

The Role of Sari-Sari Stores in the Economy Dumaguete City

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Abstract

This research examines the significance of sari-sari stores in Dumaguete City's economy in the Philippines. Sari-sari stores, which are small local convenience shops, are an essential component of the informal sector as they offer basic goods, credit services, and foster community interaction. By conducting a survey among sari-sari store proprietors, this study evaluates their economic impact on local income, job creation, and resilience. The results suggest that, although they operate on a small scale, sari-sari stores considerably contribute to the local economy.

Keywords: Sari-sari stores, informal economy, micro-enterprises, local economy

1. Introduction

Sari-sari stores, the quintessential small convenience shops of the Philippines, are deeply embedded in the socio-economic fabric of Filipino communities. These micro-enterprises are significant providers of goods, informal credit, and social interaction, particularly in underserved rural and urban areas (Alarcon et al., 2016). They serve as the backbone of local economies, supplying affordable and accessible basic commodities while offering an essential source of livelihood for many low-income households (Philippine Statistics Authority, 2023). Additionally, these stores are vital for sustaining the informal sector, a key driver of local economic resilience in the Philippines (Garcia, 2020).

In Dumaguete City, a growing urban hub in Negros Oriental, sari-sari stores proliferate across residential and commercial zones, functioning as intermediaries between local producers and consumers. These stores provide not only retail goods but also small-scale credit, fostering trust-based relationships within their communities (Bautista, 2018). Moreover, as conduits for household consumption and micro-enterprises, they contribute to job creation and income generation, supporting the city's informal economy (Pineda & Mendoza, 2019). However, the precise economic contribution of these stores to Dumaguete's economy remains underexplored, presenting a significant research gap that demands attention.

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Previous studies have examined the role of sari-sari stores in rural development (Pineda & Mendoza, 2019) and consumer behavior (Garcia, 2020), but few have investigated their urban significance, particularly in secondary cities like Dumaguete. Furthermore, little is known about their role in enhancing the economic resilience of lower-income households and how their operations integrate with local supply chains (Kapampangan Media, 2023). Addressing these gaps is essential for understanding the broader implications of micro-enterprises in urban settings, particularly in fostering economic inclusivity and resilience.

This paper seeks to elucidate the multifaceted role of sari-sari stores in Dumaguete City's economy by evaluating their contributions to local commerce, job creation, and household economic stability. By shedding light on their informal operations and community impact, this study aims to enrich the discourse on micro-enterprises and their role in urban development.

I. Statement of the Problem

Despite the widespread presence and apparent importance of sari-sari stores in Dumaguete City, there is limited understanding of their specific economic contributions. This research aims to investigate the role of sari-sari stores in the economy of Dumaguete City, focusing on their impact on local income, employment, and economic activities. The study seeks to address the following key questions:

1. What is the demographic information of the respondents?
2. What is the economic contribution of sari-sari stores to the local economy of Dumaguete City?
3. How do sari-sari stores affect employment in the city?
4. What are the primary challenges faced by sari-sari store owners in sustaining their businesses?
5. What are the strategies in managing the primary challenges faced by Sari Sari store owners in sustaining their business?
6. Is there a significant relationship between monthly income of Sari Sari store and demographic profile of respondents?
7. Is there a significant relationship between monthly income of Sari Sari store and monthly income of sari sari employees?
8. Is there a significant relationship between monthly income of Sari Sari store and primary challenges faced by sari sari store owners?

II. Methodology

The study used the quantitative descriptive method. A survey was conducted among 50 sari-sari store owners in the Public Market of Dumaguete City, Negros Oriental. Demographic data, economic contributions, challenges and employment figures were collected to analyze the stores' roles within the local economy. Statistical tools, including frequency and percentage distribution, were used to interpret the data, alongside Pearson R and Eta Squared correlation tests to examine the relationships between demographic profiles and income levels.

III. Results and Discussion

4.1 Demographic Information of the Respondents

Demographic information like age, sex and educational attainment were basic information gathered regarding the respondents.

