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Strategic Development Framework for Strengthening Small Retail Competitiveness in a Provincial Philippine Economy

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ABSTRACT

Strategic management practices are important mechanisms through which small retailers strengthen competitiveness in resource-constrained and highly localized markets. This study examined the relationship between strategic management practices and competitive advantage among small retailers in a provincial Philippine economy, particularly in Nueva Ecija. Specifically, it assessed the level of strategic management practices in terms of environmental scanning, strategy formulation, strategy implementation, and strategy evaluation, and determined the level of competitive advantage in terms of cost efficiency, differentiation, market responsiveness, and digital integration. The study employed a quantitative descriptive-correlational design using survey data from 150 small retail business owners and managers. Findings show that small retailers demonstrated a high level of strategic management practices, with strategy formulation receiving the highest rating and strategy evaluation receiving the lowest. The respondents also exhibited a high level of competitive advantage, particularly in differentiation through customer relationships and service quality, while digital integration remained the weakest area. Correlation analysis revealed a significant positive relationship between strategic management practices and competitive advantage, indicating that retailers with stronger strategic routines tend to achieve better competitive positioning. The study further identified working capital constraints, competition from large retailers, managerial skill gaps, and unstable supply costs as key barriers to strategic execution. Overall, the findings suggest that strategic management practices are practical tools for strengthening small retail competitiveness in provincial markets. The study offers implications for small business owners, local government units, and business support institutions in designing capacity-building programs focused on strategy evaluation, digital adoption, financial management, and managerial development.

Keywords: Strategic Management Practices, Competitive Advantage, Small Retailers, MSMEs, Retail Management, Philippines
JEL Classifications: L26, M10, M13, M31, L81, O18

1. INTRODUCTION

Small retail businesses remain important contributors to local economic activity, particularly in provincial economies where they provide accessible goods, generate livelihood opportunities, and support community-level commerce. In the Philippines, micro, small, and medium enterprises constitute the majority of business establishments, making them central to employment generation, income circulation, and grassroots entrepreneurship (Department of Trade and Industry, 2024; Philippine Statistics Authority, 2024). In Nueva Ecija, small retailers such as sari-sari stores, grocery outlets, apparel shops, agribusiness supply stores, and mobile-related retailers serve as important channels for daily consumer needs. However, these enterprises operate in a competitive environment shaped by changing customer preferences, price sensitivity, supply chain pressures, and competition from larger retail establishments.

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Strategic management has become increasingly relevant to small businesses because it provides a structured basis for planning, decision-making, resource allocation, and performance evaluation. Although strategy is often associated with large corporations, small retailers also need strategic routines to survive and remain competitive in local markets. Competitive advantage refers to the ability of a firm to create superior value through cost efficiency, differentiation, responsiveness, or effective use of resources (Porter, 1985). For small retailers, this advantage may be reflected in customer familiarity, personalized service, flexible pricing, convenient location, efficient inventory practices, and responsiveness to local demand.

The resource-based view further supports the relevance of strategy among small retailers by explaining that firms achieve competitive advantage when they effectively use valuable, rare, difficult-to-imitate, and non-substitutable resources (Barney, 1991). In the case of small retail businesses, these resources may include local market knowledge, customer trust, supplier relationships, managerial competence, and adaptive decision-making. While small retailers may lack the financial scale and technological capacity of larger firms, they can still develop competitive strength by maximizing available resources through deliberate strategic practices.

Dynamic capability thinking also provides a useful lens for understanding small retail competitiveness. Firms need to continuously integrate, build, and reconfigure their capabilities in response to changing market conditions (Eisenhardt and Martin, 2000). This is particularly relevant in provincial retail settings where small businesses must adjust to changes in consumer demand, supply costs, digital payment systems, and competition from supermarkets, malls, and online sellers. In this context, strategic management practices may help retailers improve market responsiveness, strengthen customer relationships, and sustain competitive positioning.

This study aligns with broader concerns on MSME competitiveness, inclusive growth, and local economic resilience. By examining the relationship between strategic management practices and competitive advantage among small retailers in Nueva Ecija, the study contributes to the understanding of how small businesses compete in provincial Philippine markets. It also offers practical value for business owners, local government units, and business support institutions seeking to strengthen small retail competitiveness through strategy development, digital adoption, financial discipline, and managerial capability-building.

