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Assessing the Enterprise Risk Management and Financial Sustainability of Retail Micro and Small Enterprises in Dagupan City, Philippines

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Abstract. Retail micro and small enterprises (MSEs) are vital to Dagupan City's commercial economy, yet many owner-managed firms lack formal systems for managing business risks. Philippine evidence on how such enterprises practice enterprise risk management (ERM), and what constrains systematic risk monitoring and documentation, remains limited. This study examined ERM practices, perceived financial sustainability, and implementation challenges in six retail MSEs. An explanatory sequential mixed-method multiple-case design involved six purposively selected firms. Three respondents per firm (N = 18) completed a five-point survey, followed by interviews with each firm's owner or manager. Means summarized five ERM domains and four financial sustainability indicators, and interviews were analyzed thematically. The survey tool showed good reliability, with an internal consistency coefficient (Cronbach's alpha) of 0.87. Survey means are pooled across respondents, so owner accounts illustrate rather than explain the ratings. Overall ERM practice was rated at a Great Extent (M = 3.47), highest in risk governance and culture (M = 3.78) and lowest in risk monitoring and reporting (M = 3.10). Perceived financial sustainability was rated at a Moderate Extent (M = 3.12), highest in growth (M = 3.40) and lowest in access to capital (M = 2.78). Interviews identified six challenges: generic support unsuitable for very small firms, limited time and staff capacity, incomplete financial records, difficulty quantifying risks, inadequate contingency reserves, and undocumented risk practices. The principal contribution is identifying an implementation gap: risk management may be practiced without systematic documentation, while incomplete financial records constrain access to capital. This study recommends low-cost monitoring routines, better financial record-keeping, and support tailored to very small enterprises.

Keywords: Access to Capital; Enterprise Risk Management; Financial Sustainability; Retail Micro and Small Enterprises; Risk Governance

Introduction

Micro, small, and medium enterprises (MSMEs) account for more than 99 percent of registered business establishments in the Philippines, and wholesale and retail trade is the largest MSME industry nationwide (Department of Trade and Industry [DTI], 2023). Dagupan City, with a 2024 census population of 174,777 (Philippine Statistics Authority [PSA], 2024), is a significant urban center in Pangasinan and the Ilocos Region, but its retail firms operate in a demanding setting. The city's network of seven rivers and 14 creeks and its coastal location leaves it increasingly vulnerable to flooding (Stimson Center, 2023). During the prolonged floods of August and September 2026, some Dagupan businesses stayed closed for weeks, and one restaurant operator noted that small firms with little or no reserve funds are forced to close after a month of losses (Sotelo, 2026). Formal credit is also scarce: MSME credit was only 3.9 percent of total bank loans in 2024, and 83.8 percent of MSME loans were concentrated in Metro Manila (Asian Development Bank [ADB], 2025). In this setting, how owners anticipate and prepare for risk bears directly on whether their firms survive.

Enterprise risk management (ERM), as developed in the corporate and banking sectors, holds an organization's risks in a single governed view rather than responding to each in isolation (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017). Whether owner-managed retail firms

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Original Article

in a Philippine provincial city practice a scaled-down form of it, how financially sustainable they perceive themselves to be, and what keeps them from managing risk systematically are poorly documented.

Financial sustainability in this study refers to as a firm's ability to meet its obligations, earn a return, grow, and obtain the capital it needs to keep operating. It is examined through four indicators: liquidity, profitability, growth, and access to capital. Because the data come from owners' and managers' perceptions rather than audited statements, the study reports perceived financial sustainability. It treats ERM practice and financial sustainability as separate constructs and does not test whether one explains the other.

This study examines the extent of ERM practice, the level of perceived financial sustainability, and the challenges in implementing ERM among six retail micro and small enterprises (MSEs) in Dagupan City. It uses an explanatory sequential, mixed-method multiple-case design (Creswell & Plano Clark, 2018; Yin, 2014) that pairs a survey of 18 respondents with an interview with each firm's owner or manager. The six firms are owner-managed retailers in a flood-prone provincial city, constrained by thin reserves and scarce formal credit. Understanding how such firms manage risk and sustain themselves matters to retail MSE owners, the DTI Negosyo Center and other agencies supporting very small firms, and researchers who may test the relationship between ERM practice and financial sustainability in larger samples.

Research Questions

This study aimed to determine the extent of ERM practice, the level of perceived financial sustainability, and the challenges in implementing ERM reported by six retail MSEs in Dagupan City, and to derive provisional, evidence-informed recommendations from the findings. Specifically, it sought to answer the following questions:

1. What is the extent of ERM practice adoption among retail MSEs in Dagupan City in terms of:
   1.1 Risk Identification,
   1.2 Risk Assessment,
   1.3 Risk Response,
   1.4 Risk Monitoring and Reporting, and
   1.5 Risk Governance and Culture?
2. What is the level of financial sustainability of retail MSEs in Dagupan City in terms of:
   2.1 Liquidity,
   2.2 Profitability,
   2.3 Growth, and
   2.4 Access to Capital?
3. What challenges do the six retail MSEs encounter in implementing ERM practices?
4. Based on the findings, what provisional, evidence-informed recommendations can be derived to strengthen ERM practice and financial sustainability among retail MSEs in Dagupan City?

Scope and Delimitation of the Study

This study is scoped to retail micro and small enterprises registered with the Department of Trade and Industry and physically operating within Dagupan City, Pangasinan, examined during the 2026 study period. Several delimitations define the boundaries of the research. First, the study is delimited to firms falling within the micro and small categories under Republic Act No. 9501, the Magna Carta for Micro, Small and Medium Enterprises, defined as having total assets, exclusive of land, not exceeding ₱15,000,000 (Republic of the Philippines, 2008). Wholesale-only operations, purely online sellers without a physical retail presence, and medium or large enterprises are excluded. Second, the investigation is confined to five pre-defined ERM domains (Risk Identification, Risk Assessment, Risk Response, Risk Monitoring and Reporting, and Risk Governance and Culture) and four financial sustainability indicators, namely Liquidity, Profitability, Growth, and Access to Capital, identified through the literature review; constructs outside these were not assessed. Third, participation was delimited to six purposively selected retail MSEs, chosen to represent a range of retail sub-sectors and years in operation, with three management or operational staff members surveyed per retail MSE (18 respondents in total) and one key informant interview conducted with the owner or manager of each retail MSE; the perspectives of customers, suppliers, and external parties such as lenders or regulators were not directly captured. Fourth, the study does not draw on audited financial statements and relies instead on perception-based ratings, since many micro and small retail firms do not maintain externally audited accounts, a pattern the owner interviews in this study also reflect. Finally, the study is cross-sectional, capturing perceptions at a single point in time rather than tracking how ERM practice and financial sustainability evolve over a firm's growth trajectory. The findings are contextualized within Dagupan City's retail MSE environment and may not be directly generalizable to retail MSEs in substantially different regulatory, economic, or geographic contexts.