Table 1 Age, Sex and Educational Attainment of Respondents

	Demographic Information	Frequency	Percentage (%)
Age	21-30	4	8
	31-40	6	12
	41-50	28	56
	Above 50	12	24
Sex	Male	17	34
	Female	33	66
Educational Attainment	Primary Education	6	12
	Tertiary Education	36	72
	Others:	8	16
Total		50	100

Table 1 above shows the 56 percent (28) of the respondents aged 41-50 years old and 8 percent (4) 21-30 years old. This means that majority of the respondents were on their midlife/middle age where they are mature enough in running their business. Sixty six percent (33) of them were female which indicated that the sampled Sari-Sari Stores were dominated by self-employed businesswomen. Moreover, 72 percent (36) of them have reached tertiary education while only 12 percent (6) earned primary education. This indicates that majority of the respondents are literate enough to understand and know the nature of their business.

4.2 Economic Contribution of Sari-Sari Stores to the Local Economy Of Dumaguete City

Though sari-sari stores belong to micro enterprises, their number contributes to the local economy of Dumaguete.

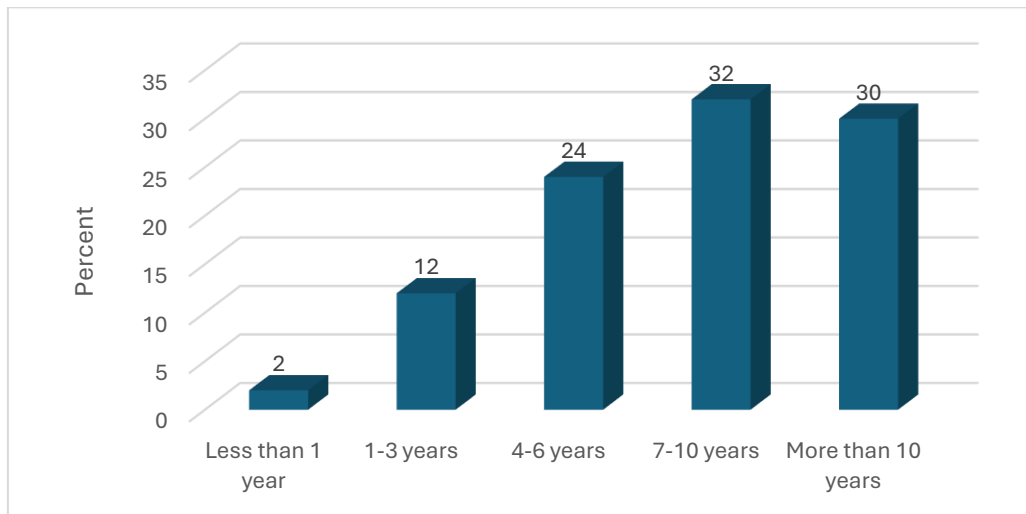


Figure 1 Number of Years in Operating Sari-Sari Store

Figure 1 above shows that 62 percent of the respondents have 7 to more than ten years in business with only 2 percent with less than 1 year in business. This means that majority of the respondents have enough experiences in business and were able to sustain their business.

