



FINANCIAL MANAGEMENT OPERATION OF SERVICE TYPE BUSINESSES IN TUGUEGARAO CITY AMIDST COVID-19 PANDEMIC

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ABSTRACT: *Financial management operation is vital for business survival in a competitive and dynamic market environment. Financial management is the activity concerned with planning, raising, controlling, and administering funds in the business (Guthman and Dougal, 2018). The researchers believed that the COVID-19 pandemic had caused a handicap to service businesses' management of finances. These effects need to be addressed to build up valuable information for every struggling entrepreneur in the business world. This study aimed to determine the financial management operation of service businesses amidst the COVID-19 pandemic in Tuguegarao City. This study employed a quantitative -descriptive research design in identifying the financial management operation of service-type businesses amidst the pandemic. The study consists of a series of well-structured survey questionnaires for sample respondents from the population of service businesses in Tuguegarao City. The participants of this research study consist of the population of purely service-type businesses within Tuguegarao City. In selecting the sample size of respondents, the researchers utilized the non-probability purposive sampling technique. Purposive sampling is a method where researcher relies on their discretion to choose variables for the sample population. The*



sample size of 50 was selected from the population of finance managers, operation managers, and department heads of the identified and listed service-type business in Tuguegarao City. Data were organized and analyzed after collection using frequency, percentage and means, one-way ANOVA and Pearson *r* correlation. With careful analysis of the findings of this study, it is being concluded that businesses around Tuguegarao City are greatly affected by the present COVID-19 pandemic, specifically affecting their sales and profit. The results indicate that service-type businesses applied changes and adjustments in their financial management operation to respond to the pandemic. Based on the results of this study, it is recommended that businesses should adopt new normal trends to increase their sales such as the use of social media platforms for marketing and other business activities and the businesses should continue providing what is necessary for their employees as they are deemed important in continuing the business operations.

KEYWORDS: *budgeting, pandemic, covid-19, financial management, costing, financial stability, service-type business, financial services*

INTRODUCTION

Coronavirus disease (COVID-19) has an unprecedented and unpredictable impact on the world's economy. The pandemic has driven the world toward adapting to the current circumstances regardless of the business, sector, or industry. The coronavirus epidemic (COVID-19) has affected the global economy and service sector. The purpose of the current study is to assess the effect of COVID-19 on service sector growth and sustainability. Global sectors and businesses are trying to anchor themselves amidst the pandemic. The study focuses on the sectors worst hit by the outbreak and discusses the strategies and responses different countries take to sustain their economies. This study concludes that the vital role of Information Technology and digitization supports the economies in their fight against the pandemic and helps them sustain themselves amid crises. This study also contributes to the literature by suggesting IT-based solutions for various businesses to elevate effective responsiveness and avoid significant losses (Shihui Xiang, Saad Rasool, Yong Hang, Kamran Javid, Tasawar Javed, and Alin Emanuel Artene, (2021).

With the humanitarian crisis from coronavirus evolving daily, businesses are grappling with how to continue serving their customers and communities around the world. The task is



uniquely challenging for businesses that rely heavily on in-person interaction, including a wide swath of sectors from banking and insurance to hospitality, telecommunications, and industrial services. Physical distancing, reduction of nonessential operations, and limited contact are fundamental in protecting human health—and raise fundamental challenges about how these organizations can continue to reach customers and meet their expectations.

Dealing with financial distress requires a holistic response and careful prioritization. Adding unnecessary tasks and complexity to overwhelming circumstances will not be helpful. Therefore, financial management actions and process changes should be designed to support business managers and staff, who will be under pressure. Also, be aware that while finance is adept at providing rational, evidence-based advice, this advice will be provided in a context that may be highly emotionally charged. Finance must ‘do the right thing’ but in an understanding way. Fundamental to this will be clear, consistent communication, which is sympathetic and explains why certain actions are being taken. Finance professionals should bear in mind that while survival of their own business will be the priority, they also need to consider the public interest and should therefore take account of the knock-on effects to customers, suppliers, employees, and other stakeholders. Cash flow management and obtaining financial support are fundamental, but businesses will also need to consider providing support to employees, customers, and suppliers. Check what government support is available before making decisions. **(ICAEW, 2021).**

