

Managing Embroidery Business in Heritage Town of Taal, Batangas, Philippines

Aileen M. Anuran, Maribeth G. Buenviaje
Business Administration Department, Graduate School,
Lyceum of the Philippines University, Batangas City, Philippines
aileenmatibag@yahoo.com

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Abstract - *The objectives of the study focuses on the status of the embroidery business in four areas of business management namely; organization, production, marketing, and financial management to identify the related problems and propose measures that will enhance business operations. The researcher utilized the descriptive correlation method of research in determining the status and its related problems. The data used were gathered from the 100 registered embroidery business operators in Taal, Batangas (Buted et al., 2014).*

The results of the study revealed that all (100%) embroidery operators in Taal are organized as single proprietorship; 97% of them existed for more than 5 years, 88% offered a combination of made-to-order, ready-made, and rented products, 55% of the operators used local materials and supplies. In marketing their products, 89% of the operators rely on word-of-mouth advertising. The embroidery operators in Taal obtained their initial capital from their personal savings of which 71% of the operators started with more than P50,000 capital investment while 29% started their business with less than P50,000.

As to related problems encountered in each of the four areas of business management, obtaining business permits and licenses ranks first among the problems in organization which is attributed to the individualistic form of organization. The related problems in production, marketing, and financial management springs solely from the types of product offerings and services rendered by the operators, considering the unique and customer-fit order based production techniques employed by the operators. Stiff competition due to variety of product offerings and services coupled with seasonality of sales, resulted to related problems in financial management especially in collecting open accounts from customers. However, all of these related problems can be addressed and minimized by adopting measures that will enhance business operations.

Keywords: *Embroidery, Taal, Heritage Town, Business Operation*

INTRODUCTION

Living conditions have changed. Technology is continuously changing the manner by which people adapt to the new environment. Information explosion and revolution characterize the 2000 millennium. Along this vein, the participation of human labor in the production of traditional goods and services are continuously diminishing. In the area of handicraft and other traditional artwork requiring hand skills and labor, not a good number of people are still engaged in.

Thapa (2014) noted that “Barong is actually short for Barong Tagalog, which describes the formal men’s wear in the Philippines. It is properly referred to as the ‘Baro ng Tagalog’ (dress of the Tagalog). The ordinary folk, on the other hand, wore their everyday

dress as they had done for a hundred years, loose shirts of coarse quimara cloth, often blue or blue-and-white-striped, and worn over trousers.”

“BurdangTaal,” the distinct embroidery craft for which Taal town in Batangas has been known, is beginning to fray around the edges (Balinton, 2013). Tai (2010) conducted a study about Creative Embroidery in Contemporary Fashion. The study aimed to investigate the new technological invention in this century, computerized embroidery, served as a reference for fashion industry in the creative and technical application of embroidery. It is believed that computerized embroidery is the solution for contemporary fashion to develop creative embroidery details in a controllable and efficient manner.

Managing human resource is also important in small businesses because employees are a critical component to any business (Leight 2015). The most important asset in small businesses is the human capital. (Dun & Bradstreet, 2009).

Entrepreneurs believed that human resource management is the heartbeat of the company and not just a part of a company (Leight, 2013). The planning, organizing, directing and controlling of the procurement, development, resources on which individual and societal objectives are accomplished defined the human resource management (Flippo, 2014). Watanabe, et.al (2010) noted that “for the producers to survive, they should be able to offer high quality and well-designed products and sell these at an affordable price.”

The job of coordinating and controlling the activities required to make a product, typically involving effective control of scheduling, cost, performance, quality, and waste requirements (Bouthors, 2011). The responsibilities of production management are summarized in “five M’s”. These are men, machines, methods, materials and money (Holstein, 2014).

Production and Operations management is about the transformation of production and operational inputs (Celis et al., 2015) into “outputs”, that, when distributed, meet the needs of customers. The process of producing products from raw material is managed in production management with monitoring the quality of produced products (Cano, 2014).

Production management means planning, organizing, directing and controlling of production activities. It deals with converting raw materials into finished goods or products. An efficient organization can face competition effectively. It ensures full or optimum utilization of available production capacity. (Akrani, 2011).

Management involves the responsibility of ensuring that business operations are efficient in terms of using few resources and effective in terms of meeting customer requirements (Singhal, 2011).

Operations or production management is the conversion of inputs into outputs, using physical resources, to provide the desired utilities of form, place, possession or state or a combination to the customer while meeting the other organizational objectives of effectiveness, efficiency and adaptability (Padariya, 2014). Word-of-mouth exposure can mean the difference between the success and failure of any business. Networking within the community is always necessary in the business (Mickelson, 2013).

Marketing helps the business owners understand the present customers better and to uncover innovative ways for reaching new customers (Haydu& Hodges, 2013). It is the heart of the business success. Without marketing, sales will go down and businesses may have to close (Lorette, 2015).

Financial Management is an essential part of the economic and non economic activities which leads to decide the efficient procurement and utilization of finance with profitable manner. Business concern is also functioning mainly for the purpose of earning profit (Paramasivan & Subramanian, 2013). The growth can be achieved through expanding its existing markets or entering in new markets (Mittal, 2013).