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https://ijroms.com
Original Article

Literature Review

Risk Identification and Assessment

COSO (2017) frames risk identification and assessment as the entry point of the enterprise risk management cycle, the stage at which an organization surfaces the events that could affect its objectives and estimates their likelihood and impact before deciding how to respond. Arthur et al. (2025), analyzing 210 survey responses from small and medium enterprises (SMEs) in the informal service sector of Kumasi, Ghana, found that risk analysis fully mediated the link between risk identification and risk response, so the depth of assessment practice may matter for how well identified risks are handled even in small firms. The International Organization for Standardization (ISO, 2018) guidelines in ISO 31000:2018 similarly treat risk identification and assessment as iterative rather than one-time activities. Sustaining that cycle without a dedicated routine may be difficult for a resource-constrained retail proprietorship, although this is the researcher's inference rather than a claim made by the standard.

Risk Response

Risk response, the decision to avoid, reduce, transfer, or retain a given risk, is where a firm chooses among options such as buying insurance, adding a second supplier, or holding a cash reserve. In the Kumasi survey, risk reduction or mitigation was the most highly rated risk-handling practice (mean = 3.26), followed by risk transfer (mean = 3.06) (Arthur et al., 2025). Financial practices form part of risk response as well. In a purposive survey of 277 local businesses in Claver, Surigao del Norte, 43 percent of them groceries, Saranza et al. (2024) found that recording daily sales and expenses was the highest-rated financial practice (3.58 on a four-point scale) and avoiding spending driven by personal wants the lowest (3.29), although all financial practices were rated at the highest observance level. Manas et al. (2024), in an overview of ERM practice among Malaysian SME manufacturers, point to organizational structure and employee risk behavior as factors shaping how effective risk management initiatives are in practice, a point that speaks to owner-managed retail firms, where the owner is typically both the decision-maker and the implementer of any risk response.

Risk Monitoring and Reporting

Monitoring and reporting close the ERM cycle by tracking whether identified risks are changing and whether chosen responses remain adequate (COSO, 2017). The SME evidence on this component is limited and mixed. Syrová and Špička (2023) found that the tracking of strategic risk management performance fully mediated the link between ERM and the financial performance of Czech SMEs. In the Philippines, Navales and Badoy (2025) found that review and revision was the lowest-rated ERM component among Davao del Norte SMEs, although still in the high range, and, unlike four other components, it was not a significant predictor of perceived organizational performance. Tewu et al. (2024), surveying bank managers in Indonesia, found that ERM influenced financial and operational performance partly through compliance practices and IT strategy, so supporting systems may shape whether ERM translates into outcomes, although a banking sample transfers only tentatively to retail MSEs. A recent bibliometric review of 531 articles on MSME risk management found that differing definitions of performance produce a disparity of conclusions about the risk management and performance link (Ciocoiu et al., 2025), which is one reason this study defines its indicators explicitly and examines them within a single retail setting.

Risk Governance and Culture

Risk governance and culture concern who is responsible for risk decisions and how seriously those decisions are treated throughout the organization. Barney's (1991) resource-based view frames an embedded risk-management capability as a potential source of sustained advantage precisely because it is difficult for a competitor to imitate quickly. Manas et al. (2024) highlight the role of top management and organizational structure in SME risk management; in small, owner-managed firms this plausibly makes governance and culture less a matter of formal policy than of the owner's own vigilance and example, which can produce a strong felt sense of governance even in the absence of a written risk policy. Recent evidence points the same way: Navales and Badoy (2025) found governance and culture to be the highest-rated ERM component among Davao del Norte SMEs and a significant predictor of perceived organizational performance, and Syrová and Špička (2023) found that organizational culture, in its mission dimension, fully mediated the link between ERM and the financial performance of SMEs.

Financial Sustainability of Retail MSEs

Financial sustainability, understood here as a firm's capacity to maintain liquidity, sustain profitability, pursue growth, and access external capital over time, is a persistent challenge for Philippine

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Original Article

MSMEs, whose access to bank credit remains limited (ADB, 2025). Duran Hererra et al. (2023), studying 550 MSMEs in Jakarta, examined whether access to finance, financial risk management, and competitive advantage mediate the relationship between financial literacy and MSME performance, which places financial risk management among the channels through which financial capability may affect small-firm performance. Recent empirical work (2022–2026) refines how ERM and SME performance are linked. Syrová and Špička (2023), using structural equation modeling, reported that organizational culture and the tracking of strategic risk management performance fully mediated the relationship between ERM and the financial performance of SMEs. Navales and Badoy (2025), surveying 653 supervisory and management employees of SMEs in Davao del Norte, reported high ratings on all five ERM components and a positive correlation between overall ERM and perceived organizational performance, with four of the five components emerging as significant predictors. Saranza et al. (2024), surveying 277 local businesses in Claver, Surigao del Norte, reported very high observance of compliance, financial, operational, reputational, and strategic practices and significant positive correlations between each practice and owner-rated business performance, strongest for financial practices (r = .43). A bibliometric review of 531 articles found growing interest in the topic since 2010 but a disparity of conclusions, which it attributed to the different ways performance is understood (Ciocoiu et al., 2025). These studies measure performance more broadly than the liquidity, profitability, growth, and access-to-capital indicators used here, and none of them focuses on retail micro and small enterprises in a Region I city, which is the gap this study addresses.

Liquidity

Beyond the ERM-performance link, recent studies also speak to the individual indicators used in this study. On liquidity, Babic et al. (2026), analyzing 345 Montenegrin SMEs across manufacturing, services, and trade, found that a higher share of cash in total assets was associated with higher liquidity, whereas greater indebtedness and longer payment obligations were associated with lower liquidity, and they described cash management as central to SME financial resilience; microenterprises were outside their sample. Youssef et al. (2022), studying 160 publicly listed SMEs in seven Central and Eastern European countries over 2011–2019, with liquidity measured through the cash conversion cycle, found that profitability, leverage, and size positively influenced liquidity, which the authors read as SMEs with low liquidity depending on profitability to meet their cash requirements. Both studies work from financial-statement data of registered firms rather than owner perceptions, and neither concerns retail proprietorships in the Philippines.

Profitability

On profitability, Babic et al. (2026) reported that higher cash-to-revenue and capital-to-assets ratios were positively associated with the net profit margin of Montenegrin SMEs. Serrasqueiro et al. (2023) add that profitability matters for what a firm can do next: in their study of Portuguese SMEs, profitability was negatively related to growth at lower levels but positively related beyond a certain level, which the authors tied to the accumulation of retained earnings, while labour productivity and external debt also supported growth. Seen side by side, these studies give a basis for reading a profile in which firms cover their costs but retain little surplus as one with limited internal funds for buffers or expansion; that reading is the researcher's and is not tested here.

