

Awareness, Challenges, and Extent of Participation of Local Suppliers in Small- Value Procurement Transactions of LGU- Calanasan, Apayao

EJ A. Marrero

*Budgeting Assistant, Municipal Local Government Unit- Calanasan,
Apayao Province, CAR, Philippines
Master in Public Administration
Cagayan State University-Sanchez Mira campus*

Abstract: This study dealt with the awareness, challenges, and extent of participation of the local suppliers on small value procurement transactions of the Local Government Unit of Calanasan, Apayao in the Cordillera Administrative Region (CAR). The study adopted the descriptive correlation research design with the questionnaire as the main instrument in collecting the needed data. Results reveal that the respondents are mostly small business owners, concentrated in the Poblacion area, with a predominant structure of sole proprietorships. These suppliers primarily offer perishable and non-perishable goods but have limited engagement with government procurement, as many are not registered with PhilGEPS nor compliant with national regulations such as BIR or DTI/SEC. Despite fulfilling local permit requirements, most suppliers are earning less than 500,000Php annually and employing a minimal workforce. Further, the findings indicate a significant gap in knowledge regarding procurement processes, as the majority of suppliers scored low on awareness of small value procurement transactions. This lack of awareness is compounded by low participation and several challenges, including complex documentation, limited access to information, and regulatory obstacles, which hinder their participation in government procurement activities. Interestingly, it was found that suppliers with more experience and PhilGEPS registration faced greater challenges in procurement, likely due to the complexities of the bidding process. Furthermore, the study found a strong negative correlation between awareness of procurement processes and the challenges suppliers face, suggesting that increasing awareness could alleviate many of the obstacles encountered.

Keywords: awareness, Bids and Awards Committee, LGU- Calanasan, Apayao, PhilGEPS, small value procurement transactions.

Introduction

Over time, one of the very important and challenging activities of Local Government Units was the procurement of Goods, consulting services, and infrastructure transparently, efficiently, and equitably. Procurement in the government was an extensive subject that faced issues not only in the National Government as we heard from News but also in local Governments. There were several problems in the Local Government Units that needed to be unfolded by local researchers. Although the National Government made extra effort in improving the procurement process, as to the (RA 12009 NGPA) New Government Procurement Act or the Republic Act No. 12009, small value procurement in local Government Units remained unchanged and still needed innovative approach.

(GPPB) Government Procurement Policy Board, (RA 9184 GPRA) Updated 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184 or the Government Procurement Reform Act was being used as the basis for procurement of goods, services, and infrastructure of the Government through the Bids and Awards Committee. The Bids and Award Committee was responsible in managing procurement activities, from pre-procurement conferences to recommending contract awards, ensuring transparency and fair competition among bidders and certify that the RA. No. 9184 was the baseline of transactions.

There were several methods of procurement of the RA 9184; Competitive Bidding, Direct Contracting, Shopping, Small Value Procurement, Agency-to-agency, and Negotiated Procurement which classified through threshold and case to case basis. Small Value Procurement of goods not covered by shopping method or the readily available off-the-shelf goods, infrastructure projects, and consulting services, with a threshold of not greater than PHP 200,000.00 for Local Governments. The process involved sending at least three Request for Quotations to bidders and was evaluated and identified by BAC if who would supply the canvassed items.

The Municipality of Calanasan, a first-class municipality has a wide land area and mountainous terrain with a rural community and is located at the northern part of the Cordillera Administrative Region. The

Municipality's Capital is Barangay Poblacion, that is located at the Northeast and it is where the Local Government Unit building is seated.

The role of the Bids and Awards Committee in facilitating small value procurement transactions is crucial in ensuring that local government units could efficiently provide essential goods and services to their communities. However, despite the opportunities presented by these procurement processes, there is a notable lack of participation among local suppliers. This study investigated the factors influencing local supplier's non-participation in these procurement transactions, with a particular focus on understanding the gaps in current BAC practices. By examining the profile of local suppliers such as their years of operation, permits, PhilGEPS registration, income, type of business and classification, goods and services offered, man power, and demographic location of their businesses, the study uncovered key barriers that prevent active engagement in bidding. Furthermore, it explored the level of awareness local suppliers had regarding the procurement processes and requirements, as well as their perceptions of transparency, fairness, and competitiveness in these transactions. Ultimately, this research provided insights and recommendations to improve the transparency, accountability, and efficiency of the LGU's procurement system, fostering a more inclusive and competitive environment for local suppliers.

This output offered practical recommendations to improve the LGU's procurement system. The ultimate goal is to promote greater inclusion of local suppliers, foster competition, and enhance the overall transparency, accountability, and efficiency of local procurement.

Several studies discuss the vital roles of the government on procurement processes, as emphasized by Nisnisan and Salapa (2024), who describe it as a major event that significantly impacts the quality and timeliness of public services. In the local context of LGUs, small value procurement (SVP) is commonly used due to its streamlined process. However, this mode of procurement is not without its challenges, particularly for local suppliers.