The government wants to promote small scale industry as one of its business activities. It contributes to the economic life of the people and generates employment. There are tourism brochures that show the tourist spots as well as the indigenous handicrafts. Tourists admire and prefer native handicrafts because they are intricately handmade. In Northern Philippines like Baguio and Ilocos Region, you can see the handicrafts business like woodcarvings, cloth and blanket weaving and clay potters. In Southern Philippines, similar industries can be seen, woodcarvings and hat weaving in Sta Rosa and Paete Laguna, while in Batangas, Gowns and Barong industry and cloth weaving as well as bamboo and wood furniture. These handicrafts found their way in the cities and abroad.

Another industry that is related to commercial undertakings is the Gowns and Barong Industry. Gowns and Barong are popular among Filipinos because aside from they are our national costumes. It also of a great demands during cultural affairs, wedding and during different festivals. As part of our culture and tradition, wearing them is a way that made Filipinos unique among our Asian neighbors.

The town of Taal in Batangas Philippines is very famous for its historical landmarks (Buted, Felicen, Bancoro, Maligaya, Panaligan & Sandoval, 2014). It is also famous for its fine and high quality gown and barong products. Because it is one of the major sources of gowns and barong products, Taal has become one of the most sought after economies spots in the province of Batangas. They offer services such as rentals, wholesaling, retailing and fine embroidery (Rodriguez & Legaspi, 2015). Majority of the products offered are of high quality and with affordable prices. Thus, the products have always been in demand among prospective customers both local and foreign market.

Nowadays, there are some embroidery businesses that are dying and some became non-existent. It is due to continuing changes brought about by the new living conditions. While many are still interested in its unique end products, the handmade embroidered barong and other wearing apparel, as well as the other decorative and related embroidered cloth materials, the industry seems to be losing its niche in the handicraft category.

The service industry is undergoing great changes brought about by the advent of new computer technology. This development is further enhanced by the introduction of new communication facilities. Not only are the boundaries between traditional industry sectors, such as transportation, communication, commercial and financial services breaking down, but competition is becoming increasingly global in nature.

Taal embroidery has also adorned garment accessories and home décor items. Although the embroidery looks exquisite on jusi and pina fabric, it is also dainty on cotton, linen and ramie. The best designs and embroideries always come from the village of Iba in Taal, where up to now, the few remaining embroiderers are still live (Kish.com, 2013).

It is deemed necessary to undertake this research on the status of the embroidery business for the researcher believes that it will improve the operations of the business, thus, enabling the concerned businessmen to become efficient partners of the local government in enhancing the economic development of the community. Also, as a business management student and a resident of Taal, it is a dream to become an embroidery entrepreneur to continue the prestige of embroidery business. The reason why the researcher undertake this study is to know their way of management that despite of the seasonality of the business, they are still existing and earning.

OBJECTIVES OF THE STUDY

Generally, the study aimed to determine the status of the embroidery business in Taal, Batangas as basis for enhanced business operation. Specifically, it sought to determine the status of Taal embroidery business in terms of Organization and Management; Production, Marketing and Financial Management, identify the problems encountered in four areas of management and test significant relationship between the status and problems encountered in managing embroidery business. Lastly, it proposed measures that will enhance the business operations.

METHODS

Research Design

The researcher utilized the descriptive method of research to attain the purposes of the study. This method seeks to determine prevailing situation of embroidery business. The descriptive correlation method of research was used to gather the needed information concerning the status and the problems of embroidery business in Taal, Batangas. The descriptive research method is defined as involving collection of data in order to test hypotheses or answer questions concerning the status and problems of the embroidery businesses (Bickman, 2010).

Participants

The study used the data gathered from the survey questionnaires distributed among the 100 embroidery entrepreneurs registered in the treasurer's office out of 120 registered embroidery business in Taal, Batangas, Philippines

For a reason, 20 embroidery entrepreneurs did not answer to the survey questionnaires because some are busy entertaining their customers and some refused to answer because according to them, they are just helpers and the owner is not around.

Instrument

The researcher used a self-prepared questionnaire consisting of two parts, Part I focuses on the status of the embroidery business in four functional areas of business management, Part II deals with the problems encountered in the aforementioned four functional areas of management. The instrument was content – validated by two (2) faculty members in Tourism and one (1) statistician. The questionnaires were distributed to the target respondents.

Procedures

Permission was obtained from the office of the Municipal Mayor of Taal, Batangas to distribute questionnaires to various embroidery business in town. Permission was likewise obtained undertaken from the office of the municipal treasurer in Taal, Batangas to get copy of the listed business establishments as of November 2014. Upon giving the signal, the researcher proceeded to the respective stalls and place of embroidery businesses to distribute the questionnaires to the operator, owner, or proprietor. Follow up questions to the respondents were also conducted in order to acquire significant and sufficient information to support their answers in

the questionnaires and also to gather more meaningful collection of information.

During the distribution of questionnaires, the respondents were given brief orientation about the purpose of the study and guidance in answering the questions.

Data Analysis

The needed data were tallied, encoded and interpreted using different statistical tools. These include Frequency count, Ranking, Weighted Mean and Pearson-Product Moment correlation which were used based on the objectives of the study.

In addition, the hypothesis was set at 0.05 alpha level. All data gathered were treated using a statistical software, PASW version 18 to further analyze the results.