Growth

On growth, Cordova et al. (2025), through a survey of MSME owners and interviews with industry experts, found that Philippine MSMEs were increasingly using social media marketing and digital payment systems but had not adopted more advanced technologies such as cloud computing and enterprise resource planning (ERP) systems, with infrastructure and regulatory issues among the barriers. Serrasqueiro et al. (2023) found a positive effect of external debt on SME growth, which they explained by the insufficiency of internally generated funds, so that expansion in small firms tends to depend on either retained earnings or outside finance.

Access to Capital

Access to capital is also shaped by conditions outside the firm. The ADB (2025) reports that lack of acceptable collateral, together with high credit-risk perceptions and operating costs, makes MSME lending high-risk and low-return for Philippine financial institutions. For a provincial retail population such as Dagupan City, these conditions suggest that weak access to capital may reflect structural constraints as well as firm-level practice, which is why this study reads the Access to Capital indicator alongside owners' accounts of documentation and record-keeping. Recent firm-level studies also point to documentation and accounting records as one route through which small firms become more or less visible to lenders. Using a 2018 survey of 480 SMEs in Metro Manila and Calabarzon, Flaminiano and Francisco (2021) found that

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https://ijroms.com
Original Article

firms with moderate to high use of digital software for accounting and financial management were 15.6 percentage points less likely to be credit-constrained than firms with limited or no use, and that larger firms and firms that had recently bought fixed assets were also less likely to be credit-constrained. Álvarez-Espiño et al. (2025), drawing on a 2021 Bank of Spain survey of 1,120 small firms, found that firms using financial planning, profitability forecasting, and comparison of financing costs together were up to 8.3 percentage points less likely to face bank credit constraints than firms using none of these tools. Among Philippine micro and small businesses, Borromeo et al. (2024), interviewing eight owners in Zamboanga del Sur, reported that the firms struggled to keep accurate records and pointed to outsourcing and training as possible remedies. On supplier credit, Pinto et al. (2023), analyzing 5,860 Portuguese SMEs over 2010–2019, found support for a substitution relationship between trade credit and bank credit, with firms intensifying their demand for trade credit in the years when the financial crisis was most felt. Among the indicator-level studies reviewed above, only Cordova et al. (2025), Flaminiano and Francisco (2021), and Borromeo et al. (2024) examine Philippine firms, and none focuses on retail micro and small enterprises in a Region I city. Flaminiano and Francisco (2021) falls slightly outside this review's five-year window and rests on a 2018 survey, but it is retained as the main Philippine evidence on SME credit constraints.

Across the strands reviewed, the literature broadly associates ERM practice with better firm outcomes, but the evidence is mixed and depends on the component examined and on what mediates the link. In SMEs, recent studies generally report positive associations between ERM practice and performance (Navales & Badoy, 2025; Saranza et al., 2024), but the association can depend on the ERM component examined, with review and revision not a significant predictor in the Davao del Norte survey (Navales & Badoy, 2025), and on mediators. Proposed mechanisms include access to finance, financial risk management, and competitive advantage (Duran Hererra et al., 2023), organizational culture and the tracking of risk management performance (Syrová & Špička, 2023), and compliance and IT systems (Tewu et al., 2024). The literature is less settled on whether such a capability can be built cheaply, although a literature-based conceptual framework for SMEs in developing countries, which is not an empirical test, reports common ground in the need to simplify ERM for small firms (Mthiyane et al., 2022). Sustaining the iterative cycle described in ISO 31000:2018 (ISO, 2018) may be difficult for a resource-constrained proprietorship, whereas Manas et al. (2024) draw attention to top management and organizational behavior, so owner conduct and informal routines may partly substitute for capital-intensive monitoring infrastructure. A further gap is that the SME-ERM literature reviewed here is drawn largely from Malaysia, Ghana, and the Czech Republic, with Indonesian evidence limited to banks and Philippine ERM survey evidence limited to Davao del Norte and Surigao del Norte. No study of ERM practice or financial sustainability among Dagupan firms was located, and empirical evidence on ERM situated in a Philippine secondary commercial city such as Dagupan, as distinct from Metro Manila or Philippine MSMEs in general, and focused on retail enterprises and financial sustainability indicators, remains scarce. This study addresses that gap by examining all five ERM domains alongside a four-indicator financial sustainability construct within a single Philippine retail MSE population, combining survey ratings with key informant accounts to describe both constructs and the challenges owners encounter in practicing ERM, as a basis for later hypothesis testing.

Methodology

Research Design

This study employed a mixed-method, multiple-case study design (Yin, 2014) that integrates quantitative survey data with qualitative key informant interview findings across six retail MSE firms. Creswell and Plano Clark's (2018) framework for mixed methods integration guided the combination of the two data strands: the quantitative component systematically measures the extent of ERM practice and the level of financial sustainability within the six retail MSEs, while the qualitative component, drawn from an interview with each retail MSE's owner or manager, provides depth and context for the pooled patterns the survey data reveal and identifies the challenges owners encounter in implementing ERM. In its sequence of data collection the design is explanatory sequential: the survey was administered first, and the owner interviews followed in order to contextualize the pooled survey patterns. This design was selected over a large-sample citywide survey because it allows owners' firm-specific accounts of the constraints they face, for instance, why monitoring may lag governance, to be heard directly from the same practitioners who generated the quantitative ratings, at the cost of the statistical power a larger, randomly sampled study would provide. The units of analysis differ by strand: survey ratings are analyzed at the respondent level and pooled across the 18 respondents (three per firm), whereas interview accounts are analyzed at the firm level (six owners or managers), so the multiple-case element lies in the interview strand. Survey means are not reported by firm, because three respondents per firm are too few for firm-level means to be more than

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

descriptive. Owner accounts are therefore used to illustrate constraints that may lie behind the pooled ratings, and the study does not claim that any single firm's account explains a pooled mean. Because six retail MSEs cannot support statistical generalization, the design is descriptive and exploratory: it characterizes each construct, identifies the challenges owners report, and generates hypotheses for larger-sample testing rather than testing them.

Research Locale

The six retail MSEs operate within Dagupan City, Pangasinan, drawn from across the city's principal commercial corridors: the Perez Boulevard and A.B. Fernandez Avenue business district, the public market and its immediate surrounding streets, and the secondary commercial nodes in Bonuan and Lucao, to capture some of the geographic and commercial variety found among the city's DTI-registered retail establishments.

Research Participants

The research participants comprised 18 survey respondents (owners, managers, and operational staff, three from each of the six retail MSEs identified in the Sampling Design section above), together with six key informants, one per retail MSE, each the owner or manager of that retail MSE. The same six owners therefore contribute to both the quantitative and qualitative strands of the study.