The impact of the pandemic has varied widely by industry. Many businesses shut down completely and are only now beginning to reopen, while others remained open and were only slightly impacted. This can be seen in the change in respondents’ compensation since the pandemic began. Hardest hit are professionals in the tourism, travel, and hospitality industry—13% of respondents in that category were furloughed, and 58% had their pay cut. Also relatively hard hit were professionals in the government, not-for-profit, and education areas, with 5% furloughed and 52% experiencing a decrease in salary. The least affected were those working for companies in the accounting and finance industry. Not surprisingly, changes in company staffing levels are reflected in individual compensation changes. Companies that downsized were more likely to have reduced employee compensation. Of respondents who



reported their company had let go some of its staff, 80.3% also reported that they'd experienced a reduction in salary or bonus or that they had been furloughed. In contrast, the result was 55.9% for respondents in companies whose staffing levels remained about the same and 35% for those in companies that added staff (**Raef Lawson, (2020)**).

STATEMENT OF THE PROBLEM

This study aimed to determine the financial management operation of service businesses amidst the COVID-19 pandemic in Tuguegarao City .Specifically, it sought to answer the following questions.

1. What is the profile of the respondents in terms of:
 - 1.1. Type of Business
 - 1.2 Type of Service offered
 - 1.3 Number of Employees
 - 1.4 Average Income
 - 1.5 Capitalization
2. What is the extent of the effect of the COVID-19 pandemic on the following:
 - 2.1 Financial management operation of the business.
 - 2.2 Current financial management operations.
- 3 What are the coping strategies of the service-type businesses on the effect of COVID-19 pandemic as to:
 - 3.1 Employee Productivity
 - 3.2 Business Operation
 - 3.3 Financing
 - 3.4 Cost Efficiency
4. Is there a significant difference in the extent of the effect of the COVID-19 pandemic on the financial management operation of the business when grouped according to profile?
5. Is there a significant difference in the coping strategies of the service-type businesses when grouped according to their profile variables?



6. Is there a significant relationship between the coping strategies of the service-type businesses and the extent of the effect of the COVID-19 pandemic?

HYPOTHESIS

This study was guided by the following hypotheses, to wit:

1. There is no significant difference in the extent of the effect of the COVID-19 pandemic on the financial management operation of the business when grouped according to the profile.
2. There is no significant difference in the coping strategies on the service type businesses when grouped according to their profile variables.
3. There is no significant relationship between the coping strategies of the service type businesses and the extent of the effect of COVID-19 pandemic

RESEARCH METHODOLOGY AND STATISTICAL TOOLS

This study employed a quantitative -descriptive research design in identifying the financial management operation of service-type businesses amidst the pandemic. It followed a study of the relation or association of financial management operation (dependent variable) and COVID-19 pandemic (independent variable). The quantitative-descriptive research method was used because of its suitability to the topic, and it best serves to answer the purpose and the questions of the study. The study consists of a series of well-structured survey questionnaires for sample respondents from the population of service businesses in Tuguegarao City.

The participants of this research study consist of the population of purely service-type businesses within Tuguegarao City. In selecting the sample size of respondents, the researchers utilized the non-probability purposive sampling technique. Purposive sampling is a method where researcher relies on their discretion to choose variables for the sample population. The sample size of 50 was selected from the population of finance managers, operation managers, and department heads of the identified and listed service-type



business in Tuguegarao City. The selection of sample size was based or grounded by the Central Limit Theorem. The service businesses will come from different types such as transportation services, financial services, professional services, and personal service providers who are apparently or severely affected by the COVID -19 pandemic

The researchers of this study used a questionnaire as a tool for data gathering, which consists of three parts. Part 1 of the research instrument consists of questions that gather the business's profile, type of service offered, number of employees, average income, and capitalization. Part 2 of the questionnaire consists of questions on the extent effect of COVID-19 pandemic on the business's financial management operation, which will be answered through a Likert scale. Part 3 pertains to the coping strategies of the business.