The given scale was used to interpret the status of embroidery business in Taal: 3.50 – 4.00 = Strongly Agree (SA); 2.50 – 3.49 = Agree(A); 1.50 – 2.49 = Disagree(D); 1.00 – 1.49 = Strongly Disagree (SD) The given scale was used to interpret the problems encountered: 3.50 – 4.00 = Always; 2.50 – 3.49 = Sometimes; 1.50 – 2.49 = Rarely; 1.00 – 1.49 = Never

RESULTS AND DISCUSSION

Table 1. Percentage Distribution of the Clients’ Profile

Profile Variables	f	%
Form of Organization		
Single Proprietorship	100	100.00
Years of Existence		
Less than 5 years	3	3.00
5 -10 years	73	73.00
More than10 years	24	24.00
Production Process		
Hand-made	13	13.00
Machine-made	5	5.00
Both	82	82.00
Materials & Supplies Used		
Local	55	55.00
Both	45	45.00
Products/Services Offered		
Made-to-order	1	1.00
For Rent	4	4.00
Any two	7	7.00
Combination of the three (a, b, c)	88	88.00

Table 1 (cont.) Percentage Distribution of the Clients’ Profile

Profile Variables	f	%
Form of advertisement		
Word of mouth	89	89.00
Sign board	1	1.00
Combination of a & b	10	10.00
Initial Capital		
Less than P50,000	29	29.00
P50,001 – P100,000	71	71.00
Sources of Financing		
Owner provided	100	100.00
Borrowings		
Number of personnel		
0 – 3	99	99.00
8 and above	1	1.00

The profile of the respondents in terms of the form of business organization, years of existence, production process, materials and supplies used, products and services offered, form of advertisement, initial capital, sources of financing, and number of personnel are shown in Table 1.

All embroidery establishments in Taal are organized as a sole proprietorship as shown in Table 1. This reveals that embroidery operators in Taal believed in their own capacity to own and manage a business. This shows the high entrepreneurial spirit prevailing among the operators and owners of embroidery shops in Taal. The operators of embroidery business in Taal avoid having a partner, because according to them, having a partner is a source of misunderstanding or conflict in case both of them do not agree on certain business issues. The same reason is given why embroidery operators in Taal do not form a corporation or join cooperative organization. One of the advantages of having only one owner is the flexibility and ease of decision. The ownership issue is very relevant as far as managing embroidery business in Taal is concerned. Due to stiff competition and price-conscious customers, embroidery operators who are the owners themselves, must decide immediately in front of the customer without waiting or referring the matter to other co-owners. Such decision making process cannot be done in case of partnership because the opinion and consent of the other partner or partners are solicited. The same is true in the case of corporation which is manage by a board of directors whose decision must always be

done through board meetings and reflected in the form of board resolutions.

The preference for the sole proprietorship form of business organization of embroidery operators in Taal, is further confirmed by the result of the survey that 100% of the sources of financing capital investment are provided by the sole owner, as shown in Table 1. Although this is one of the disadvantage of a sole proprietorship form as regards financing requirement, the embroidery operators in Taal do not consider this as a major problem in management. Such financial limitation does not outweigh the problems created by conflict of management decisions in the case of partnership and corporation.

In terms of years of existence, 3% of the number of embroidery establishments has existed for less than 5 years ; 73% is 5-10 years and 24% for more than 10 years in business. It shows that a great majority comprising 97% of the embroidery business exist for more than 5 years with 24% of them exist for more than 10 years. This shows the stability of a sole proprietorship form of business organization. Unlike partnerships wherein one of the disadvantageous characteristics is limited existence span, sole proprietorship exists longer than partnerships. Based from the verification interviews conducted by the researcher, those embroidery establishments existing for more than 10 years are currently managed and operated by the first and second degree lineal successors, sons and daughters, grandchildren of the original owners and operators. However, there are also some embroidery establishments which are being managed and owned by new comers and new entrants in the business. These embroidery businesses comprise the 3% whose existence is less than 5 years.

In terms of production processes, 13% deals with purely hand-made embroidery products, while 5% of them deals with purely machine-made embroidered products, while a big percentage comprising 82% of the embroidery establishments produces both hand-made and machine-made type of embroidered products. This shows a great shift in the production process from the traditional purely hand-made to the modern machine-made embroidered products. Embroidery operators who stick to the traditional hand-made products are more concerned about quality and preserving the good image and brand name to which Taal embroidery is well-known. Other traditional operators sticking to the hand-made embroidered products want to perpetuate the heritage (Aguda et al., 2013) value of their unique brand name for sentimental reason. On the other hand, those who

adopt the modern machine-made embroidered products, comprising 5% of the total respondents' embroidery operators, are more concerned about lowering their cost of production, considering that hand-made embroidery products are more costly than machine-made products. Another reason why operators shifted to machine-made embroidery is lack of skilled hand-made embroidery workers. Another justification for adopting machine-made production process is the greater quantity of embroidered products being produced as compared to hand-made processes. However, to capitalize on the good image for which Taal embroidered products are traditionally known, a great majority of the operators, comprising 82% employs a combination of hand-made and machine-made production techniques. These operators maintain a balance between quality and quantity.