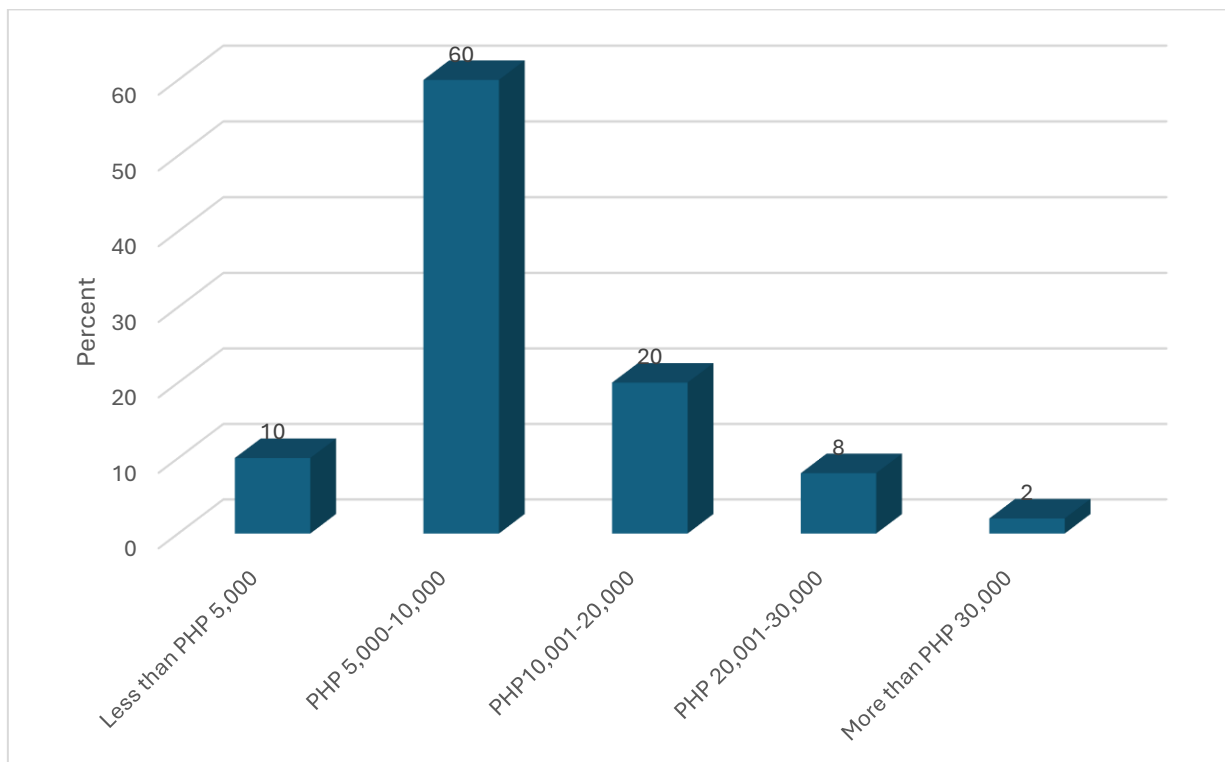


Figure 2 Average Monthly Income

Figure 2 presents that 60 percent of the respondents have the average monthly income of P5,000 – P10,000 with 2 percent having income of more than P30,000. This indicates that majority of the respondents have monthly income below the poverty ceiling of P11,998 in 2021.