Data were organized and analyzed after collection using frequency, percentages and means, one-way ANOVA and Pearson r correlation.

RESULTS AND DISCUSSIONS

Table 1.1. Frequency and Percentage Distribution of Service Businesses According to the Type of Business

Type	Frequency	Percentage
Sole Proprietorship	38	76%
Partnership	7	14%
Corporation	5	10%
Total	50	100

The table above shows the distribution of the service business respondents according to type. It can be seen in the table that majority of the business respondents were sole proprietorship with frequency of 38 or 76% while the least with frequency of 5 or 10% are corporation. According to PSA Region II Cagayan Valley, in terms of legal organization, nearly 88.0 percent or 27,028 establishments in the region were distinguished as single proprietorship. The result further justifies that entrepreneurs often use sole proprietorship as a stepping stone in the early months of their new businesses. Business owners can use this structure to get the business off the ground.

Table 1.2. Frequency and Percentage Distribution of Service Businesses According to Services Offered



Service Offered	Frequency	Percentage
Health and Wellness	8	16%
Lodging	1	2%
Beauty Care Services	17	34%
Financial Services	1	2%
Repair and Maintenance Services	14	28%
Transportation	2	4%
Laundry	5	10%
Animal Health Service	1	2%
Funeral Service	1	2%
Total	50	100

Table 1.2 shows service businesses' frequency and percentage distribution according to services offered. As seen on the table, beauty care services, repair and maintenance services, and health and wellness topped the survey with frequencies of 17,14 and 8, respectively. The result coincides with the report from the PSA Region II Report on the Economic Performance of Regional Economies for 2020 that there is an increase of 7.4% in human health and social work activities where the three mentioned above are part of the said increase. Lodging, financial services, animal health services, and funeral services got the same frequency of 1 due to the pandemic. Businesses offering such services were put on halt or being forced to meet the changing desires of the customer. But according to the 2018 Census of Philippine Business and Industry, years before the pandemic, the total number of establishments for the accommodation or lodging and food service activities section increased by 67.5 percent with 44,487 establishments in 2018 from 26,557 in 2012. Establishments engaged in other service activities totaled 15,469. More than half of it was those engaged in personal services for wellness, except sports activities accounting for 9,178 establishments (59.3%). Establishments engaged in laundry services came next with 2,881 establishments (18.6%), followed by those engaged in funeral and related services and repair of personal and household goods with 1,475 establishments (9.5%), and 1,455 establishments (9.4%), respectively.



Table 1.3. Frequency and Percentage Distribution of Service Businesses According to the Number of Employees

Number of Employees	Frequency	Percentage
1 to 10	45	90%
11 to 20	1	2%
21-30	3	6%
31-40	0	0%
41 and above	1	2%
Total	50	100

Table 1.3 shows the frequency and percentage distribution of service businesses according to the number of employees. As revealed in the table, almost all business respondents have 1-10 employees with the highest frequency of 45 or 90 %. The result shows that majority of the respondents are into micro and small businesses since they only employ ten or less than ten workers. These results coexist with the survey of the Philippines Statistics Office in the National Capital Region that the computed average employment per establishment for the industry section was seven employees. The only industry group that surpassed the average was personal wellness services, except sports activities with eight employees per establishment.

Table 1.4. Frequency and Percentage Distribution of Service Businesses According to Average Monthly Income

Monthly Income	Frequency	Percentage
Below 10,000	24	48%
10,000-20,000	14	28%
21,000-30,000	6	12%
31,000-40,000	0	0%
41,000-above	6	12%
Total	50	100

Table 1.4 shows service businesses' frequency and percentage distribution according to average monthly income. Businesses with income below P10,000 have the highest frequency at 24, followed by P10,000 – P20,000 with a frequency of 14. The low-income



earnings of the businesses are attributed to the decreased operating capacity and various restrictions and possible difficulties they are facing in getting back to their business, as well as low consumer demand. This may also be the effect of interrupted cash flow and increasing expenses. The drastic change in the profit margins of the business was also experienced by foreign business according to the survey results of Bartik, et al. (2020), many small businesses are financially fragile. The median business with more than \$10,000 in monthly expenses had only about two weeks of cash on hand at the time of the survey. The fate of the 48% of American workers who work in small businesses is closely tied to the resilience of the small business ecosystem to the massive economic disruption caused by the pandemic.