Research Instrument

Two data collection instruments were used. The structured survey questionnaire, developed by the researcher based on the COSO (2017) framework and the five ERM domains identified through the literature review, consisted of 36 items: four items for each of the five ERM domains (20 items) and four items for each of the four financial sustainability indicators (16 items), rated on a five-point Likert scale (1 = Not at All, 2 = Slight Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent). The five ERM domains combine the COSO (2017) components with the risk-process stages in ISO 31000:2018 (ISO, 2018): Risk Governance and Culture and Risk Monitoring and Reporting correspond most closely to COSO's Governance and Culture and Review and Revision components, whereas Risk Identification, Risk Assessment, and Risk Response follow the ISO 31000 process stages. Mean scores were interpreted using these ranges: 1.00–1.80 (Not at All, Low), 1.81–2.60 (Slight Extent, Low), 2.61–3.40 (Moderate Extent, Moderate), 3.41–4.20 (Great Extent, High), and 4.21–5.00 (Very Great Extent, High). The semi-structured key informant interview guide, covering the same five ERM domains and four financial sustainability indicators, was developed and validated by a three-member expert panel (a risk management and insurance faculty member, a business management faculty member, and a statistician) prior to use. The survey questionnaire was likewise validated by the same expert panel prior to the pilot test. Interviews were conducted in person or via video call and lasted approximately 30 to 45 minutes. Prior to the main data collection, the survey questionnaire was pilot-tested with 20 retail MSE owners outside the sampling frame, drawn from the neighboring municipality of Calasiao, yielding an overall Cronbach's alpha coefficient of 0.87 across the 36 items, which exceeds the .70 benchmark for adequate reliability (Nunnally, 1978). Based on pilot-test feedback, minor wording revisions were made to three items to improve clarity; no further changes were made following this refinement.

Data Gathering Procedure

The data gathering process was conducted systematically to ensure the integrity and credibility of the study. First, ethical clearance was obtained from the University of Luzon research ethics committee, and permission to conduct the study was secured from the graduate school and endorsed by the DTI Negosyo Center Dagupan. Once these approvals were obtained, informed consent was secured from all participants prior to their involvement. The five-point Likert scale survey was then administered to the 18 respondents across the six retail MSEs over a two-week period to assess the extent of ERM practice adoption and the level of financial sustainability. Subsequently, key informant interviews were conducted with the owner or manager of each retail MSE to obtain in-depth insights into the pooled survey patterns and into the challenges the owner encounters in implementing ERM. Interview recordings were transcribed verbatim and analyzed using thematic analysis following the framework of Braun and Clarke (2006), together with a cross-case synthesis following Yin (2014) to identify the challenges that recurred across the six retail MSEs. The researcher served as the primary and sole coder of the interview transcripts. Initial codes were developed primarily through an inductive approach, allowing themes and recurring patterns to emerge from the participants' accounts, while the ERM domains served as sensitizing concepts for organizing and interpreting the emerging findings. The transcripts and coded excerpts were reviewed iteratively to ensure consistency in the application of codes across retail MSEs. No second coder was involved; instead, coding decisions were documented and revisited during the analysis to enhance consistency and transparency. The survey data

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International Journal of Research on Multidisciplinary Studies
Online ISSN: 3116-4137 | Print ISSN: 3116-4145
Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

were encoded, cleaned, and subjected to descriptive statistical analysis: item, domain, and overall means were computed across all 18 respondents. Finally, the quantitative and qualitative findings were integrated and synthesized to develop a comprehensive analysis and formulate evidence-informed recommendations. Integration was a narrative comparison of the pooled survey results with the cross-case interview themes (Creswell & Plano Clark, 2018).

Results and Discussions

Research Question 1: What is the extent of ERM practice adoption among retail MSEs in Dagupan City in terms of risk identification, risk assessment, risk response, risk monitoring and reporting, and risk governance and culture?

Table 1. Extent of ERM Practice Adoption in terms of Risk Identification

Indicators	Mean	Verbal Description	Interpretation
1. Systematically identifies risks unique to retail operations (theft, spoilage, seasonal demand shifts).	3.67	Great Extent	High
2. Uses supplier and industry information to anticipate emerging risks.	3.39	Moderate Extent	Moderate
3. Involves employees in flagging day-to-day operational risks.	3.50	Great Extent	High
4. Reviews past losses or incidents to identify recurring risk patterns.	3.56	Great Extent	High
Over-all Mean	**3.53**	**Great Extent**	**High**

Risk Identification was practiced to a Great Extent (M = 3.53). The highest items were identifying retail-specific risks such as theft, spoilage, and seasonal demand shifts (Item 1.1, M = 3.67) and reviewing past losses (Item 1.4, M = 3.56), suggesting that identification rests largely on what owners and staff observe on the shop floor. Involving employees in flagging day-to-day operational risks (Item 1.3, M = 3.50) was also High, which fits Manas et al.'s (2024) points that organizational structure and employee risk behavior shape how well risk management works in practice. Using supplier and industry information (Item 1.2, M = 3.39) was the only Moderate item. COSO (2017) places risk identification at the entry point of the ERM cycle, and the High overall rating is in line with the high ratings that Navales and Badoy (2025) reported for all five ERM components among Davao del Norte SMEs. The lower rating for external information may mean that identification relies more on what is seen in the shop than on ongoing external scanning.

Table 2. Extent of ERM Practice Adoption in terms of Risk Assessment

Indicators	Mean	Verbal Description	Interpretation
1. Estimates the likelihood of identified risks occurring.	3.22	Moderate Extent	Moderate
2. Estimates the potential financial impact of identified risks.	3.00	Moderate Extent	Moderate
3. Prioritizes risks based on likelihood and impact.	3.67	Great Extent	High
4. Uses simple tools (e.g., checklist, logbook) to assess risk.	3.33	Moderate Extent	Moderate
Over-all Mean	**3.31**	**Moderate Extent**	**Moderate**

Risk Assessment was practiced to a Moderate Extent (M = 3.31). Prioritizing risks was rated High (Item 2.3, M = 3.67), yet estimating their likelihood (Item 2.1, M = 3.22), estimating their financial impact (Item 2.2, M = 3.00), and using simple tools such as a checklist or logbook (Item 2.4, M = 3.33) were rated Moderate, which may mean owners rank risks by judgment rather than documented estimates (the researcher's reading, not tested). Arthur et al. (2025) found that risk analysis fully mediated the link between risk identification and risk response among Kumasi SMEs, so the depth of assessment practice may matter for how well identified risks are handled even in small firms; a Moderate assessment rating may therefore mark a weak point in the cycle, although this study did not test that link. Sustaining a routine of estimates without a dedicated process may be difficult for a resource-constrained retail proprietorship.