In terms of materials and supplies used, 55% of the embroidery operators in the study made use of local raw materials, while 45% of the operators used both local and imported materials. This shows that majority of the embroidery entrepreneurs in Taal are more nationalistic than the rest. Cost consideration dictates that using local products are more advantageous than imported ones because local raw materials cost lower than imported ones. However, 45% of the operators in the study are using both local and imported materials. This is resorted to by the operators in order for their customers to have a wider variety of choices in terms of materials.

In terms of products/services offered, 88% of the operators offers a combination of "made to order" and "for rent" products. A very minimal 1% deals strictly with "made-to-order" embroidered products. Only 4% offers "for rent" items, while 7% offers any two, "made-to-order", "ready-made" or "made-to-order", "for rent" combination.

In terms of advertisement, the forms used by the operators to advertise their products are signboards made of wood, metal, or tarpaulin. A great majority, comprising 89% of the operators in the study relies on word of mouth advertising method. In other words, the customers are actually doing advertising activities by indirectly promoting the sale of embroidered products, through endorsement, referral or ordinary conversation based on their buying experience in Taal. The rest of the operators comprising 11% relies on both word of mouth and signboard technique of advertisement. A few enterprising operators combine word of mouth and internet connection to reach friends and relatives both in the Philippine and abroad. Most embroidery operators apply the traditional way

of advertising by direct referral and word-of-mouth conversation because there is no additional cost involve. The use of internet through social media communication is being resorted to by those who are more familiar with the use of computers and cell phones because these gadgets form part of their everyday routine activities. Referrals from their family, relatives, friends, and other people have a great advertising impact on their product sales because of the first hand information and personal buying experience.

In terms of initial capital, 71% of the embroidery operators invested Php50,000 to Php100,000, while the other 29% invested less than 50,000. This shows that, starting an embroidery business in Taal does not require a big capital. This is probably the reason why all the operators covered in the study are organized as sole proprietorship because the owner can easily put up his own embroidery business if he has at least P50,000 or even less.

The results of the study show that embroidery operators do not resort to borrowings as their primary source of financing. The reason for this is the added cost of interest that the operators will pay for borrowed money.

In terms of number of personnel employed, 99% of the operators do not have more than two helpers and at most each embroidery establishment has only one or two personnel in their store. Due to the seasonality of sales of embroidered products in Taal, hiring more than two helpers is occasionally done by only 1% of the respondent embroidery operators covered in the study.

Table 2 presents the status of embroidery business in terms of Organization and Management. The lowest indicator with a weighted mean of 3.86 and ranked of 10, indicated that entrepreneurs prefer embroidery business a source of livelihood. This result implies that profit or being in embroidery business as a source of livelihood is not the primary concern of the operators. They have other reason for being an embroidery operator like prestige of being a businessmen in their own right. Other operators continue the heritage and good name of having an embroidery shop or business originally established by their parents, grandparents, and even their great grandparents and relatives. Since all of the embroidery operators are resident of Taal, they want to become part of the business that Taal is well-known for. Highest indicators with a weighted mean of 4.00, usually pertains to regulatory aspects of organization and management such as all embroidery

operators are being required to have their DTI registration, register their business with the BIR, register their business with the Municipal Treasurer, being required to pay Mayor’s permit and other licenses; Owner is usually the manager of the business, These are the basic initial requirements in putting up a sole proprietorship form of business organization.

Table 2. Status of Embroidery Business in terms of Organization and Management

	Indicators	WM	VI	Rank
1.	Prefers embroidery business a source of livelihood.	3.86	SA	10
2.	Prefers to manage their own business.	3.97	SA	7
3.	Is required to register business name to DTI.	4.00	SA	3
4.	Is required to register with the BIR.	4.00	SA	3
5.	Registers their business with the Municipal Treasurer.	4.00	SA	3
6.	Is required to pay mayor’s permit & other licenses.	4.00	SA	3
7.	Owner is the manager of the business.	4.00	SA	3
8.	Hires helpers occasionally.	3.87	SA	9
9.	Stores employees and helpers are paid on a per day basis.	3.97	SA	7
10.	Production workers are paid on contractual per piece basis.	3.97	SA	7
Composite Mean		3.96	SA	

These are also the main characteristics of a sole proprietorship, its organization and management is a one-man show, owner and manager is one and the same person, who is in control of all aspects of business organization and management. However, although the basic requirements and characteristics of sole proprietorship are simple and almost the same, the embroidery business like all other business organization, needs to be run and managed professionally by adopting certain business strategies and policies similar in terms of management principles applicable to large business organization. This means that small businesses like embroidery shops in Taal still need to follow and adopt certain business practices proven to be successful in the management of business enterprises. The status of embroidery business in Taal, Batangas in terms of its organization and management has a composite mean of 3.96, strongly agreed by the respondents of the study.