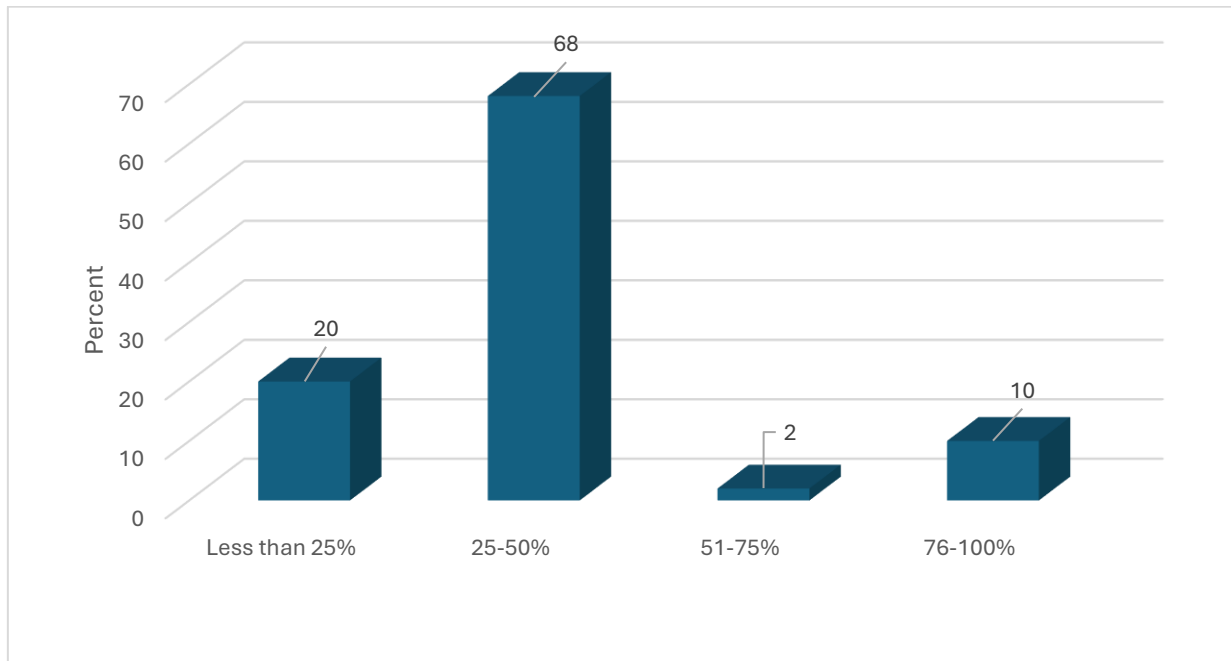


Figure 3 Percent of Household Income that comes from Sari-Sari Store

The income in Sari-Sari Store in Figure 2, however, it was just a supplemental income because Figure 3 shows that 68 percent of the respondents have 25-50% of their household income comes from the Sari-Sari Store with 2 percent have 51-75% of their household income comes from the Sari-Sari Store. This implies that most of them have 50-75% other income in addition to the income from Sari-Sari Store.

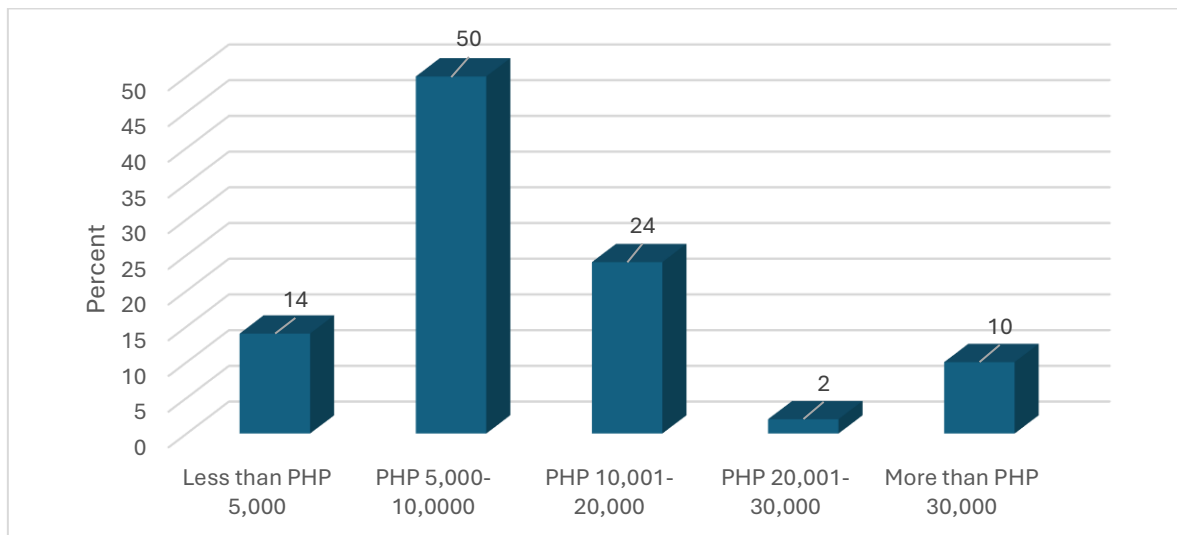


Figure 4 Average Amount Spent Per-month in Purchasing Inventory for Sari-Sari Store

Figure 4 shows that fifty percent of the respondents have the average amount of P5,000-P10,000 per month in purchasing inventory for Sari-sari Store with only 2 percent have the average amount of

P20,001 – P30,000 per month in purchasing inventory for sari-sari store. This means that half of the respondents invested P5,000 – P10,000 for the purchase of inventory for Sari-Sari Store.

4.3 Effect of Sari-Sari Stores on Employment in The City

This part of the study determines the contribution of employment of sari-sari stores into the city and these were in terms of number of employees employed as well as the type of employment.