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

Table 3. Extent of ERM Practice Adoption in terms of Risk Response

Indicators	Mean	Verbal Description	Interpretation
1. Purchases insurance coverage for major insurable risks (fire, theft).	3.72	Great Extent	High
2. Maintains an emergency or contingency cash reserve.	3.33	Moderate Extent	Moderate
3. Diversifies suppliers to reduce dependency risk.	3.83	Great Extent	High
4. Adjusts pricing or inventory levels in response to identified risk.	3.67	Great Extent	High
Over-all Mean	**3.64**	**Great Extent**	**High**

Risk Response was practiced to a Great Extent (M = 3.64). Supplier diversification (Item 3.3, M = 3.83), insurance (Item 3.1, M = 3.72), and pricing or inventory adjustments (Item 3.4, M = 3.67) were rated High, an emphasis on risk reduction and transfer similar to that of Kumasi SMEs, where risk reduction or mitigation was the most highly rated risk-handling practice and risk transfer followed (Arthur et al., 2025). The exception was the contingency reserve (Item 3.2, M = 3.33), which requires holding money back and was the only Moderate item. In Dagupan, a restaurant operator reported dipping into reserve funds to keep paying staff while sales fell during the 2026 floods (Sotelo, 2026), which shows what a contingency reserve is for.

Table 4. Extent of ERM Practice Adoption in terms of Risk Monitoring and Reporting

Indicators	Mean	Verbal Description	Interpretation
1. Keeps written or digital records to track risk-related incidents.	2.89	Moderate Extent	Moderate
2. Reviews risk status on a regular (e.g., monthly) basis.	2.83	Moderate Extent	Moderate
3. Reports risk-related concerns to a designated person.	3.22	Moderate Extent	Moderate
4. Uses sales or financial data to monitor early warning signs.	3.44	Great Extent	High
Over-all Mean	**3.10**	**Moderate Extent**	**Moderate**

Risk Monitoring and Reporting was practiced to a Moderate Extent (M = 3.10). Regular review (Item 4.2, M = 2.83) and written or digital incident records (Item 4.1, M = 2.89) were the two lowest items, and the 0.06 gap between them equals one respondent's rating point, whereas using sales or financial data to watch for early warning signs was High (Item 4.4, M = 3.44). Monitoring thus appears to run through everyday sales figures rather than records or scheduled reviews. COSO (2017) describes monitoring and reporting as the stage that closes the ERM cycle by tracking whether risks are changing and whether chosen responses remain adequate, so thin records and irregular reviews may leave that stage lightly supported (the researcher's reading, not tested). Evidence elsewhere is mixed: review and revision was the lowest-rated component but not a significant predictor in Davao del Norte (Navales & Badoy, 2025), whereas performance tracking mediated the link between ERM and financial performance among Czech SMEs (Syrová & Špička, 2023).

Table 5. Extent of ERM Practice Adoption in terms of Risk Governance and Culture

Indicators	Mean	Verbal Description	Interpretation
1. Owner/manager takes personal responsibility for risk-related decisions.	4.17	Great Extent	High
2. Encourages open discussion of mistakes or near-misses among staff.	3.78	Great Extent	High
3. Has a clear, even if informal, understanding of acceptable risk-taking.	3.44	Great Extent	High
4. Demonstrates consistent commitment to safe and compliant business practices.	3.72	Great Extent	High
Over-all Mean	**3.78**	**Great Extent**	**High**

Risk Governance and Culture was practiced to a Great Extent (M = 3.78), led by the owner or manager taking personal responsibility for risk decisions (Item 5.1, M = 4.17), followed by open discussion of mistakes or near-misses (Item 5.2, M = 3.78) and consistent commitment to safe and compliant practices (Item 5.4, M = 3.72). A clear, even if informal, understanding of acceptable risk-taking (Item 5.3, M = 3.44) was the lowest item, so governance appears to rest on owner accountability more than on stated limits. This

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

is consistent with Manas et al.'s (2024) emphasis on top management and organizational structure, and with the plausible reading that in small owner-managed firms governance is less a matter of formal policy than of the owner's own vigilance and example, which also fits the resource-based view (Barney, 1991), in which a capability embedded in the owner's own habits is hard for others to copy. Navales and Badoy (2025) likewise found governance and culture to be the highest-rated ERM component in Davao del Norte and a significant predictor of perceived organizational performance, and Syrová and Špička (2023) found that organizational culture mediated the link between ERM and the financial performance of SMEs.

Table 6. Summary of Extent of ERM Practice Adoption among Retail MSEs in Dagupan City

Dimension	Mean	Verbal Description	Interpretation
1. Risk Identification	3.53	Great Extent	High
2. Risk Assessment	3.31	Moderate Extent	Moderate
3. Risk Response	3.64	Great Extent	High
4. Risk Monitoring and Reporting	3.10	Moderate Extent	Moderate
5. Risk Governance and Culture	3.78	Great Extent	High
Over-all Mean	**3.47**	**Great Extent**	**High**

Overall ERM practice was rated at a Great Extent (M = 3.47), though only slightly inside that band and with a 0.68 spread between Risk Governance and Culture (M = 3.78) and Risk Monitoring and Reporting (M = 3.10). Risk Response (M = 3.64) and Risk Identification (M = 3.53) were also High, while Risk Assessment (M = 3.31) and Monitoring were Moderate. Along the ERM cycle (COSO, 2017), domains that rely on owner judgment and routine decisions were rated above those that need estimates and records, consistent with the implementation gap this study identifies, in which risk activities are practiced without systematic documentation. Davao del Norte SMEs show a parallel pattern, with governance and culture highest and review and revision lowest (Navales & Badoy, 2025), although those are COSO components that map only approximately onto the domains used here, and recent SME studies generally report positive associations between ERM practice and performance, although the association can depend on the component examined (Navales & Badoy, 2025; Saranza et al., 2024).

Research Question 2: What is the level of financial sustainability of retail MSEs in Dagupan City in terms of liquidity, profitability, growth, and access to capital?

Table 7. Level of Financial Sustainability of Retail MSEs in Dagupan City in terms of Liquidity

Indicators	Mean	Verbal Description	Interpretation
1. Pays suppliers, rent, utilities, and wages on time from cash on hand.	3.67	Great Extent	High
2. Keeps enough cash on hand to cover day-to-day operating expenses.	3.11	Moderate Extent	Moderate
3. Converts inventory into cash quickly enough to meet cash needs.	2.89	Moderate Extent	Moderate
4. Can absorb an unexpected expense without delaying payments or borrowing.	2.67	Moderate Extent	Moderate
Over-all Mean	**3.08**	**Moderate Extent**	**Moderate**

Liquidity was rated at a Moderate Extent (M = 3.08). Paying routine obligations on time from cash on hand was the only High item (Item 7.1, M = 3.67), whereas holding enough cash for daily expenses (Item 7.2, M = 3.11), converting inventory into cash (Item 7.3, M = 2.89), and absorbing an unexpected expense without delaying payments or borrowing (Item 7.4, M = 2.67) were Moderate. Firms thus meet regular commitments with little room for shocks. Babic et al. (2026), who found that a higher share of cash in total assets was associated with higher liquidity, stress cash management for SME resilience, though in a sample without microenterprises.