1.1. Theoretical Framework

This study is anchored on the resource-based view, dynamic capability perspective, and competitive advantage theory. The resource-based view explains that firms gain sustained competitive advantage when they possess and effectively use resources that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). For small retailers, these resources may not always involve large capital or advanced technology, but may include customer loyalty, local reputation, supplier access, service quality, product familiarity, and owner-manager competence.

The dynamic capability perspective complements this by emphasizing the ability of firms to adapt to environmental change. Small retailers operate in markets affected by shifting customer preferences, price competition, digital transformation, and supply chain instability. Therefore, their ability to adjust inventory, improve service delivery, adopt digital tools, and respond to customer needs becomes essential to competitiveness. Strategic management practices serve as mechanisms through which small retailers can sense opportunities, make decisions, implement plans, and evaluate outcomes.

Porter's concept of competitive advantage further supports the study by explaining how firms outperform competitors through cost leadership, differentiation, or focused market positioning (Porter, 1985). In the context of small retail businesses, competitive advantage may be expressed through cost efficiency, personalized service, responsiveness to local demand, and basic digital integration. Together, these theoretical perspectives provide a coherent basis for examining how strategic management practices contribute to the competitive advantage of small retailers in a provincial Philippine economy.

1.2. Literature Review

The literature recognizes strategic management practices as important drivers of small business performance and competitiveness. These practices commonly include environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. In small enterprises, strategic management helps business owners identify market changes, organize resources, make informed decisions, and monitor performance. Mapfumo and Zimuto (2020) found that strategic management practices significantly influenced the performance of small and medium enterprises, particularly in terms of sales and profitability. This suggests that small firms with clearer strategic direction are better positioned to respond to competition and improve business outcomes.

Related studies also show that strategic management practices are linked to competitive advantage and business sustainability. Llave (2023) reported that strategy formulation, implementation, and evaluation were significantly associated with competitive advantage among microenterprises. This is relevant to small retailers because many operate in highly localized and competitive markets where pricing, service quality, product availability, and customer relationships strongly influence survival. These findings support the view that strategic management is not limited to large organizations but is equally useful for small businesses seeking continuity and growth.

Competitive advantage is widely treated as a key outcome of strategic behavior. Isichei et al. (2020) found that entrepreneurial orientation influenced SME performance through competitive advantage, indicating that strategic actions must be translated into market-based strengths. Similarly, Farida and Setiawan (2022) found that business strategies positively affected competitive advantage, especially when supported by innovation and improved performance. Zahara et al. (2024) also emphasized the mediating role of competitive advantage in enhancing MSME performance.

These studies suggest that small firms become more competitive when strategic decisions lead to stronger customer value, operational efficiency, and responsiveness.

Digital transformation has also become an important element of small business competitiveness. Cueto et al. (2022) found that Filipino MSMEs adopted digital innovations during economic disruptions to sustain operations and respond to changing market conditions. Lu and Shaharudin (2024) further emphasized that digital transformation contributes to sustainable competitive advantage among SMEs by improving innovation, efficiency, and responsiveness. At the ASEAN level, ERIA and OECD (2024) noted the growing importance of e-commerce, digital payments, and digital tools for SME development. For small retailers in Nueva Ecija, these findings suggest that digital integration through mobile payments, social media promotion, and online customer communication may strengthen competitiveness.

Philippine-based evidence further supports the need to examine strategy and competitiveness in small business settings. Studies on MSMEs and microenterprises show that strategic practices, innovation, and digital adoption help businesses cope with uncertainty and improve market positioning (Cueto et al., 2022; Llave, 2023). However, much of the existing literature focuses on broad MSME categories rather than small retailers in specific provincial contexts. This creates a need for localized empirical research that explains how strategic management practices relate to competitive advantage among small retailers operating under distinct local market conditions.