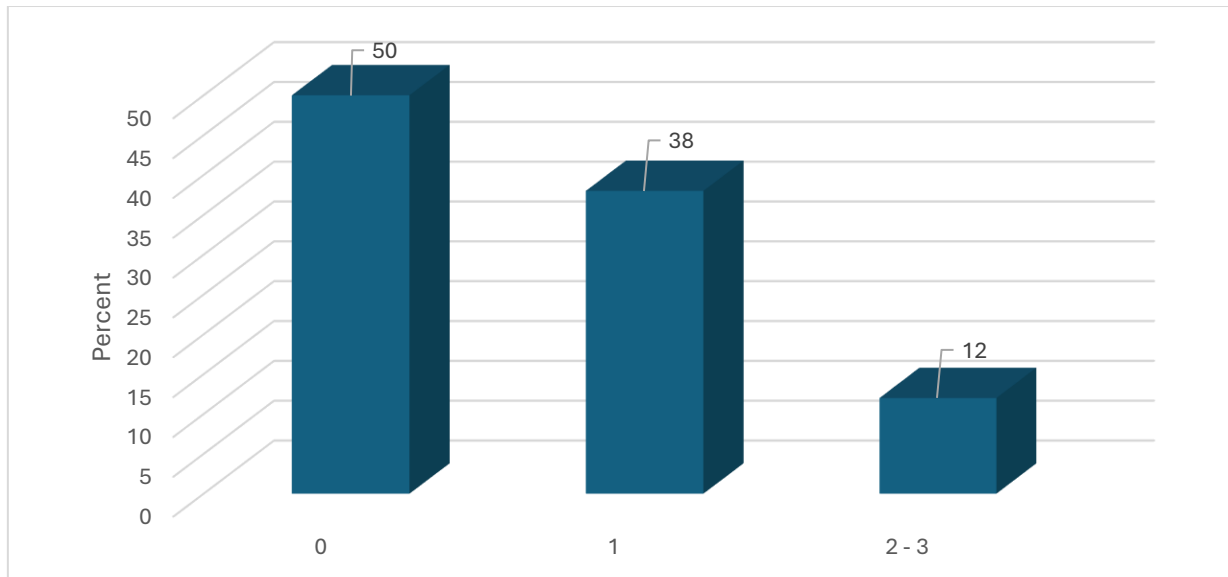


Figure 5 Number of Employees Employed

Figure 5 presents that 50 percent of the respondents have no employee and only 12 percent employed 2-3 employees. This indicates that half of the respondents have contributed for self-employment and half for employment generation.