Table 3. Status of Embroidery Business in terms of Production Management

Indicators	WM	VI	Rank
1. Produces and creates their own product design.	3.20	A	5
2. Operators sub-contract part of production processes.	2.15	D	7
3. Buys ready-made embroidered materials used to produce ready-to-wear items suited to customer's order.	3.98	SA	2.5
4. Buys ready-made embroidered products for sale to the public.	2.13	D	8
5. Concentrates on ready-made items for rent.	3.41	A	4
6. Accepts big orders from local merchants.	3.99	SA	1
7. Accepts orders specifically for export.	3.12	A	6
8. Employs handicapped employees and workers.	1.09	SD	10
9. Accepts special orders for special occasions, e.g. weddings, debut party, etc.	3.98	SA	2.5
10. Accepts other complementary services related to product offerings such as photo album services, event management services, etc.	1.99	D	9
Composite Mean	2.90	A	

Table 3 indicates the status of embroidery business in terms of production management. The highest indicator with a weighted mean of 3.99, is that, embroidery operators accept big orders from local merchants. It is where they earn more. The second highest indicator with a weighted mean of 3.98 is, owners buy ready-made embroidered materials used to produce ready to wear items suited to customer's order. Also, they accept special orders for special occasions like weddings, debut party and special events. Lowest indicator are employing handicapped employees and workers with a weighted mean of 1.09, accepting other complementary services related to product offerings such as photo album services, event management services with a weighted mean of 1.99 and buying ready-made embroidered products for sale to the public with weighted mean of 2.13. It shows that, in terms of production, embroidery owners do not employ handicapped employees. They do not accept other related services related to their product offerings such as photo album services and event management services. The operators' main focus is on embroidery products they carry on their

store. They do not just buy ready-made embroidered products from other places and sell it to the public. They are the ones who produce and make the embroidery products they sell based on customers demand. They buy raw materials to produce finished products demanded by customers. The status of embroidery business in Taal, Batangas in terms of production management has a composite mean of 2.90 agreed by the embroidery entrepreneurs. It means that there is lower degree of uniformity in the production practices of the embroidery operators in Taal.

Table 4. Status of Embroidery Business in terms of Marketing Management

Indicators	WM	VI	Rank
1. Maintains their own shops and display stores.	4.00	SA	1.5
2. Employs their own sales personnel and helpers.	4.00	SA	1.5
3. Sells their products through sales agents and contractors.	2.02	D	9
4. Sells their products through exclusive distributors and dealers.	2.20	D	7
5. Sells their products through trade fairs and exhibits.	2.72	A	5
6. Sells their products through the internet.	3.51	SA	4
7. Advertises their products through flyers and billboards.	1.08	SD	10
8. Uses standard pricing scheme based on cost of production.	2.27	D	6
9. Adopts variable pricing based on competitor's price offering.	2.11	D	8
10. Caters only to local market.	3.87	SA	3
Composite Mean	2.78	A	

Table 4 represents the status of embroidery business in terms of marketing management. The highest indicators with a weighted mean of 4.00 indicate that embroidery operators maintain their own shops and display stores; employ their own sales personnel and helpers; sell their products through the internet and cater only to local market. It means that majority of the embroidery business have their own embroidery shop and do not just have a rented space, due to technological advancement, majority of them advertise through the internet and social media. They also cater more to the local market. Meanwhile, embroidery operators adopt variable pricing based on competitor's price with a weighted mean of 2.11; sell their products through sales agents and contractors with a weighted mean of 2.02 and advertise their products through flyers and billboards with a weighted

mean of 1.08. Most of the embroidery operators do not follow standard pricing. Based from follow up interviews with the operators, the price would depend on type and quality of their products, but would greatly depend on how they sell. If they can do the right sales talk, then they will get a higher profit from it. Also, they do not hire or advertise their products through sales agents, they just did their own way of advertising so they can save from advertising cost and salaries of sales agents. There is no need for them to give flyers and used billboards because Taal is known for its embroidery products. The status of embroidery business in Taal, Batangas in terms of marketing management has a composite mean of 2.78. Respondents, the embroidery entrepreneurs, agreed that lesser degree of uniformity in the marketing management practices among the respondent embroidery operators in Taal.

Table 5. Status of Embroidery Business in terms of Financial Management

Financial Management	WM	VI	Rank
1. Initial capital comes from their own personal savings.	3.96	SA	2
2. Borrows from lenders for additional financing.	2.82	A	7
3. Prefers to borrow money from banks due to lower interest rates.	2.55	A	8
4. Borrows from non-banks sources due to lesser requirements.	2.46	D	9
5. Avails from suppliers with longer credit terms.	3.09	A	6
6. Joins cooperatives for greater access to capital.	2.05	D	10
7. Practices budgeting operational expenses.	4.00	SA	1
8. Performs profit planning and budgeting activities.	3.31	A	5
9. Maintains daily records of income and expense.	3.82	SA	3
10. Business profits are withdrawn for personal used.	3.46	A	4
Composite Mean	3.15	A	

Table 5 shows the status of embroidery business in terms of financial management. Embroidery entrepreneurs practice budgeting operational expenses with a composite mean of 4.00; initial capital comes from their own personal savings with a weighted mean of 3.96; maintain daily records of income and expense with a composite mean of 3.82.

Majority of the embroidery operators are doing proper budgeting of their daily operational expenses. Considering that the operators rely on their personal savings to finance their business, these operators do not live beyond their means. They see to it that a greater portion of what they earn from their business is being fed back into the business fund to augment their working capital. The operators are very cautious in terms of using their business funds for their personal or family use. Only in case of emergencies that the embroidery operators use part of their business capital for personal use.