1.3. Context of Small Retail Competitiveness in a Provincial Philippine Economy

Small retail businesses in provincial economies operate within a distinctive competitive environment. Unlike large firms, they often rely on personal customer relationships, convenience, familiarity, and flexible service practices. In Nueva Ecija, small retailers serve communities where daily consumption patterns are shaped by local income levels, agricultural activity, transportation access, and neighborhood-based purchasing behavior. These conditions make small retail businesses important not only as commercial establishments but also as community-level economic actors.

The present study is situated in this provincial retail context. Small retailers in Nueva Ecija face competition from other local stores, supermarkets, malls, online sellers, and aggressive price-based competitors. At the same time, they must manage working capital limitations, unstable supply costs, limited managerial training, and uneven access to digital tools. These challenges make strategic management practices important because they help retailers assess their environment, formulate practical plans, implement business decisions, and evaluate performance.

The study therefore examines small retail competitiveness not only as a business outcome but also as a strategic process. By focusing on environmental scanning, strategy formulation, strategy implementation, and strategy evaluation, the study provides a practical basis for understanding how small retailers build competitive advantage through cost efficiency, differentiation, market responsiveness, and digital integration. In this context, the study contributes to the literature on small business strategy, retail management, and MSME development in provincial Philippine economies.

2. RESEARCH OBJECTIVES AND METHODOLOGY

2.1. Research Objectives

This study examines the relationship between strategic management practices and competitive advantage among small retailers in a provincial Philippine economy. Specifically, it seeks to determine whether strategic management practices contribute to stronger competitive positioning among small retail businesses in Nueva Ecija. The study is anchored in the view that small retailers can improve their market position when they apply deliberate strategic routines in planning, environmental scanning, implementation, monitoring, and adaptation.

More specifically, the study aims to:

1. Describe the business profile of the respondents in terms of retail sub-sector and years in operation;
2. Determine the level of strategic management practices among small retailers in terms of environmental scanning, strategy formulation, strategy implementation, and strategy evaluation;
3. Assess the level of competitive advantage of small retailers in terms of cost efficiency, differentiation, market responsiveness, and digital integration;
4. Determine the relationship between strategic management practices and competitive advantage among small retailers;
5. Identify the major barriers affecting strategy implementation among small retailers; and
6. Propose a strategic development plan for strengthening small retail competitiveness in a provincial Philippine economy.

Through these objectives, the study intends to provide empirical evidence on how strategic management practices support competitive advantage among small retailers. It also aims to contribute practical insights for business owners, local government units, and business support institutions in designing programs that improve strategy evaluation, digital adoption, financial management, and managerial capability among small retail enterprises.

2.2. Research Methodology

2.2.1. Research design

This study employed a quantitative, non-experimental research design using the descriptive-correlational approach. The design was considered appropriate because the study sought to describe the level of strategic management practices and competitive advantage among small retailers and determine whether a significant relationship exists between the two variables. Rather than manipulating the research setting, the study examined naturally occurring conditions among retail businesses in Nueva Ecija. The quantitative approach enabled the researcher to gather measurable data from respondents and analyze the results statistically. The descriptive component was used to

summarize the profile of the respondents and the levels of the main variables, while the correlational component was used to test the association between strategic management practices and competitive advantage.

2.2.2. Locale, respondents, and sampling technique

The study was conducted in Nueva Ecija, Philippines, focusing on small retail businesses operating in selected municipalities and cities in the province. The respondents were owners or managers of small retail businesses because they were directly involved in planning, decision-making, resource allocation, and day-to-day business operations. The study focused on legally operating small retailers that had been in business for at least 1 year. This inclusion criterion was used to ensure that the respondents had sufficient experience in managing their enterprises and assessing their strategic practices and competitive position. A sampling procedure appropriate to the available population list was used to identify the respondents. The final sample consisted of 150 small retail business owners and managers.

2.2.3. Research instrument

The study used a structured survey questionnaire as the primary instrument for data gathering. The questionnaire was adapted from related studies on strategic management practices and competitive advantage and was modified to fit the context of small retail businesses in a provincial Philippine economy. The instrument consisted of major sections covering the business profile of the respondents, strategic management practices, competitive advantage, and perceived barriers to strategy implementation. Strategic management practices were measured in terms of environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. Competitive advantage was measured in terms of cost efficiency, differentiation, market responsiveness, and digital integration. A five-point Likert scale was used to capture the respondents' assessments. Before actual data collection, the instrument was reviewed for clarity, relevance, and suitability to the study context. It was also pilot-tested among a small group of respondents who were not included in the final sample. Revisions were made based on the results of the pilot test to improve the reliability, clarity, and content appropriateness of the questionnaire.