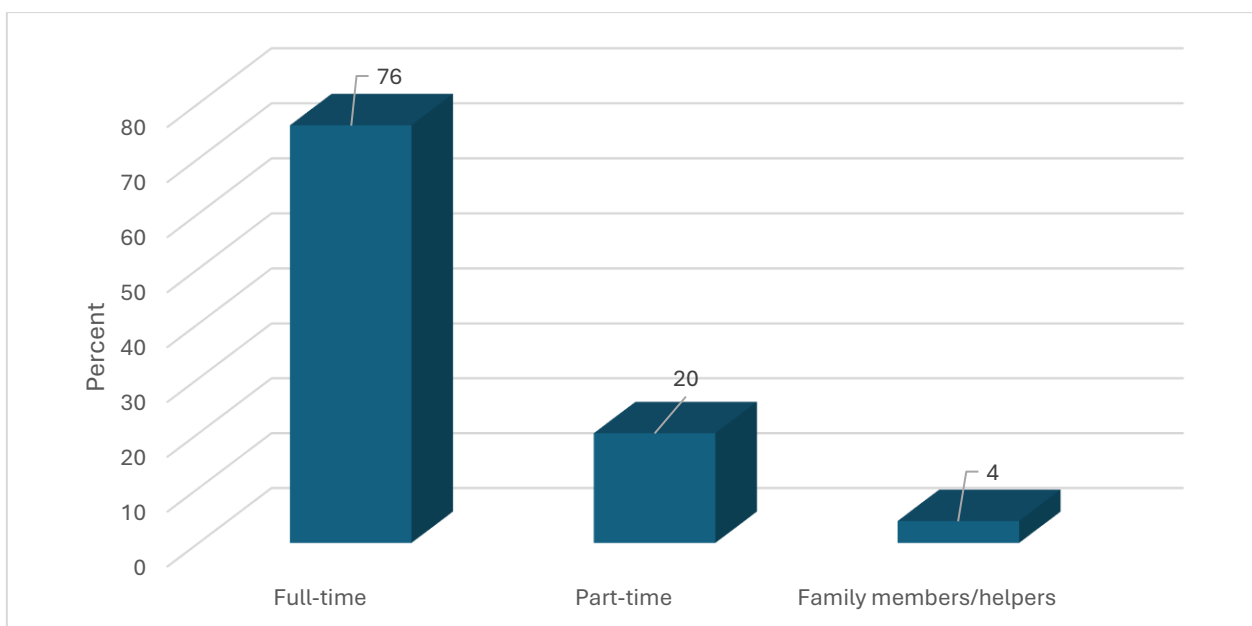


Figure 6 Type of Employment

Figure 6 exposes that 76 percent of the respondents have full-time employees with only 4 percent employed family members or helpers. This means that majority of respondents serve the Sari-Sari Store for whole day.

4.4 Primary Challenges Faced by Sari-Sari Store Owners in Sustaining Their Business

In sustaining their business, Sari-Sari Store owners also experienced primary challenges which have affected their business operation.