Table 8. Level of Financial Sustainability of Retail MSEs in Dagupan City in terms of Profitability

Indicators	Mean	Verbal Description	Interpretation
1. Earns revenue that exceeds operating expenses in a typical month.	3.78	Great Extent	High
2. Earns a satisfactory margin on the goods sold.	3.50	Great Extent	High
3. Earns enough profit to meet the owner's personal needs and still reinvest in the business.	2.67	Moderate Extent	Moderate
4. Has kept profit steady or improving over the past year.	2.94	Moderate Extent	Moderate
Over-all Mean	**3.22**	**Moderate Extent**	**Moderate**

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

Profitability was rated at a Moderate Extent (M = 3.22). Covering operating expenses (Item 8.1, M = 3.78) and earning a satisfactory margin (Item 8.2, M = 3.50) were High, but earning enough to meet the owner's personal needs and still reinvest (Item 8.3, M = 2.67) and keeping profit steady (Item 8.4, M = 2.94) were Moderate. Firms thus cover costs but retain little surplus, the profile the literature review linked to limited internal funds (Babic et al., 2026; Serrasqueiro et al., 2023), although that reading is not tested here. The weak rating for meeting personal needs while still reinvesting (Item 8.3) may relate to the lowest-rated financial practice among Claver businesses, avoiding spending driven by personal wants, although all of the practices in that study were rated at the highest observance level (Saranza et al., 2024).

Table 9. Level of Financial Sustainability of Retail MSEs in Dagupan City in terms of Growth

Indicators	Mean	Verbal Description	Interpretation
1. Has increased sales compared with a year ago.	3.61	Great Extent	High
2. Has grown its base of regular customers.	3.67	Great Extent	High
3. Has added new product lines or widened its inventory range.	3.44	Great Extent	High
4. Has invested in equipment, space, or new selling channels (e.g., online) to expand.	2.89	Moderate Extent	Moderate
Over-all Mean	**3.40**	**Moderate Extent**	**Moderate**

Growth was rated at a Moderate Extent (M = 3.40), at the upper edge of that band. Regular customers (Item 9.2, M = 3.67), sales increases (Item 9.1, M = 3.61), and wider product ranges (Item 9.3, M = 3.44) were High, while investing in equipment, space, or new selling channels (Item 9.4, M = 2.89) was the only Moderate item. Growth that needs little capital thus outpaces growth that needs funds. This matches the view that small-firm expansion depends on retained earnings or outside finance (Serrasqueiro et al., 2023). Cordova et al. (2025) found Philippine MSMEs adopting social media marketing and digital payments but not more advanced technologies, although Item 9.4 is too broad to show which investments lagged.

Table 10. Level of Financial Sustainability of Retail MSEs in Dagupan City in terms of Access to Capital

Indicators	Mean	Verbal Description	Interpretation
1. Can obtain goods on credit or extended payment terms from suppliers.	3.44	Great Extent	High
2. Can obtain a loan from a bank or other formal lender when needed.	2.56	Slight Extent	Low
3. Keeps financial records that a lender would accept as proof of repayment capacity.	2.33	Slight Extent	Low
4. Is aware of, and able to use, government MSME financing programs (e.g., DTI, Small Business Corporation).	2.78	Moderate Extent	Moderate
Over-all Mean	**2.78**	**Moderate Extent**	**Moderate**

Access to capital was rated at a Moderate Extent (M = 2.78). Supplier credit was rated High (Item 10.1, M = 3.44), but formal loans (Item 10.2, M = 2.56) and records a lender would accept (Item 10.3, M = 2.33) were rated Low, and awareness of government financing programs (Item 10.4, M = 2.78) was Moderate. The gap between supplier and formal credit is in line with the substitution between trade credit and bank credit among Portuguese SMEs (Pinto et al., 2023), although this study did not measure either. On records, Philippine evidence points the same way: digital accounting use was associated with lower credit constraints (Flaminiano & Francisco, 2021) and micro and small owners struggled to keep records (Borromeo et al., 2024), although collateral and limited MSME lending also constrain firms (ADB, 2025).

Table 11. Summary of Level of Financial Sustainability of Retail MSEs in Dagupan City

Indicators	Mean	Verbal Description	Interpretation
1. Liquidity	3.08	Moderate Extent	Moderate
2. Profitability	3.22	Moderate Extent	Moderate
3. Growth	3.40	Moderate Extent	Moderate
4. Access to Capital	2.78	Moderate Extent	Moderate
Over-all Mean	**3.12**	**Moderate Extent**	**Moderate**

Perceived financial sustainability was rated at a Moderate Extent (M = 3.12), with no indicator reaching High: growth (M = 3.40), profitability (M = 3.22), liquidity (M = 3.08), and access to capital (M = 2.78), the only indicator below 3.00. Growth and profitability are thus perceived more favorably than liquidity and access to outside capital, in line with the limited access of Philippine MSMEs to bank credit

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

(ADB, 2025). The ratings are perceptions, not audited figures, and because differing definitions of performance produce a disparity of conclusions in the MSME risk management literature (Ciocoiu et al., 2025), the four indicators are defined explicitly here.

Research Question 3: What challenges do the six retail MSEs encounter in implementing ERM practices?