2.2.4. Data gathering procedure

Before the conduct of the study, the researcher sought permission from the appropriate offices, business owners, or authorized representatives to administer the survey questionnaire. After permission was granted, the respondents were informed about the purpose of the study, the nature of their participation, and the confidentiality of their responses.

The questionnaires were distributed either personally or through an online form, depending on the availability and preference of the respondents. After completion, the accomplished questionnaires were retrieved, checked for completeness, and encoded for statistical analysis. Only properly completed responses were included in the final data set. This process allowed the researcher to organize the data systematically according to respondent profile, strategic management practices, competitive advantage, and barriers to strategy implementation.

2.2.5. Data analysis

The data were analyzed using descriptive and inferential statistical tools. Frequency counts and percentages were used to describe the business profile of the respondents in terms of retail sub-sector and years in operation. Weighted mean was used to determine the level of strategic management practices and competitive advantage based on the indicators included in the questionnaire. To determine the relationship between strategic management practices and competitive advantage, the Pearson product-moment correlation coefficient was used at the 0.05 level of significance. This statistical test was appropriate because the study aimed to examine the strength and direction of association between the two major variables. The results were interpreted based on the computed correlation coefficient, P-value, verbal interpretation, and decision on the null hypothesis.

2.2.6. Ethical considerations

The study observed appropriate ethical standards in the conduct of research involving small business owners and managers. Participation was voluntary, and the respondents were informed about the purpose of the study before answering the questionnaire. They were also assured that their responses would be treated with confidentiality and used only for academic research purposes. No personal or business-identifying information was disclosed in the presentation of findings. The data were reported in aggregated form to protect the identity of individual respondents and their businesses. Care was taken to ensure that the results were interpreted objectively and that the information gathered from the respondents was used responsibly in accordance with the purpose of the study.

3. RESULTS AND DISCUSSION

3.1. Demographic and Business Profile of the Respondents

The descriptive analysis of the business profile focused on two structural variables that are critical to provincial retail operations: the specific retail sub-sector and the number of years the enterprise has been operating. These variables provide a contextual view of the participating firms and establish the operational background of the respondents included in the study.

As shown in Table 1, grocery and sari-sari stores accounted for the largest share of the sample at 45.33%, indicating that micro-retailing remained the dominant form of grassroots commerce among the participating enterprises in Nueva Ecija. Apparel, footwear, and accessories comprised 21.33% of the respondents, while agribusiness supplies and feeds represented 18.67%, reflecting the province's strong agricultural base and the continuing relevance of farm-related retailing. Consumer electronics and mobile retailing accounted for 14.67% of the sample. In terms of business longevity, 39.33% of the enterprises had been operating for 4-6 years, and 33.33% had already operated for 7 years or more. These results suggest that a substantial proportion of the respondents had accumulated sufficient market experience to provide informed assessments of strategy execution and competitive conditions in the local retail environment.

Table 1: Profile of the retail respondents (n=150)

Profile variable	Classification	Frequency	Percentage
Retail sub-sector	Grocery/sari-sari store	68	45.33
	Apparel, footwear and accessories	32	21.33
	Agribusiness supplies/ feeds	28	18.67
	Consumer electronics and mobile	22	14.67
Years in operation	1-3 years	41	27.33
	4-6 years	59	39.33
	7 years and above	50	33.33

The profile of the respondents suggests that the study captured a retail environment dominated by micro-retail formats and relatively established enterprises. The prominence of grocery and sari-sari stores indicates that traditional neighborhood retailing remains central to local commerce, while the presence of agribusiness-related retailers reflects the agricultural character of Nueva Ecija. This business mix is consistent with the broader Philippine MSME structure, where small enterprises are highly concentrated in trade and service activities and play a critical role in local distribution systems (Department of Trade and Industry, 2024; Philippine Statistics Authority, 2024). The large proportion of firms operating for 4 years or more also suggests that many respondents had accumulated practical experience in managing competition, supplier relations, and customer retention, thereby strengthening the reliability of their assessments of strategic management and competitive advantage.