Considering that embroidery business performance in terms of sales has occasional or seasonal characteristic, management adopted the practice of recording their income and expenses on a daily basis. In doing this, they are able to monitor their business performance and able to control cash outflows versus cash inflows on a daily basis. They know exactly if they still have enough stock of raw materials and supplies and when they are supposed to buy them. In other words, embroidery operators practice in one way or another, consciously or unconsciously what is termed as "just-in-time" inventory management and "economic order quantity" techniques of inventory acquisition and handling. Embroidery operators are able to properly manage and compute their income and expenses so they can make even a little profit from their business activities. Business operators even prefer to accept longer credit terms from their suppliers of materials and supplies as this does not require payment of interest. In financial management parlance, this is termed as trade credits or open accounts.

Majority of the embroidery operators started business using their personal savings as their initial capital. Instead of borrowing from different financial institutions, banks and non-banks, embroidery operators made use of their own personal money as their working capital to avoid finance cost and interest expenses associated with borrowings. The embroidery business operators strongly disagree on borrowings from non-bank sources due to lesser requirements and in joining cooperatives for greater access to capital. This shows that as much as possible, embroidery

operators avoid borrowing from banks, because of so many documentary requirements which they could not easily produce and complied with. They even prefer to borrow if ever they will do from informal money lenders which do not require so much documentary requirements. However, because of exorbitant and high interest rates being charged by these informal money lenders, the embroidery operators as much as possible, do not borrow from them. The lowest indicator is joining cooperatives for greater access to capital with a weighted mean of 2.05 ranked 10. This means that owners do not need to join cooperatives because they prefer to use their own savings in financing their business. The status of embroidery business in Taal, Batangas in terms of financial management has a composite mean of 3.15 agreed by the respondents, the embroidery entrepreneurs.

Table 6. Problems Encountered in Embroidery Business Management With Regards to Organization and Human Resource Management

Organization and Human Resource Management	WM	VI	Rank
1. Registration of Business	1.05	Never	3
2. Obtaining Licenses and permits	1.51	Rarely	1
3. Job specification/ determination	1.00	Never	5.5
4. Hiring Workers/ laborers	1.00	Never	5.5
5. Wages/salary of workers/laborers	1.00	Never	5.5
6. Benefits of workers / laborers	1.00	Never	5.5
7. Delivery / Due Date	1.23	Never	2
Composite Mean	1.11	Never	

Table 6 presents the problems encountered in embroidery business with regards to organization and management. The highest indicator, obtaining licenses and permits got a weighted mean of 1.51. It means that among the other variables, complying with regulatory requirements of government rank first among the problems encountered by embroidery operators in Taal in relation to organization and management. The second highest indicator is delivery/due date with a weighted mean of 1.23, which means that problems occur when materials and supply do not arrive on time either due to very close or short lead time in the placement of order and the expected date of actual delivery. Although embroidery entrepreneurs know the specific time when they are

supposed to start and finish an order, they are not able to provide some time allowance for unexpected delays to occur. If there's a need to rush, they do overtime work to finish the job order, so they can catch up to deliver on the time. In this type of business, time is of the essence especially when gowns and barongs are ordered to be used in once in a life time special event such as wedding occasions.

However, embroidery operators do not consider this a problem because they were able to adopt timely solution to avoid any adverse effect on business operation. Other indicators like job specification; hiring workers and laborers; wages and salary; and benefits of workers and laborers have a weighted mean of 1.00, rank fourth, were never considered a problem by the embroidery operators. The reason for these is because they only have one to two helpers and workers with them. The problems encountered in embroidery business with regards to organization and management has a composite mean of 1.11. This means that although problems occur in the area of organization and management, this is only very minimal and confined mostly in obtaining business licenses and permits which the embroidery entrepreneurs rarely encountered.

Table 7. Problems Encountered in Embroidery Business Management With Regards to Technical / Production Aspects

Indicators	WM	VI	Rank
1. Space and Location	2.05	Rarely	1
2. Stockroom or warehouse	2.03	Rarely	2
3. Research and Development	1.02	Never	6
4. Machineries and equipment	1.85	Rarely	3
5. Raw materials and supplies	1.20	Never	4
6. Waste Disposal	1.06	Never	5
Composite Mean	1.54	Rarely	

Table 7 displays the problems encountered in embroidery business with regards to technical / production aspect of business management. The highest indicator is space and location with a weighted mean of 2.05. It is rarely encountered problem to the embroidery operators because during peak season, their space is small to entertain lots of customers. Second highest indicator is stockroom / warehouse. It is a problem only if there are lots of order, and there is a need to provide a bigger space for their stocks while

there is just a small space left inside their store. The third highest indicator is machineries and equipment. It becomes a problem when there are made-to-order items machine-made embroidered items.

Majority of the operators has only one machine. Other indicators like research and development with a weighted mean of 1.02, raw materials and supplies with a weighted mean of 1.20 and waste disposal with a weighted mean of 1.06 were never issues to the embroidery operators because they do not engage in research and development. The embroidery operators are just involved in simple production processes producing embroidered products and services. They used machines only for clients who prefer low cost embroidery products. Raw materials and supplies is never a problem because they have adequate stocks. Operators plan their acquisition of materials and supplies before peak season comes. Waste disposal is not also a problem because the municipal government of Taal has a good solid waste management system that embroidery operators follow and complied with. The problems encountered in embroidery business with regards to production aspect has a composite mean of 1.54 with verbal interpretation of “rarely”.