Navarro (2024) highlights that knowledge gaps persist in the implementation period and scope of procurement reforms. These gaps can result in confusion among local suppliers, who may not fully understand updated guidelines, thresholds, or digital procurement systems. This is especially concerning in rural LGUs, where technical capacity and access to timely information may be limited.

Additional studies reinforce these findings. For example, White (2022) points to complex procedures, capacity constraints, and lack of transparency as major barriers for small to medium enterprises participation in public procurement. These challenges are echoed in Tradogram (2021), which notes that bureaucracy, poor supplier management, and outdated systems hinder inclusive procurement processes.

Moreover, research by MDPI (2024) and CGIAR (2023) indicates that limited resources, informal business status, and weak government support further restrict local suppliers from engaging in SVP. This is particularly relevant in remote areas, where informal micro-entrepreneurs often lack capital, digital tools, or business literacy needed to qualify for public contracts.

Statement of the Problem

This examined the level of awareness, challenges faced, and extent of participation by local suppliers in small-value procurement transactions of the LGU- Calanasan. Specifically, it sought answers to the following questions:

1. What is the profile of the local suppliers with regard to the following: a) Location/Barangay, b) Type of business c) Business classification d) Goods and services offered e) Years of experience with government procurement f) Permits and licenses, g) PhilGEPS registration h) Annual income, and i) Number of employees?
1. What is the level of awareness of local suppliers regarding small-value procurement transactions?
2. What are the common challenges faced by local suppliers in participating in the procurement process?
3. What is the participation level along small-value procurement transactions among the respondents?
4. Is there a significant relationship between suppliers' demographic and their participation in procurement transactions?
5. Is there significant relationship between supplier's demographic and their challenges in procurement transaction?
6. Is there a relationship between awareness and challenges and suppliers in procurement transactions?

Methods and Procedures

Research Design

This study employed a quantitative research design using a descriptive-correlational approach that analyzed the factors influencing local suppliers' non-participation in small value procurement transactions of the Bids and Awards Committee (BAC) in the Local Government Unit (LGU) of Calanasan. The descriptive aspect

assessed the awareness, challenges, and the extent of participation participation, while the correlational aspect examined the relationship between suppliers' demographic profile, their awareness, challenges, and participation.

Locale of the Study

The research was conducted in the Municipality of Calanasan in the province of Apayao. It is a municipality with a challenging terrain and limited infrastructure. It is classified as a first-class municipality, with an annual budget for the fiscal year 2024 of Php402,733,176.00 LGU Calanasan Annual Budget (2024). Despite the municipality's large annual budget, much of its expenditure is on MOOE (Maintenance and Other Operating Expenses) was procured through small value procurement. This situation sparked the researcher's curiosity about the factors contributing to the non-participation of local suppliers in the LGU's bidding process.

The Bids and Awards Committee (BAC) struggled to find bidders, often resorting to merely complying with transaction requirements, which resulted in the participation of incompetent businesses.

Respondents and Sampling Procedure

The population consisted of existing and physically operating businesses in Calanasan. A purposive sampling method was used to select respondents, ensuring that only businesses that are currently operating are those that have been included as respondents of this study since one of the functions of the technical working group of the Bids and Awards Committee (BAC) is to conduct post-qualification evaluation, and one of which they evaluate is the presence of physical store and the goods and services it offers corresponds with the permits and licenses the supplier possess. A large number of respondents is from Poblacion/Central Calanasan because it is where most businesses are located and are participants of procurement transactions of the Local unit, followed by Barangay Tanglagan because it has the greatest number of businesses in Upper Calanasan while Barangay Namaltugan also has the record in lower Calanasan.

Research Instrument

A structured survey questionnaire was used as the primary data collection tool. The questionnaire is divided into the following sections: Demographic profile of the respondents, awareness on small-value procurement, and the challenges they have in their participation to LGU transactions. The last part is the questionnaire on the extent of their participation on the small value procurement transactions.

Data Collection Procedure

The researcher conducted a face-to-face collection of data after securing all the necessary approval for the conduct of the study. Respondents were given ample time to complete the questionnaire, and follow-ups was asked to maximize response rates. For ethical consideration, the researcher ensured confidentiality and informed consent. The respondents complied with the data gathering voluntarily and are given a chance to withdraw anytime. The data collected was used solely for this research.

Analysis of Data

The collected data were analyzed using the following statistical tools: Descriptive statistics (frequency, mean, and percentage) for the responses on the profile. For the level of awareness of the respondents, the challenges encountered, and the participation of respondents on the small value procurement transaction of the local government unit of Calanasan, Apayao, they were treated by the use of weighed mean and the Likert scale tool. Chi-square test and Pearson correlation for the relationship between supplier characteristics and procurement participation, and regression analysis identified significant factors affecting participation.

Results and Discussion

Demographic Profile of Respondents

A. Years of experience with government procurement

The data on suppliers' demographic profile in terms of their years of experience with government procurement show that most local suppliers have never engaged in procurement dealings with the Local Government Unit (LGU) of Calanasan. Out of the total respondents, 60 suppliers (75%) indicated that they did not have any prior experience with government procurement systems. This finding demonstrates a clear lack of supplier participation and engagement.