Table 1.5 Frequency and Percentage Distribution of Service Businesses According to Capitalization

Capitalization	Frequency	Percentage
Savings	29	58%
Bank Loan	3	6%
Friends and family	15	30%
Other	3	6%
Total	100	100

Table 1.5 shows the frequency and percentage distribution of service businesses according to capitalization. The table shows that most of the businesses get their capitalization from savings with a frequency of 29 or 58%, followed by family and friends with a frequency of 15 or 30%. The result was contrary to the survey results of the Bangko Sentral ng Pilipinas. Before the pandemic, most Filipino adults used their own savings (50%) and regular income (30%) to meet their goals as spending on something expensive. Most of them resorted to borrowing for other needs pertaining to resiliency and liquidity: 34% borrowed money to cope with a risk scenario, while 45% borrowed money to meet liquidity needs. More than half also borrowed money to put up a business. The source of money is mainly informal, except in starting a business where microfinance NGO is the main source.



Table 2.1 Weighted Mean and Descriptive Value on the Extent of the Effect of the COVID-

Items	Weighted Mean	Description
1. There is an increase in sales during the COVID-19 pandemic.	1.94	Disagree
2. The profit increased during the COVID-19 pandemic.	1.92	Disagree
3. During the COVID-19 pandemic, the service business can handle even more higher amount of transactions without creating excessive price changes.	2.32	Disagree
4. During the COVID-19 pandemic, the service business enhanced its ability to meet long-term debts and financial responsibilities.	2.62	Neutral
5. The working capital of the service business increased during the COVID-19 pandemic.	2.22	Disagree
6. During the COVID-19 pandemic, the service business's investments expanded.	2.08	Disagree
7. During the COVID-19, there is an increase in the number of clients who avail the services of the business.	2.10	Disagree
8. The assets of the service business grew even more during COVID-19.	2.00	Disagree
9. During COVID-19, the service company's spending increased even more.	2.58	Disagree
10. During COVID-19, the service business' credits increased even more.	2.36	Disagree
Overall Mean	2.14	Disagree

19 Pandemic on the Financial Management Operation of Service Businesses

Table 2.1 shows the weighted mean and descriptive value on the extent of the effect of the COVID-19 pandemic on the financial management operation of the service businesses.



Having all items that are negatively stated in which majority of the items are under “Disagree” including the overall mean of 2.14 supports that the COVID-19 pandemic has greatly affected the businesses. This is much evident under items “The profit increased during the COVID-19 pandemic.”, 1.92, and “There is an increase in sales during the COVID-19 pandemic”, 1.94, which are the lowest assessments given by the respondents which implies that profit and sales of the businesses during the pandemic has drastically decreased due to the continues quarantine protocols as well as lockdown measures wherein there is a limited to the extent of no movement and even temporary closures of business. According to Guzman et al., (2020), one of the most affected businesses is service-type businesses. This implies a decrease in profit and sales. However, the highest weighted mean of 2.62 with the description “Neutral” under the statement “During the COVID-19 pandemic, the service business enhanced its ability to meet long-term debts and financial responsibilities.” This indicates that the businesses have at least adopted the new normal set up as they have at least enhanced their ability to meet long-term debts and their financial responsibilities. This is supported by the idea of Guzman et al., that even amidst the crisis on service-type businesses caused by COVID-19 businesses can still manage their impact through well-planned methods.