3.2. Level of Strategic Management Practices among Small Retailers

The level of strategic management practices was assessed across four operational dimensions: environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. The weighted mean, verbal interpretation, and rank for each dimension are presented in Table 2.

Table 2 shows that the respondents demonstrated a high overall level of strategic management practice, as reflected by a composite mean of 3.66. Among the dimensions, strategy formulation ranked first with a weighted mean of 3.82, indicating that the small retailers were relatively strong in setting goals, planning pricing approaches, and organizing sourcing decisions. Strategy implementation followed with a mean of 3.74, while environmental scanning recorded a mean of 3.65, suggesting that the respondents generally monitored competitors and local demand shifts. By contrast, strategy evaluation posted the lowest mean of 3.41 and was interpreted as moderately high. This pattern indicates that although the respondents were active in planning and executing strategic actions, they were comparatively less consistent in systematically reviewing performance outcomes through formal assessment mechanisms.

The high overall level of strategic management practice indicates that small retailers in Nueva Ecija do not operate purely on intuition, but instead apply deliberate forms of planning, execution, and monitoring in response to competitive pressures. The highest

Table 2: Level of strategic management practices

Indicators	Weighted mean	Verbal interpretation	Rank
Environmental scanning (monitoring competitors, local demand shifts)	3.65	High practice	3
Strategy formulation (setting goals, pricing strategies, sourcing)	3.82	High practice	1
Strategy implementation (executing plans, assigning daily tasks)	3.74	High practice	2
Strategy evaluation (checking monthly sales against basic targets)	3.41	Moderately high	4
Composite mean	3.66	High practice	

score for strategy formulation is consistent with prior evidence showing that small firms benefit when owners establish clear goals, pricing approaches, and sourcing decisions as part of a structured managerial process (Mapfumo and Zimuto, 2020). The result also aligns with the findings of Llave (2023), who reported that strategy formulation, implementation, and evaluation were significantly associated with competitive advantage and business sustainability among microenterprises. However, the comparatively lower rating for strategy evaluation suggests that while respondents were active in day-to-day strategy execution, they were less likely to institutionalize regular performance review systems. This pattern is common in small businesses, where managerial attention is often concentrated on operations rather than formal control mechanisms (Mapfumo and Zimuto, 2020). Thus, the present findings reinforce the view that structured strategic practice matters for small firms, but evaluation remains an area requiring stronger managerial discipline.

3.3. Level of Competitive Advantage of Small Retailers

Competitive advantage was operationalized through four capabilities relevant to the local retail setting: cost efficiency, differentiation, market responsiveness, and digital integration. Table 3 presents the weighted mean, verbal interpretation, and rank for each indicator.

As presented in Table 3, the respondents achieved a high overall level of competitive advantage, with a composite mean of 3.63. Differentiation obtained the highest weighted mean of 4.15, indicating that competitive strength among small retailers in Nueva Ecija was most strongly anchored in personalized service, customer familiarity, and locally embedded relationships. Cost efficiency followed with a mean of 3.91, suggesting that the respondents also relied on prudent cost control and supplier negotiation to maintain market viability. Market responsiveness ranked third with a mean of 3.58, while digital integration posted the lowest mean of 2.88 and was interpreted as moderate. The results imply that although the respondents were competitive in traditional retail dimensions, digital adoption remained comparatively weak and may constrain broader market reach and long-term scalability.