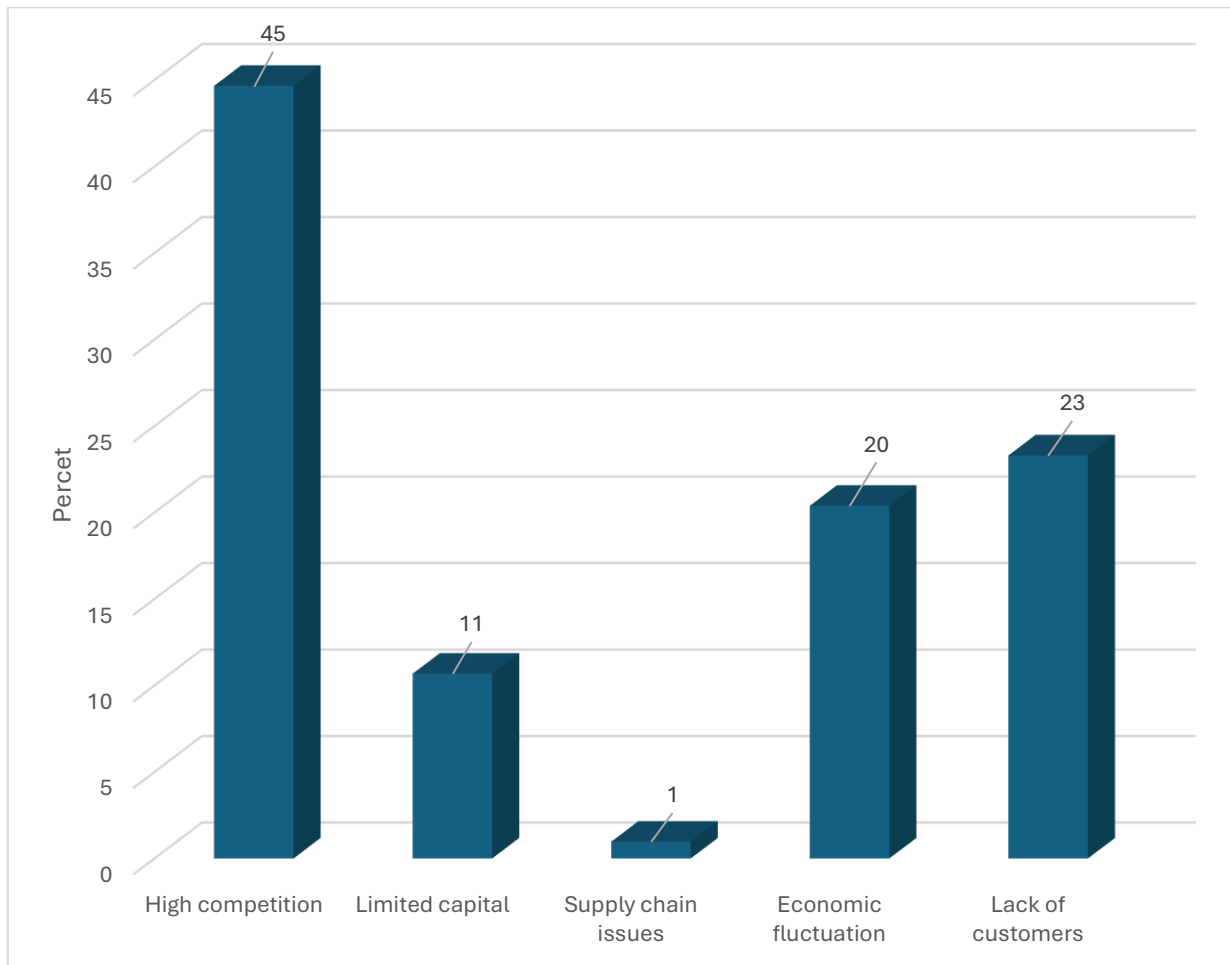


Figure 7 Primary Challenges Faced in Operating Sari-Sari Store

Figure 7 shows that 45 percent of the respondents experienced high competition and only 1 percent were challenged with supply chain issues. This indicated that a number of respondents were challenged by high competition.

4.5 Managing the Primary Challenges Faced by Sari-Sari Store Owners in Sustaining their Businesses

This portion of the study identifies the ways in managing primary challenges faced by Sari-Sari Store owners where sustaining their businesses was critical.

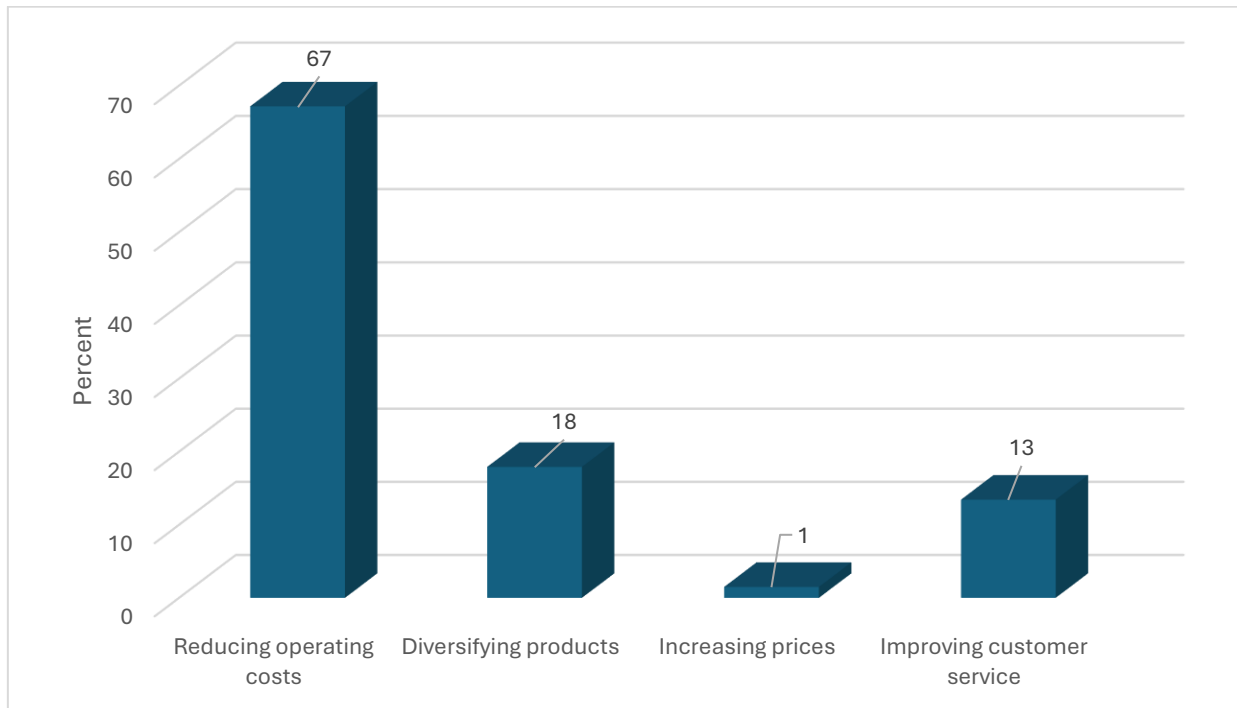


Figure 8 How Challenges were Managed

Figure 8 presents that 67 percent of the respondents adopted the reduction of operating costs to cope the primary challenges faced by the sari-sari store owners. Only 1 percent increased prices. This implies that most respondents minimized costs in their operation to cope the primary challenge they faced.