Table 8. Problems Encountered in Embroidery Business Management With Regards to Financial Management

Financial Management	WM	VI	Rank
1. Setting the sales price	1.68	Rarely	7
2. Cost control	1.92	Rarely	3.5
3. Setting the mark-up/gross margin	1.81	Rarely	6
4. Sources of additional capitalization	1.84	Rarely	5
5. Inventory turnover	1.02	Never	8
6. Terms and conditions of sales to customers	1.92	Rarely	3.5
7. Collection from customers	2.57	Sometimes	1
8. Payment of liabilities	2.33	Rarely	2
Composite Mean	1.89	Rarely	

Table 8 presents the problems encountered in embroidery business with regards to financial management. The highest indicator is on collection

from customers with a composite mean of 2.57. Sometimes problems occur with regards to collection from customers’ embroidery operators when allowing their customers to buy or rent embroidered products on open accounts. This means that customers are allowed to give partial or down payment and the balance to be paid within one or two weeks. This is a business strategy to attract customers. However, even if the operators know their customers personally, the probability of non-collection of accounts becomes apparent and unavoidable. The collection period sometimes are extended one to three months especially during slack season.

Another highest indicator is payment of liabilities with a composite mean of 2.33. This pertains to payment of liabilities and accounts payable to the suppliers of materials and supplies who delivers materials and supplies on open accounts. The embroidery operators delay in the payment of liabilities stemmed from the non-collection of accounts from their customers on the agreed due dates of payment. If the operators cannot collect from their customers, they could not also pay their accounts to their suppliers. Lowest indicators like setting sales price with a weighted mean of 1.68 and setting mark-up or gross margin, with a weighted mean of 1.81 are rarely experienced. The absence of standard pricing scheme among the embroidery operators is the main cause of their problems in setting the sales price and setting the mark-up and gross margin. Hence, price setting their products and services are left to the sole discretion of the owner/operator who decides in front of the customers to close the sale. Sometimes they close a deal with a big mark-up, but sometimes they get only a small amount of profit. Selling price determination depends largely on how they deal with their customers. The problems encountered in embroidery business with regards to financial management has a composite mean of 1.89 with verbal interpretation of “rarely”.

Table 9. Problems Encountered in Embroidery Business Management With Regards to Marketing Aspect

Marketing Aspect	WM	VI	Rank
1. Channels of distribution	1.09	Never	3
2. Manner of distribution	1.22	Never	2
3. Place of distribution	1.03	Never	5
4. Product specification	1.04	Never	4
5. Pricing system	1.32	Never	1
Composite Mean	1.14	Never	

Table 9 shows the problems encountered in embroidery business with regards to marketing aspect. All indicators show that the above mentioned indicators are never a problem because in terms of channels of distribution, they have no other stores except that is in Taal. For them, there is no need to place another store in other localities. Tourists and other people looking for embroidered products and services prefer to visit and go to Taal. The manner of distribution is also not a problem to the operators because they do not use other people or employ agents to sell their products. As to the place of distribution, operators are contented to have their products displayed and sold at their stores located in Taal. There are also no problems encountered as far as product specification and pricing system are concerned because these are within the sole discretion of the owners and operators who decide based on their individual evaluation of the prevailing circumstances. Problems related to marketing management showed the highest rank which pertains to the pricing system. This means that there is no standard pricing being followed by the embroidery operators in Taal. The problems encountered by embroidery operators in relation to marketing management has a composite mean of 1.14, “never” experienced.

Table 10. Relationship Between Status of Embroidery Business and Problems Encountered With Regards to Organization and Human Resource Management

Status of Embroidery Business	r-value	p-value
Organization and Management	0.387	0.000*
Production Management	0.743	0.000*
Marketing Management	0.376	0.000*
Financial Management	-0.086	0.397

Legend: *Highly Significant at $p\text{-value} < 0.01$

Table 10 illustrates the relationship between status of embroidery business and problems encountered with regards to organization and management. The status of embroidery business in terms or organization and management, has a composite mean of 3.96 “strongly agreed”. This perception is highly significant in relation to the problems encountered terms of organization and management, production management, and marketing management while it is not significant in relation to problems encountered in financial management. It can therefore be concluded that with regards to problems encountered in terms of organization and management, with composite mean of 1.11, there is no cause for alarm and concern on the part of embroidery operators in Taal. Under

organization and management, the problem indicators were never considered a problem by the embroidery entrepreneurs. The same conclusion is arrived regarding the problems encountered in relation to marketing management with a composite mean of 1.14. Under marketing management, there is no cause to be alarmed on the part of embroidery operators of Taal, because the problem indicators under marketing aspect are never considered as problems by the operators.

This conclusion can be substantiated and justified because majority of the operators, 73% are already in existence for a period of five (5) to ten (10) years while 24% of them are in existence for more than 10 years. Hence, the problem indicators in organization and management is never considered a problem by the embroidery operators in Taal. In addition to the foregoing conclusions, considering that the primary consideration for the continuous existence of a business is the presence of a market, embroidery operators in Taal will likely to continue its existence because the problem indicators in the marketing aspect of management are “never” considered a problem by the embroidery operators in Taal.