Table 12. Challenges Encountered by the Six Retail MSEs in Implementing ERM

Challenge	Retail MSEs	Owner account	Related ERM domain or indicator
1. Limited time and staff capacity for monitoring	Four of six owners (Retail MSE 4 named)	Cited time rather than awareness for not keeping a regular risk log; a monthly review is reasonable, but a firm run with minimal staff has no fixed block of time in the week to do it.	Risk Monitoring and Reporting (Table 4, Items 4.1 and 4.2)
2. Difficulty quantifying risk exposure	One of six (Retail MSE 3)	The risk of greatest concern is slow-moving stock, but attaching a peso figure to it is difficult, which limits how precisely a response can be prioritized.	Risk Assessment (Table 2, Item 2.2)
3. Difficulty keeping a contingency reserve	One of six (Retail MSE 2)	Moved to a second supplier after a stock-loss incident, yet still draws on the till for personal expenses in good weeks, leaving little set aside for a bad one.	Risk Response (Table 3, Item 3.2)
4. Missing financial records and audited history	Two of six (Retail MSEs 4 and 6)	Difficulty obtaining formal financing framed as a documentation problem; Retail MSE 6 was declined for an expansion loan despite steady sales because the firm could not produce the multi-year audited financial history the bank required.	Access to Capital (Table 10); Risk Monitoring and Reporting (Table 4, Item 4.1)
5. Informal risk practice that is not written down	One of six (Retail MSE 1)	Knows the shop's vulnerabilities intimately, although the phrase 'risk management' has never been used for what is done.	Risk Governance and Culture (Table 5)
6. Support that is too generic or too demanding	Owners across all six retail MSEs	Reported limited additional value from generic risk-awareness seminars, several having already attended DTI-sponsored sessions; any tool taking more than a few minutes a week is unlikely to survive in a one- or two-person operation.	Risk Monitoring and Reporting; informs Research Question 4

Challenges that recurred across firms (limited time and staff capacity, four of six firms; missing financial records, two of six; generic support, all six) are separated from those described by one firm only (difficulty quantifying risk, difficulty keeping a contingency reserve, and informal, unwritten practice) in Table 12. The single-firm themes are retained because they show constraints that an owner experiences in practice, but they are not evidence of how common those constraints are. Each theme is set against the pooled survey results as a narrative comparison; because survey results are not reported by firm, the comparison is illustrative and is not a test of whether the named firm accounts for the pooled rating.

The first two challenges concern capacity rather than awareness. Four of the six owners attributed thin monitoring to time rather than awareness, and the owner of Retail MSE 4, whose firm runs with minimal staff, described a monthly review as reasonable but had no fixed block of time in the week to carry it out. This is consistent with the researcher's reading that the iterative cycle in ISO 31000:2018 (ISO, 2018) is difficult for a firm this small to sustain, and with the survey result that Risk Monitoring and Reporting was the lowest-rated ERM domain (Table 4). A related challenge is quantification: the owner of Retail MSE 3 could name the risk of greatest concern, slow-moving stock, but found it difficult to attach a peso figure to it, a single-firm account that is consistent with the comparatively low pooled rating for estimating financial impact (Item 2.2, Table 2) but cannot be shown to account for it.

The third and fourth challenges concern financial discipline and documentation. The owner of Retail MSE 2 had already added a second supplier after a stock-loss incident, yet still drew on the till for personal expenses in good weeks, leaving little set aside, another single-firm account that parallels the lower pooled rating for maintaining a contingency cash reserve (Item 3.2, Table 3). The owners of Retail MSEs 4 and 6, who described difficulty obtaining formal financing, framed the access-to-capital gap as a documentation problem, and the owner of Retail MSE 6 was declined for an expansion loan despite steady sales because the firm could not produce a multi-year audited financial history. This is consistent with the ADB's (2025)

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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

account of collateral and credit-risk barriers to MSME lending and with the low rating for Access to Capital (Table 10).

The fifth and sixth challenges concern how risk is framed and how support is delivered. The owner of Retail MSE 1 described an intimate working knowledge of the shop's vulnerabilities even though the phrase 'risk management' had never been used for what is done, so in that firm the practice exists but is unwritten and depends on the owner, a pattern consistent with Manas et al.'s (2024) attention to top management and organizational behavior in small-firm risk management. Owners across the six retail MSEs reported limited additional value from generic risk-awareness seminars, several having already attended DTI-sponsored sessions, and indicated that any monitoring tool taking more than a few minutes a week is unlikely to survive in a one- or two-person operation.

In summary, the challenges owners described center on limited time and staff capacity, difficulty putting figures on risk, difficulty maintaining financial buffers and records, and support that is not fitted to the size of the firm. These accounts come from six owners who were also survey respondents (see Research Participants), so they illustrate the constraints these firms face and are neither an exhaustive nor a generalizable list. Three of the six challenges (quantifying risk, keeping a contingency reserve, and unwritten practice) were each described by one firm only. They form the basis for the strategies proposed under Research Question 4.

Research Question 4: Based on the findings, what provisional, evidence-informed recommendations can be derived to strengthen ERM practice and financial sustainability among retail MSEs in Dagupan City?

Cross-case thematic analysis of the six owner interviews (Yin, 2014) converged on three cross-cutting strategic directions that carry through into the Recommendations section below, each tied to the challenges reported under Research Question 3. First, owners across all six retail MSEs independently pointed toward simplicity as the precondition for adoption: any monitoring tool or governance routine that takes more than a few minutes a week is unlikely to survive contact with a one- or two-person retail operation, which responds directly to the time and staff-capacity challenge. Second, the owners of Retail MSE 4 and Retail MSE 6, both of whom described difficulty obtaining formal financing, framed the access-to-capital gap as a documentation problem as much as a creditworthiness problem, suggesting that the same lightweight monitoring records that would close the ERM gap could simultaneously build the track record that formal lenders require. Third, owners across the six retail MSEs reported limited additional value from generic risk-awareness seminars, several having already attended DTI-sponsored sessions of this kind. Read together with the survey results, in which Risk Identification and Risk Governance and Culture already scored high while Risk Monitoring and Reporting scored lowest, this points to monitoring capacity rather than awareness as the more promising focus of future support; this last inference is the researcher's own and was not stated by the owners. Table 13 sets out how each recommendation in the Recommendations section was derived and marks which statements came from owners and which are the researcher's proposals.

Table 13. Derivation of the Provisional Recommendations from the Findings

Challenge or finding	Survey evidence	Provisional recommendation	Basis
1. Difficulty quantifying risk exposure (one firm: Retail MSE 3)	Risk Assessment 3.31; lowest item is estimating financial impact (Item 2.2, 3.00); Item 1.2 (3.39) is the lowest in Risk Identification	Supplement frontline observation with a short monthly check of supplier and industry updates; adopt a simple, pre-filled risk-prioritization checklist that pairs each risk with an approximate cost estimate	Challenge: owner-reported. Recommendation: researcher-proposed
2. Difficulty keeping a contingency reserve (one firm: Retail MSE 2)	Item 3.2 (3.33) is the lowest in Risk Response; Item 7.4 (2.67) is the lowest in Liquidity	Formalize the reserve as a fixed, automatic weekly set-aside; review insurance coverage annually against inventory value and reported losses	Challenge: owner-reported. Recommendation: researcher-proposed
3. Limited time and staff capacity for monitoring (four of six owners)	Risk Monitoring and Reporting is the lowest domain (3.10); Items 4.1 (2.89) and 4.2 (2.83) are the lowest of the 20 ERM items	Adopt a one-page weekly log or simple spreadsheet and a fixed weekly review slot (about ten minutes, an illustrative figure to be tested)	Need for simplicity: owner-stated. Specific routine and time slot: researcher-proposed
4. Informal risk practice that is not written down (one firm: Retail MSE 1)	Risk Governance and Culture is the highest domain (3.78)	Write down, even briefly, the risk decisions the owner already makes informally; add a brief post-incident note	Challenge: owner-reported. Recommendation: researcher-proposed
5. Missing financial records and audited history (two firms: Retail MSEs 4 and 6)	Access to Capital is the lowest indicator (2.78); Items 10.3 (2.33) and 10.2 (2.56) are the lowest of the 16 financial sustainability items	Use the same lightweight records to build a documented financial track record; explore DTI and Small Business Corporation financing programs and arrangements that depend less on multi-year audited history	Documentation barrier: owner-stated. Recommendation: researcher-proposed