Table 2.2 Weighted Mean and Descriptive Value on the Extent of the Effect of COVID-19 Pandemic on the Current Financial Management Operations of the Service Businesses

Items	Weighted Mean	Description
1. There are sufficient funds to finance the service business	3.48	Agree
2. There are extra funds to finance the service business	3.50	Agree
3. The cashflow of the service business is tracked regularly	4.20	Strongly Agree
4. The service business sees to it that the expenses do not exceed the sales.	4.20	Strongly Agree
5. An effective process in managing the service	4.30	Strongly Agree



business is being followed.		
6. The service business is open to innovations that can help improve the service business to serve their clients better.	4.16	Agree
7. The service business provides employees the salary they deserve based on their workload.	4.68	Strongly Agree
8. The service business treats their employees with respect.	4.66	Strongly Agree
Overall Mean	4.12	Agree

Table 2.2 shows the weighted mean and descriptive value on the extent of the effect of the COVID-19 pandemic on the current financial management operations in terms of financial management operations during the present pandemic. The table above supports a positive financial management operation of the businesses. Despite the presence of pandemic, having supported by the overall mean of 4.12 with the description “Agree” this is more evident under items “The service business provide employees the salary that they deserve based on their workload”, 4.68, and “The service business treat their employees with respect.”, 4.66, both with the description “Strongly Agree” implies that despite the impact of the COVID-19 pandemic on the businesses, they did not take advantage of their employees. According to Weidemeyer (2020), to be able to respond quickly, organizations should have a professional crisis management plan in place—one that addresses employee well-being, brand reputation, finance management, supply chain, and legal issues that the crisis might trigger.

Table 3. 1 Weighted Mean and Descriptive Value on Coping Strategies of Service Type Businesses on the Effect of COVID 19 Pandemic as to Employee Productivity

Items	Weighted Mean	Descriptive Value
Employee Productivity		
1. The service business will develop additional salaries for their employees.	2.86	Neutral



2. The service business will promote and recognize their employees' work.	3.42	Agree
3. The service business will train its staff.	3.13	Neutral
4. The service business will retain the same employee productivity management.	3.48	Agree
5. The service business will add health benefits and securities to the employees.	3.20	Neutral
Categorical Mean	3.26	Neutral

Table 3.1 shows the coping strategies of the respondents during COVID-19as to employee productivity. The categorical mean 3.26 with a descriptive value of “Neutral” indicates that businesses are in balance in using this strategy. However, the highest weighted mean of *“The service business will retain the same employee productivity management”*, 3.48, and *“The service business will promote and recognize the work of their employees”*, 3.42, with a descriptive value of “Agree” indicates that with regards to employee productivity, retaining, promoting and recognizing the work of their employees was the primary strategy of the businesses. Improving employee productivity is one of the most important objectives for any organization. This is because highly productive employees can influence overall organizational performance (Hanaysha, 2016).

Table 3. 2 Weighted Mean and Descriptive Value on Coping Strategiesof the Service-Type Businesses on the Effect of COVID 19 Pandemic as to Employee Productivity

Items	Weighted Mean	Descriptive Value
Business Operation		
1. The service business will provide their clients with the option of receiving service at their homes.	3.55	Agree
2. The service business will implement new technological processes.	3.42	Agree
3. The service business will reduce the number of days it	3.58	Agree



is open for business.		
4. The service business will modify the workforce to meet demand projections.	3.82	Agree
5. The service business will schedule appointments for the clients.	3.78	Agree
Categorical Mean	3.68	Agree

Table 3.2 shows the coping strategies of the respondents during COVID-19 as to business operation. The categorical mean of 3.68 and with a descriptive value of “Agree” supports that the businesses highly adopt this coping strategy, especially in terms of “*The service business will modify the workforce to meet demand projections.*”, 3.82, and “*The service business will schedule appointments for the clients*”, 3.78, both with the descriptive value of “Agree” which implies that modification of workforce and scheduling of appointments was the common strategy of the businesses in their operations during the present COVID-19 pandemic. According to CommAlert (2020) many businesses are scheduling appointments for visits to their location. By-appointment visits can control and reduce foot traffic, making it easier to follow public health guidelines during the pandemic. Appointment scheduling allows you to manage how many people are in the building at once, so you can keep customers and employees safe.