However, the problems encountered in terms of production management and financial management obtained composite means of 1.54 and 1.89 “rarely” encountered. It can be concluded that these problems, although existing, are manageable depending on the management approaches and solution strategies to be adopted by the individual owners and operators thereof.

In Table 11 reveals the relationship between the status of embroidery business and problems encountered being highly significant in three areas of management, namely; organization and management, production management and marketing management while not significant in the area of financial management.

Table 11. Relationship Between Status of Embroidery Business and Problems Encountered With Regards to Technical / Production Aspects

Status of Embroidery Business	r-value	p-value
Organization and Management	0.020	0.843
Production Management	0.431	0.000*
Marketing Management	0.325	0.001*
Financial Management	-0.165	0.100

Legend: *Highly Significant at $p\text{-value} < 0.01$

As reflected in Table 11, there is a significant relationship between the status of the business in

terms of production and marketing management when correlated to the business problem in terms of technical aspects. This was observed since the obtained p-value of 0.000 and 0.001 were less than 0.05 level of significance. This indicates that the business problem in terms of technical aspect is affected by the business status.

Based on the results of the study, the relationship between the status of the business in terms of production management is highly significant in relation to the problems encountered. This means that the status and the manner of production techniques employed by an operator has a direct impact on the types of problems that it will encounter in the future. An example of this is when the operator uses machine in producing machine-made embroidered products. Any failure or malfunction in the machines used will directly affect the production of the finished product which is intended to be sold and offered to the customers. A similar experience is the practice of selling products on open accounts wherein the customers are allowed to pay at a later date. This is a marketing status presently being practiced by some embroidery operators in Taal, which will directly affect the problem of collection. Due to non-uniformity of production and marketing practices, the results of the study shows significant relationships between the status of management and the problems encountered.

Because of non-uniformity of responses of the respondents in the status of embroidery business management, as shown in the results of the study, in the area of production and marketing, there is significant relationship as far as the problem indicators in each of these areas of management are concerned. This is because the problems encountered by one operator may not be the same problem encountered by the other operator who uses or adopt a different production technique than the other. In a similar view, since there is lesser uniformity in the marketing management practices adopted by embroidery operators, as revealed by the results of the study, the marketing problems encountered also differ significantly among embroidery operators covered by the study. This is supported by the nature of embroidery business in Taal, where competition is keen in terms of production and marketing embroidery products and services. There is no standard basis of setting the selling price of similar products and services belonging to the same category.

Table 12. Relationship Between Status of Embroidery Business and Problems Encountered With Regards to Financial Management

Status of Embroidery Business	F-value	p-value
Organization and Management	0.323	0.001*
Production Management	-0.257	0.010*
Marketing Management	-0.170	0.090
Financial Management	-0.243	0.015*

Legend: *Significant at p -value < 0.05

Table 12 reveals that there is a significant relationship between the status of the business in terms of organization and management (0.001), production management (0.010) and financial management (0.015). This is observed since the above mentioned p-values were all less than 0.05 alpha level. This means that the better the performance and the more stable the business in terms of financial operations, the lesser the problems the business will encounter. Hence, prudent financial management is essentially required of the owner and operator in order to enhance business operations.

Table 13. Relationship Between Status of Embroidery Business and Problems Encountered With Regards to Marketing Management

Status of Embroidery Business	r-value	p-value
Organization and Management	-0.123	0.223
Production Management	0.395	0.000*
Marketing Management	0.388	0.000*
Financial Management	0.094	0.351

Legend: * Highly Significant at p -value < 0.01

It can be gleaned from Table 13 that the status of the business in terms of production and marketing management obtained a p-values of less than 0.05 alpha level, thus, the null hypothesis of no significant relationship between the business status and problems encountered is rejected. This means that a relationship exists and implies that the business problem is affected by the business status.

Production management and marketing management are related to its other since, what the business sells depends on what it produces. The relationship in the status and the problems encountered is highly significant in both the production and marketing aspects of business management among embroidery operators in Taal. This can be explained by the results of the study, wherein there is less uniformity in the production management techniques and practices employed by

the embroidery operators most especially in the type of products and services offered.

CONCLUSION AND RECOMMENDATION

All embroidery businesses in Taal, Batangas are organized as sole proprietorship. Majority of them produce both hand-made and machine-made type of products which rely on word of mouth form of advertisement. In financing their business, they rely solely on their personal savings and the profits being flowed back into the business as additional working capital.

The problem encountered by the embroidery entrepreneurs are obtaining licenses and permits, lack of ample space for stocks and those involving the use of machines for machine-made ordered products, the practice of making a sale on open account which allows the customer to pay the product or service at some time in the future which are not usually realized and fulfilled, hence there the occurrence of collection problem. There is no associated problem in relation to advertising as “word of mouth” advertisement can be considered a competitive advantage among embroidery operators.

It is recommended that the embroidery businessmen may form and join an association of Taal embroidery operators and appoint liaison officer whose primary function is to deal with government regulatory agencies to lessen the burden and problems connected with business registration, licensing, and getting permits and clearances and who will lay down rules in setting selling prices of products and services in order not to spoil the market. Embroidery businessmen may adopt latest technology in the production and marketing of embroidery products and services for a more efficient conduct of business operation.

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