The findings on competitive advantage show that the respondents relied most strongly on differentiation and cost efficiency. The

Table 3: Level of competitive advantage

Indicators	Weighted mean	Verbal interpretation	Rank
Cost efficiency (Supplier negotiation, minimizing overhead)	3.91	High advantage	2
Differentiation (Hyper-local customer relationships, service quality)	4.15	High advantage	1
Market responsiveness (Adapting stock quickly to consumer trends)	3.58	High advantage	3
Digital integration (GCash/ Maya payments, social media marketing)	2.88	Moderate advantage	4
Composite mean	3.63	High advantage	

highest score for differentiation suggests that small retailers sustained competitiveness primarily through personalized service, familiarity with customers, and trust-based relationships. This is consistent with the view that SMEs often convert proximity to customers and service flexibility into distinctive market value when large-scale resource advantages are unavailable (Isichei et al., 2020). The result also supports the work of Farida and Setiawan (2022), who found that business strategies improve competitive advantage when firms translate strategic choices into innovation, performance, and market-based value. Meanwhile, the relatively low score for digital integration indicates that digital capability remained underdeveloped among the respondents. This finding reflects Philippine evidence that MSMEs continue to face adoption barriers in digital platforms despite recognizing their value for business continuity and market access (Cueto et al., 2022). It also supports the synthesis of Lu and Shaharudin (2024), who concluded that digital transformation enhances sustainable competitive advantage by improving responsiveness, innovation, and operational capability. Accordingly, the competitive position of small retailers in Nueva Ecija appeared to be strongest in relational and cost-based dimensions, but comparatively weaker in digital capability.

3.4. Relationship between Strategic Management Practices and Competitive Advantage

A Pearson product-moment correlation analysis was conducted to determine the strength and direction of the relationship between strategic management practices and competitive advantage. The result is presented in Table 4.

The inferential analysis revealed a statistically significant, moderate positive correlation between strategic management practices and competitive advantage ($$r = 0.618$$, $$p = 0.000$$). Since the $$p$$-value was lower than the 0.05 level of significance, the null hypothesis was rejected. This finding indicates that stronger strategic management practices were associated with higher levels of competitive advantage among small retailers in Nueva Ecija. In practical terms, enterprises that more actively engaged in scanning their environment, formulating plans, implementing decisions, and reviewing outcomes also tended to report stronger differentiation, cost efficiency, responsiveness, and market positioning.

Table 4: Correlation matrix between strategic management practices and competitive advantage

Variable pair	Pearson r	P-value	Interpretation	Decision on H_0
Strategic management practices versus competitive advantage	0.618	0.000	Significant, positive, moderate correlation	Reject null hypothesis (H_0)

The statistically significant positive correlation between strategic management practices and competitive advantage provides empirical support for the central proposition of the study: small retailers that apply stronger strategic routines also achieve stronger market positions. This result is consistent with Llave (2023), who found a significant relationship between strategic management practices and competitive advantage among microenterprises. It also aligns with Zahara et al. (2024), who reported that competitive advantage significantly enhanced MSME performance and mediated the contribution of internal managerial capabilities to firm outcomes. Similarly, Farida and Setiawan (2022) demonstrated that business strategies exert a positive effect on competitive advantage, especially when supported by performance improvement and innovation. The moderate size of the correlation in the present study suggests that strategy does not operate in isolation, but it remains an important explanatory factor in how small retailers build and sustain value in local markets. Therefore, the results affirm that strategic management is not merely a formal concept reserved for large organizations; it is a practical determinant of competitiveness even among small provincial retailers.

3.5. Moderating Factors and Challenges in Strategy Implementation

To complement the core findings, the study also examined perceived barriers that could constrain the effective execution of strategy among small retailers. Table 5 presents the mean severity, interpretation, and rank of the identified institutional challenges.

Table 5 shows that working capital and cash flow constraints constituted the most severe barrier to strategic execution, with a mean severity of 4.32. This result indicates that limited liquidity remained the most immediate operational obstacle faced by small retailers, often forcing them to prioritize short-term survival over longer-term strategic positioning. Market penetration from large retail chains and malls followed with a mean of 4.11, suggesting that external competitive pressure was also a major concern. The lack of formal managerial training obtained a mean of 3.89, while unstable local supply chain pricing and fuel costs recorded a mean of 3.76. Taken together, these findings suggest that both internal capability gaps and external market pressures constrained the extent to which small retailers could sustain disciplined strategic action.

The barriers identified in the study help explain why some strategic dimensions were practiced less consistently than others.