Table 3. 3 Weighted Mean and Descriptive Value on Coping Strategies of the Service-Type Businesses on the Effect of COVID-19 Pandemic as to Financing

Items	Weighted Mean	Descriptive Value
Financing		
1. The service business will seek additional loans or borrowings from other banks.	3.12	Neutral
2. The service business will adapt debt financing instruments. (e.g., bonds, mortgages)	2.70	Neutral
3. The service business will seek informal financing	3.38	Neutral



options from friends and families.		
4. The service business will obtain private investments.	2.90	Neutral
Categorical Mean	3.04	Neutral

Table 3.3 shows the coping strategies of the respondents during COVID-19 as to financing. In terms of financing, all items having a descriptive value of “Neutral” including the categorical mean of 3.04 which supports that the businesses have balanced their financing activities during the present pandemic particularly in informal financing coming from friends and families, 3.38, as well as additional loans from banks, 3.12, due to their decreased profit and operations. The finance function should develop programmatic ways to manage liquidity by leveraging data and analytics with faster decision-making, actions, and impact assessment (Accenture,2020).

Table 3. 4 Weighted Mean and Descriptive Value on Coping Strategies of the Service-Type Businesses on the Effect of COVID 19 Pandemic as to Cost Efficiency

Items	Weighted Mean	Descriptive Value
Cost Efficiency		
1.The service business will reduce its employee size.	3.00	Neutral
2. The service business will reduce its staff development costs (e.g., training).	3.37	Neutral
3. The service business will reduce operational costs (e.g., electricity, water, internet, mail, logistics, transport).	3.62	Agree
4. The service business will reduce its costs related to upgrading, acquiring, and maintaining physical assets (e.g., buildings, machines, equipment, vehicles).	3.70	Agree
Categorical Mean	3.44	Agree
Overall mean	3.33	Neutral



Table 3.4 shows the coping strategies of the respondents during COVID-19 as to cost efficiency. With regards to cost efficiency, this strategy is also employed by the businesses as supported by the categorical mean of 3.44 with a descriptive value of “Agree” and is particularly on reducing costs related activities as well as operational costs having the highest weighted means 3.70 and 3.62 respectively under items “The service business will reduce its costs related to upgrading, acquiring and maintaining physical assets (e.g., buildings, machines, equipment, vehicles).” and “The service business will reduce its operational costs (e.g., electricity, water, internet, mail, logistics, transport).” with both having a descriptive value of “Agree”. These findings are the application of strategic cost reduction to allow the financial sector to negate or limit the negative impacts of the COVID-19 pandemic (Forbes, 2021). These results are supported by the findings of a case study by Deloitte Canada (2012), claiming that the reductions in operating costs are realized through greater efficiencies in government operations, such as improved productivity and performance and the elimination of non-critical activities or requirements. This also included savings from increased use of technology, standardization of internal and client-facing business systems processes, and service consolidation and clustering.

Table 4. Summary of Results on the Test of Significant Difference on the Extent of Effect of the COVID-19 Pandemic on the Financial Management Operation of the Service Type Businesses When Grouped According to Profile

Profile	F-Value	p-value	Decision
Extent of Effect			
Type of business	2.070	.138	Not Significant
Type of service offered	1.934	.098	Not Significant
Number of employees	.084	.969	Not Significant
Average income	2.524	.069	Not Significant
Capitalization	2.438	.077	Not Significant

Table 4 shows the summary of results on the test of significant difference on the extent of effects of the COVID-19 pandemic on the financial management operations of the service type businesses when grouped according to profile. A one-way ANOVA was used in conducting this test. The table revealed no significant difference in the extent of effects of



the COVID-19 pandemic on the Financial Management Operation of the business when grouped according to profile with all variables with a p-value greater than the 0.05 level of significance. The result implies that the present pandemic has widely affected the management operations of all service businesses around Tuguegarao City. All businesses have been impacted by the COVID-19 crisis, with varying degrees of severity. Some have stronger defenses, while others struggle to return to a constantly shifting “normal” (Accenture, 2020).