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International Journal of Research on Multidisciplinary Studies
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Volume 1, Issue 10, pp. 1-15, November 2026
https://ijroms.com
Original Article

6. Support that is too generic or too demanding (all six retail MSEs)	Risk Identification (3.53) and Risk Governance and Culture (3.78) are rated High, while Risk Monitoring and Reporting (3.10) is the lowest	DTI Negosyo Center programming should prioritize monitoring capacity above generic risk-awareness training	Limited value of seminars: owner-reported. The focus on monitoring capacity rather than awareness: researcher's inference

Ethical Considerations

This study adhered to established ethical principles throughout the research process to safeguard the dignity and rights of all participants. Ethical clearance was obtained from the University of Luzon research ethics committee prior to data collection, after which informed consent was secured from all respondents, who received clear information about the study's purpose, the nature of their participation, and their right to voluntarily participate or withdraw at any stage without penalty. Confidentiality and anonymity were maintained by ensuring that personal identifiers and business-identifiable information remained protected and were used solely for academic purposes, consistent with the Data Privacy Act of 2012 (Republic of the Philippines, 2012); to reduce the risk of identifying participants in a small locale, firm characteristics are reported in aggregate bands and retail MSE numbers are not matched to sub-sector. The study further ensured that participants faced no financial, psychological, or professional risk from their involvement, and the researcher's maintained objectivity, integrity, and transparency throughout data collection, analysis, and interpretation.

Conclusion

This study concluded that, across the six retail MSEs examined, ERM is practiced to a generally high extent as perceived by respondents, but unevenly across its five components: Risk Governance and Culture is the strongest domain, rooted in owners' direct personal accountability, while Risk Monitoring and Reporting is the weakest, constrained by time rather than awareness. Financial sustainability was rated only moderate overall, with Access to Capital the most constrained indicator. The challenges owners described center on limited time and staff capacity for monitoring, difficulty putting a peso figure on risk exposure, difficulty keeping a contingency reserve, incomplete financial records that limit access to formal credit, informal risk practice that is not written down, and generic risk-awareness support that does not fit the size of the firm. Limited time and staff capacity (four of six firms), incomplete records (two of six), and generic support (all six) recurred across firms, whereas difficulty quantifying risk, keeping a contingency reserve, and unwritten practice were each described by one firm. These accounts come from six owners and are descriptive rather than exhaustive. The qualitative findings further indicate that owners favor simple, low-time-cost monitoring tools over additional awareness-building. The study contributes descriptive evidence on ERM practice, financial sustainability, and the challenges owners encounter in a Philippine secondary-city retail setting through a multiple-case design (Yin, 2014) in which the pooled survey ratings can be read alongside each owner's account of the constraints the firm faces, and it identifies monitoring capacity as a specific, testable focus rather than treating ERM practice as a single undifferentiated construct. Practically, the results suggest that monitoring capacity is a promising focus for owners, DTI programming, and lenders to examine further ahead of generic awareness training; the accompanying recommendations are provisional and have not been independently validated. Because the design draws on only six retail MSEs, these findings are descriptive and hypothesis-generating rather than confirmatory. Future research should formally test whether stronger risk monitoring is associated with stronger financial sustainability using a larger, randomly sampled study of Dagupan City retail MSEs and firm-level or multilevel analysis, examine how widespread the challenges reported here are, incorporate objective financial data to cross-validate the perception-based measures, compare owner and staff ratings of the same constructs to test for self-rating bias, report indicator-level scores (including Access to Capital) for each retail MSE, validate the proposed recommendations with owners and experts, test the monitoring-tool intervention in a pre-post design, and extend the instrument to capture digital and cyber-related risk exposures specific to e-wallet and online-marketplace-dependent retail operations.

Recommendations

Based on the findings, discussion, and conclusions, the following evidence-informed recommendations are offered as provisional, each responding to the challenges identified under Research Question 3 and derived as shown in Table 13, with the caution that they rest on an exploratory study of six retail MSEs and have not been independently validated. For risk identification and assessment, owners should continue relying on frontline observation but supplement it with a short monthly check of supplier and industry updates, rather than adding a formal identification procedure that is unlikely to be sustained, and they should adopt a simple, pre-filled risk-prioritization checklist that pairs each identified risk with an

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Volume 1, Issue 10, pp. 1-15, November 2026
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approximate cost estimate, closing the gap between recognizing a risk and weighing its financial consequence. For risk response, the contingency cash reserve should be formalized as a fixed, automatic weekly set-aside rather than a discretionary decision, converting the domain's weakest item into a routine similar to the supplier-diversification and insurance decisions that already score well, while existing insurance coverage should be reviewed annually against actual inventory value and reported loss incidents so that the response owners already favor keeps pace with the business's growth. For risk monitoring and reporting, owners should adopt a minimal, low-time-cost routine, such as a one-page weekly log or a simple spreadsheet, designed explicitly around the time constraints that retail MSE owners identified as the actual barrier rather than a comprehensive system likely to be abandoned, and should designate a specific day and a short fixed weekly slot (for example, about ten minutes, an illustrative figure to be tested) for reviewing sales data and flagging anomalies, converting an open-ended intention into a scheduled habit; DTI Negosyo Center programming should also prioritize this domain above generic risk-awareness training, since it is the lowest-scoring ERM domain and owners attribute the gap to time rather than awareness. For risk governance and culture, the owner-centered governance style that already scores highest in this study should be preserved and formalized by writing down, even briefly, the handful of risk decisions the owner already makes informally, creating continuity if the owner is unavailable, and the existing culture of open discussion of mistakes should be extended to include a brief post-incident note, linking the strong governance culture identified here to the weaker monitoring domain it could help reinforce. Finally, for financial sustainability and access to capital, the same lightweight monitoring records recommended above should be used to build a documented financial track record over time, directly addressing the documentation gap that retail MSE owners identified as a barrier to formal credit access, and owners should explore DTI and Small Business Corporation MSME financing programs and other financing arrangements that depend less on multi-year audited financial history than conventional bank credit.

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