more than Php20,000	20	32.26
Php15,001-20000	16	25.81
Php10,001-15,000	12	19.35
Php5,001-10,000	7	11.29
Php1,001-5,000	7	11.29
<b>Location</b>		
Market	46	74.19
Along the Highway	5	8.06
Near the school	1	1.61
Within commercial areas	2	3.23
Within the vicinity of barangay	8	12.90
Near gov't and private offices	0	0.00
<b>Number of Workers</b>		
26 and above	0	0.00
21-25 workers	1	1.61
16-20 workers	1	1.61
11-15 workers	5	8.06
6-10 workers	20	32.26
1-5 workers	35	56.45

**Table.2** Operational practices of the existing businesses in Taal

	Operational Practices	WM	VI	Rank
1	Raw materials used in the production	3.81	Always	1
2	Inventory of output	3.58	Always	3
3	Offering affordable prices	3.47	Often	7
4	Accepting rush orders	2.97	Often	19
5	Accessibility to compete other business	3.42	Often	9.5
6	Regular supply of materials	3.34	Often	12.5
7	Accepting delivery orders	3.05	Often	18
8	Imposing quality control of products	3.50	Always	6
9	Reviewing suppliers contract	3.31	Often	16.5
10	Setting sales and production targets	3.31	Often	16.5
	Developing and implementing a financial plan every			
11	month	3.32	Often	14.5
12	Emphasis on customer relation	3.32	Often	14.5
13	Maintenance on quality of supplies	3.65	Always	2
	Developing and implementing management plan every			
14	month	3.35	Often	11
15	Training and seminars conducted	2.68	Often	20
16	Maintenance of facilities and equipment	3.42	Often	9.5
17	Cleanliness and sanitation of entire plant	3.53	Always	4
18	Strategic planning of the business	3.34	Often	12.5
19	Developing harmonious relationship	3.52	Always	5
	Providing allowance in ordering of raw material			
20	needed	3.45	Often	8
<b>Composite Mean</b>		<b>3.37</b>	<b>Often</b>	

Legend: 3.50 – 4.00 –Always; 2.50 – 3.49 –Often; 1.50 – 2.49 –Sometimes; 1.00 – 1.49 –Never



**Table.3** Operational Problems of the Existing Businesses in Taal (n=62)

	<b>Operational Problems</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1	Defective raw materials	1.92	Sometimes	2.5
2	Low production output	1.92	Sometimes	2.5
3	Minimize cash inflow	1.89	Sometimes	4
4	More reject outputs	1.66	Sometimes	12
5	Tough competition	2.21	Sometimes	1
6	Unavailability of supplies	1.85	Sometimes	5.5
7	Insufficient transportation services	1.55	Sometimes	16.5
8	Absence of quality control	1.50	Sometimes	19
9	Delayed payments	1.69	Sometimes	9.5
10	Indeterminable whether profit or loss	1.53	Sometimes	18
11	Ineffective cash management	1.71	Sometimes	8
12	Poor customer relation	1.69	Sometimes	9.5
13	No systematic operation of business	1.60	Sometimes	14
14	Lack of knowledge about the business	1.42	Never	20
15	Poor standard of materials	1.56	Sometimes	15
16	High cost of repair	1.85	Sometimes	5.5
17	Poor maintenance of production site	1.55	Sometimes	16.5
18	Lack of strategic focus	1.68	Sometimes	11
19	Disability to persuade worker	1.61	Sometimes	13
20	Shortage in supply of raw materials	1.79	Sometimes	7
<b>Composite Mean</b>		<b>1.71</b>	<b>Sometimes</b>	

Legend: 3.50 – 4.00 –Always ; 2.50 – 3.49 –Often; 1.50 – 2.49 –Sometimes; 1.00 – 1.49 –Never

**Table.4** Relationship between the Operational Practices and Problems Encountered of Selected Business in Taal, Batangas

	<b>Operational Problem</b>			
	<b>R</b>	<b>p-value</b>	<b>D</b>	<b>I</b>
Operational Practices	0.627	0.000	Reject	Significant

This might sound like a little problem but one might just remember that if these problems continue it can decrease the efficiency of the performance of this business. Hence, improvement in the practices is necessary to if not eliminate is to lessen the problems encountered.

Table 4 presents the relationship between the operational practices with the problems encountered. It can be observed from the

table that the practices have high relationship with the problems encountered. As indicated from the results operational practices have significant relationship with operational problems since the computed p-value is less than 0.05 level of significance. Thus, the hypothesis that there is no relationship on operational practices with the problems encountered is rejected. This implies that there is significant relationship between operational practices and problems

encountered by the selected businesses in Taal, Batangas. According to Arias and Aranda (2008), the problems encountered by the businesses could be improved through operational practices for the improvement of performance of selected businesses in Taal, Batangas.

### **Conclusions and Recommendations**

Most of the businesses in Taal were veteran in the operations, sole proprietorship, have high capital located in the market and have nominal number of employees. Using raw materials in the production is the most common operational practices. Tough competition is the most common problems encountered by the businesses in Taal, Batangas. The operational practices employed by the business have relationship with the problems encountered. If the environment is degraded, interest of tourist will diminish. It implements a number of programs to boost Tourism Industry in the place (Buted et al., 2014).

Government of Taal may showcase the local community in festivities and other tourism projects to increase their involvement. Taal may also provide rules and regulations for arising establishments in the town to align their structure to the heritage ambience of the place (Buted, Felicen, Bancoro, Maligaya, Rose, Panaligan, & Sandoval, 2014). Festival really affects professional lives since it develops their sense of responsibility and awareness on the management of an organization and the community (Magpantay et al., 2014). It is recommended that Business owners in Taal may conduct survey regarding the feasibility of establishing the business in other location. Business owners may attend seminars regarding business operations. Business owners may employ innovative marketing strategies to keep up abreast with

the tough competition in the market. Business owners may improve the business practices to reduce the problems encountered. Future researchers may conduct similar study using other variables.

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