Table 5. Summary of Results on the Test of Significant Difference on the Coping Strategies of the Service Type Businesses When Grouped According to Profile Variables

Profile	F-Value	p-value	Decision
Coping Strategies			
Type of business	.808	.452	Not Significant
Type of service offered	1.802	.105	Not Significant
Number of employees	2.400	.080	Not Significant
Average income	.620	.606	Not Significant
Capitalization	.272	.846	Not Significant

Table 5 shows the summary of results on the test of significant difference on the coping strategies of the service type of businesses when grouped according to profile variables. Using One-Way ANOVA at 5% level of significance, the result shows no significant difference in the coping strategies of the service type of businesses when grouped according to profile variables. Coping is the process of managing taxing circumstances, expending efforts to solve personal and interpersonal problems, seeking to master, minimize, reduce or tolerate stress induced by unpleasant and stressful situations (Weiten& Lloyd 2005). Thus, the result implies that service-type businesses in Tuguegarao city use the same coping strategies to thrive despite the unpleasant and stressful situations they experience.



Table 6. Test of Significant Relationship Between the Coping Strategies of the Service Type Businesses and the Extent of the Effect of the COVID-19 Pandemic

Variables	r	p-Value	Decision
Effects of COVID-19 and Coping Strategies	.020	.888	Not Significant

The table above shows the summary of the result on the test of the significant relationship between the coping strategies of the service-type businesses and the extent of the effect of the COVID-19 pandemic. Using Pearson r correlation at 5% level of significance, the p-value .888 which is higher than .05 supports that there is no significant relationship between the coping strategies of the service type businesses and the extent of the effect of COVID-19 pandemic which implies that the coping strategies of the business are not directly linked to the effects of COVID-19 pandemic. This means that the identified coping strategies of the businesses are still employed whether the pandemic exists or not. It is opposed to the common idea that the coping strategies of businesses are directly linked to the effects of the COVID-19 pandemic. As per Hambrick and Schechter (1983), enterprises try and recover during a business slow down by resorting to cutbacks and by improving productivity. Three basic turnaround strategies have been postulated by Hofer (1980), namely cost-cutting, asset reduction, and revenue generation. These turnaround strategies could be implemented individually or in conjunction with each other. Hofer (1980) further stated that, as a general thumb rule, firms operating far below breakdown should pursue a radical retrenchment strategy that includes asset reduction as its primary goal.

CONCLUSION

With careful analysis of the findings of this study, it is being concluded that businesses around Tuguegarao City are greatly affected by the present COVID-19 pandemic, specifically affecting their sales and profit. The results indicate that service-type businesses applied changes and adjustments in their financial management operation to respond to the pandemic. This financial adjustment includes the reduction or minimization of expenses in utilities and the cost of upgrading, acquiring, and maintaining equipment and machinery. The changes applied as to business operation are the modification of delivery of service to



clients and the modification of workforce with the goal of gaining more cash inflows. However, despite of struggles in finances, it turned out that business owners showed positive financial management operation evidenced with proper remuneration to employees and practicing of business social responsibilities. More so, service-type businesses in Tuguegarao City have used the same coping strategies to thrive during this difficult and stressful situation caused by the pandemic.

RECOMMENDATIONS

Based on the results of this study, the following are recommended:

1. Businesses should adopt new normal trends to increase their sales such as the use of social media platforms for marketing and other business activities.
2. The businesses should continue providing what is necessary for their employees as they are deemed important in continuing the business operations.
3. The Department of Trade and Industry should provide programs for the business managers to access free consultation with financial management experts.
4. The Tuguegarao City Government should provide financial aids to the local businesses during the present pandemic.
5. For future researchers, the need to further study may be needed since the scope of the research done is only limited to the business located in Tuguegarao City. Such future investigation may also consider wider group of respondents to enhance research credibility.

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