4.6 Correlation Between Monthly Income in Sari-sari Store and Demographic Profile of Respondents

Using Pearson R, Spearman Rho and Eta Squared, the monthly income in sari-sari store were correlated with the demographic profile of the respondents in terms of age, sex and educational attainment.

Table 2 Significant Correlation between Monthly Income in Sari-Sari Stores and Demographic Profile of Respondents (n=50)

	Correlation Statistics	Age	Sex	Educational Attainment
Monthly Income In Sari-sari Store	r/ η	.152 _N	.075 _N	-.031 _N
	p-value/ η^2	.292 _{NS}	.005 _{SE}	.830 _{NS}

Legend: V- Very High Correlation H-High Correlation M-Moderate Correlation L-Low Correlation N-Negligible Correlation S-Significant NS-Not Significant SE-Small Effect ME-Medium Effet LE-Large Effect

Table 2 shows that the monthly income in Sari Sari Stores have negligible correlation with age (.152), sex (.075) and educational attainment (-.031) of the respondents. Furthermore, the p-values of monthly income in Sari-Sari Store with Age (.292) and Educational Attainment (.830) were greater than 0.05 which signify that they were not significant. Moreover, the Eta Squared value of 0.005 means that sex have small effect to income in Sari-Sari Store. Thus, they imply that the monthly income in Sari-Sari Stores is not associated with the respondents' demographic profile.

4.7. Correlation Between Monthly Income in Sari-Sari Store and Monthly Income of Store Employees

Using Pearson R, the monthly income in Sari-Sari Store were correlated with the monthly income of store employees.

Table 3 Significant Correlation between Monthly Income in Sari-Sari Stores and Monthly Income of Store Employees (n=50)

	Correlation Statistics	Monthly Income of Store Employees	Interpretation
Monthly Income in Sari-Sari Store	r	-.051	Negligible Correlation
	p-value	.723	Not Significant

Legend: V- Very High Correlation H-High Correlation M-Moderate Correlation L-Low Correlation N-Negligible Correlation S-Significant NS-Not Significant

Table 3 shows that the monthly income in Sari-Sari Stores have negligible correlation with the monthly income of store employees as cited by the correlation coefficient of -.051. Furthermore, such correlation is insignificant at 5% significance level. This implies that the monthly income of Sari-Sari Stores has no bearing with the monthly income of store employees and vice-versa.

4.8. Correlation Between Monthly Income in Sari-Sari Stores and Primary Challenges Faced by Sari-Sari Store Owners in Sustaining Their Business

Using Eta Square Correlation, the monthly income in Sari-Sari Stores correlated with the primary challenges faced by Sari-Sari Store owners to sustain their business operation.

Table 4 Significant Correlation between Monthly Income in Sari-Sari Stores Primary Challenges Faced by Sari-Sari Store Owners (n=50)

	Correlation Statistics	Primary Challenges Faced by Sari-Sari Store Owners	Interpretation
Monthly Income In Sari-sari Store	η	.344	Low Correlation
	η^2	.118	Small Effect

Legend: V- Very High Correlation H-High Correlation M-Moderate Correlation L-Low Correlation SE-Small Effect ME-Medium Effect LE-Large Effect

Table 4 shows that the monthly income in Sari-Sari Stores has low correlation with the primary challenges faced by Sari-Sari Store owners as demonstrated by eta value of .344. Moreover, these primary challenges have small effect to the monthly income in Sari-Sari Stores as presented by the eta squared of .118. Thus, the monthly income in Sari-Sari Store is not associated with the primary challenges faced by Sari-Sari Store.

V. CONCLUSION

Sari-Sari Stores are crucial to Dumaguete City's informal economy, contributing to household incomes, providing employment, and supporting local commerce. Although the challenges of competition and limited resources persist, many store owners employ effective strategies to sustain their businesses. Understanding the role of Sari-Sari Stores in urban economies can help in formulating policies to support micro-enterprises, particularly those managed by women, in secondary cities.

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