Table 5: Perceived barriers to strategic execution

Identified institutional challenge	Mean severity	Verbal interpretation	Rank
Severe working capital and cash flow constraints	4.32	Very high barrier	1
Market penetration from aggressive mega-retailers and malls	4.11	High barrier	2
Lack of formal managerial training/skill deficits	3.89	High barrier	3
Unstable local supply chain pricing and fuel costs	3.76	High barrier	4

The highest-rated challenge, working capital and cash flow constraints, indicates that limited liquidity continued to shape day-to-day decisions and often restricted the ability of retailers to sustain longer-term strategic initiatives. This observation is consistent with the broader MSME context in the Philippines, where access to finance remains a major concern for small firms and influences their capacity to invest, expand, and modernize operations (Department of Trade and Industry, 2024). The relatively high rating for managerial skill deficits also supports the argument that strategy execution depends not only on intent but also on managerial capability and internal know-how (Isichei et al., 2020). In addition, the pressure from large retail chains and malls suggests that external competition has intensified in local markets, increasing the need for adaptive strategy and stronger differentiation. The barriers related to digital capability and market access are also consistent with Philippine evidence that MSMEs encounter skills, infrastructure, and platform-related obstacles when attempting digital transformation (Cueto et al., 2022). Taken together, these constraints indicate that effective strategy among small retailers is shaped by both internal resource limitations and external competitive conditions.

3.6. Proposed Strategic Development Plan for Small Retailers in a Provincial Philippine Economy

Based on the findings of the study, a strategic development plan was formulated to enhance the strategic management practices and competitive advantage of small retailers in Nueva Ecija. The proposed plan focuses on strengthening weak areas identified in the results, particularly strategy evaluation, digital integration, financial management, managerial capability, and market responsiveness. Since the findings revealed a significant positive relationship between strategic management practices and competitive advantage, the plan aims to help small retailers improve their strategic routines and sustain competitiveness in the local retail environment.

The proposed strategic development plan emphasizes practical and low-cost interventions suitable for small retailers operating in provincial markets. The first priority is strategy evaluation, which received the lowest mean among the strategic management dimensions. Small retailers should be encouraged to use simple monitoring tools, such as monthly sales records, inventory lists, and target-versus-actual sales comparisons. These practices can help owners make more informed decisions instead of relying only on intuition or daily experience.

The second priority is digital integration, which received the lowest mean among the competitive advantage indicators. Although small retailers already demonstrate strong customer relationships and cost efficiency, their limited use of digital tools may restrict their market reach and responsiveness. The adoption of mobile payments, social media marketing, and online customer communication can help improve convenience, visibility, and customer engagement.

The plan also addresses working capital and cash flow constraints, which were identified as the most serious barrier to strategic execution. Since limited liquidity affects inventory purchasing, pricing, expansion, and modernization, small retailers need basic financial management practices. Separating personal and business funds, monitoring daily cash flow, and improving collection practices can help reduce financial pressure.

Another important component is managerial skills development. The findings suggest that strategy implementation is affected not only by resources but also by the knowledge and capability of business owners. Training programs on strategic planning, inventory control, pricing, customer service, and digital tools may improve the ability of small retailers to compete more effectively.

The proposed plan serves as the practical output of the study. It translates the research findings into specific actions that may be used by small retail owners, local government units, the Department of Trade and Industry, and business development organizations in designing programs that support small business competitiveness in Nueva Ecija.

Based on the findings, the proposed strategic development plan serves as the practical output of the study. Since strategy evaluation, digital integration, working capital management, and managerial skills emerged as key areas needing improvement, the plan focuses on strengthening these dimensions among small retailers in Nueva Ecija. The plan emphasizes simple and low-cost strategies such as monthly sales monitoring, basic cash flow recording, use of digital payment platforms, social media promotion, customer feedback gathering, and participation in business training programs.

The proposed plan also supports the significant relationship found between strategic management practices and competitive advantage. By improving planning, implementation, evaluation, financial discipline, and digital responsiveness, small retailers may become more capable of sustaining customer loyalty, controlling costs, responding to market changes, and competing with larger retail establishments. Thus, the strategic development plan may serve as a guide for small business owners, local government units, and business support agencies in enhancing small retail competitiveness in a provincial Philippine economy.

Key result area	Objective	Strategies/activities	Persons involved	Time frame	Expected output
Strategy evaluation	To improve the ability of small retailers to monitor business performance regularly.	Prepare simple monthly sales monitoring sheets; compare monthly sales with targets; review fast-moving and slow-moving products; conduct quarterly business performance assessment.	Business owners, store managers, local business advisers	Monthly to quarterly	Improved monitoring of sales, inventory, and business performance
Digital integration	To increase the use of basic digital tools in retail operations.	Adopt digital payment systems such as GCash and Maya; create or improve Facebook business pages; use social media for product posting and promotions; maintain basic customer inquiry channels through Messenger or similar platforms.	Business owners, employees, ICT trainers, DTI/local government support offices	3-6 months	Increased digital payment adoption and improved online customer engagement
Financial and cash flow management	To reduce the impact of working capital and cash flow constraints.	Prepare simple cash-in and cash-out records; separate personal and business funds; monitor credit sales and collections; identify affordable financing or livelihood assistance programs; improve budgeting for inventory purchases.	Business owners, accountants/ bookkeepers, cooperatives, microfinance institutions, LGU/ DTI representatives	Monthly and continuous	Better cash flow control and improved financial discipline
Managerial skills development	To enhance the strategic and operational capability of small retail owners and managers.	Conduct training on basic strategic planning, pricing, inventory control, customer service, and record keeping; encourage participation in MSME seminars; provide mentoring or coaching sessions for retailers.	Business owners, store managers, DTI, LGU business development offices, business educators	6 months to 1 year	Improved managerial competence and stronger decision-making practices
Market responsiveness	To help retailers respond more quickly to customer needs and market changes.	Monitor customer preferences; gather informal feedback from regular customers; adjust product assortment based on demand; observe competitor pricing and promotions; improve product availability during peak seasons.	Business owners, employees, suppliers, customers	Monthly and seasonal	Faster response to customer demand and improved product relevance
Differentiation and customer relationship management	To strengthen the existing advantage of small retailers in personalized service and customer relationships.	Maintain customer-friendly service; offer loyalty incentives; personalize product recommendations; improve store cleanliness and product arrangement; strengthen trust-based relationships with regular customers.	Business owners, employees, customers	Continuous	Stronger customer loyalty and improved service-based differentiation
Cost efficiency and supplier management	To sustain cost advantage through better purchasing and supplier relations.	Compare supplier prices regularly; negotiate discounts for bulk purchases; minimize wastage and expired stocks; improve inventory turnover; coordinate with nearby retailers for possible group purchasing.	Business owners, suppliers, employees	Monthly and continuous	Lower operating costs and improved pricing flexibility
Response to large retail competitors	To strengthen the competitiveness of small retailers against malls, supermarkets, and large chains.	Focus on convenience, personalized service, flexible product offerings, local customer familiarity, quick transactions, and community-based promotions.	Business owners, employees, customers, local business groups	Continuous	Improved resilience against large retail competitors

4. CONCLUSION AND RECOMMENDATIONS

The study concludes that small retailers in a provincial Philippine economy demonstrate a high level of strategic management practices and competitive advantage. Strategy formulation emerged as the strongest strategic management practice, while strategy evaluation was the weakest. In terms of competitive advantage, differentiation through customer relationships and service quality was the strongest area, while digital integration was the weakest. The study further concludes that strategic management practices have a significant positive relationship with competitive advantage, indicating that small retailers with stronger planning, implementation, monitoring, and adaptive practices tend to achieve better competitive positioning. However, working capital constraints, competition from large retailers, limited managerial training, and unstable supply costs continue to hinder strategic execution.

Small retailers should strengthen strategy evaluation by using simple monthly sales records, inventory monitoring, and target-versus-actual performance reviews. They should also improve digital integration by adopting mobile payments, social media promotion, and online customer communication. Local government

units, DTI offices, and business support organizations should provide training on strategic planning, financial management, inventory control, pricing, and digital marketing. Small retailers are also encouraged to improve cash flow management, separate personal and business funds, and explore accessible financing programs. Future researchers may expand the study to other provinces, include more retail sub-sectors, or use mixed-methods research to gain deeper insights into the strategic behavior of small businesses.

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