The data indicate that a relatively small percent of these respondents reported having some level of experience with the procurement system, but the large majority still lack experience or have not participated. This disconnect could be due to several factors as having little to no awareness, complicated documentary procedures, absence of technical expertise, or perceived obstacles to obtaining government contracts. The data

also show that while there is a small group of suppliers who know how to do procurement, the majority are newbies or uninterested. This lack of engagement can be due to lack of awareness, complex documentation, lack of technical knowledge or perceived barriers to government contracts (Mlinga, 2018; World Bank, 2020). The dominance of newbies may also be related to the challenges mentioned earlier in this study, low awareness and perceived difficulty in procurement compliance. And this may also contribute to limited competition in the bidding process, which affects the efficiency and transparency of local procurement systems.

B. Business Documents

The demographic profile of local suppliers in Calanasan reveals that nearly all of them have the essential business documents required for legal operations and participation in public procurement. Every single one of the 90 respondents (100%) holds a Business Permit and a Mayor's Permit, indicating they are fully compliant with local government regulations for running a business.

However, the situation changes when it comes to other necessary documents. Only 53 suppliers (58.89%) are registered with the Bureau of Internal Revenue (BIR), which means that over 40% of these suppliers aren't issuing official receipts or paying the required business taxes. This poses a significant hurdle for those looking to engage in formal procurement processes, as BIR registration is a fundamental requirement for bidding eligibility.

Additionally, just 49 suppliers (54.44%) are registered with either the Department of Trade and Industry (DTI) or the Securities and Exchange Commission (SEC). These registrations are crucial for legitimizing a business, whether as a sole proprietorship (DTI) or as a corporation/partnership (SEC). The low registration numbers suggest that a considerable portion of local suppliers are operating informally or as micro-scale businesses that haven't fully met national requirements. This profile indicates that while local businesses are meeting the basic municipal requirements for operation, there's a pressing need to boost awareness and compliance with national standards and procurement eligibility criteria. The absence of BIR, DTI, and SEC registrations may also point to a lack of understanding of formal procurement systems or limited capacity to meet documentation requirements (ADB, 2017).

C. PhilGEPS Registration

The insights gathered from the PhilGEPS (Philippine Government Electronic Procurement System) registration among local suppliers in Calanasan show that there's not much engagement with this national procurement platform. Out of the 90 suppliers surveyed, just 23 (25.56%) are currently registered with PhilGEPS. Only one supplier (1.11%) mentioned they had registered before but didn't renew, while a notable 66 suppliers (73.33%) have never signed up at all.

This situation highlights a concerning level of compliance with government procurement standards, as being registered with PhilGEPS is a fundamental requirement for suppliers who want to take part in competitive bidding and other formal procurement processes under Republic Act No. 9184 (Government Procurement Reform Act). The low registration numbers could stem from various issues, including a lack of awareness, limited digital skills, no technical support, or the belief that navigating the bureaucratic processes is too challenging.

D. Annual Income

The annual income distribution among local suppliers in Calanasan sheds light on their economic strength and competitiveness in procurement activities. According to the data, most local suppliers earn less than ₱500,000 a year, with 65 out of 90 respondents (72.22%) falling into this income bracket. This suggests that a significant number of these suppliers are microenterprises, which often struggle with limited resources, workforce, and production capabilities. This could impact their ability to fulfill the demands of government procurement transactions. On the contrary, only 6.67% earn between ₱1,000,000 and ₱5,000,000, indicating that there are very few medium-scale enterprises involved in the procurement landscape within the municipality. This low number might reflect both the scarcity of larger suppliers in the area and the possibility that procurement opportunities haven't yet attracted bigger businesses.

The data clearly show that the local supplier base is predominantly made up of low-income microenterprises, which may encounter challenges like difficulty in accessing capital, struggles to meet volume demands, or lacking the necessary documentation and logistical readiness for formal procurement processes (Department of Trade and Industry [DTI], 2021).

E. Type of business

The distribution of business types among local suppliers in Calanasan clearly shows that sole proprietorships are the most common. Out of 90 respondents, a whopping 79 (87.78%) are sole proprietors,

which highlights that most local suppliers are small, independently owned businesses. Sole proprietorships are often favored because they require less capital to start, have simpler registration processes, and face fewer regulatory hurdles, making them an attractive option for micro and small entrepreneurs (Department of Trade and Industry [DTI], 2021).

A handful of suppliers reported different business structures: 8 (8.89%) are partnerships, 2 (2.22%) are cooperatives, and just 1 (1.11%) operates as a corporation. The small number of partnerships, cooperatives, and corporations indicates that local businesses may not be fully formalized or looking to scale up. This could be due to limited access to funding, a lack of understanding about the advantages of other business structures, or simply a preference for maintaining complete control over their operations, which is much easier in a sole proprietorship.

F. Business Classification

Most of the local suppliers in Calanasan are categorized as retailers, with 79 out of 90 respondents (about 87.78%) falling into this group. Retail businesses usually act as the middlemen between manufacturers and consumers, providing goods that are readily available to satisfy local needs. This trend highlights the consumer-focused nature of businesses in the area and points to a local economy that leans heavily on trade. On the other hand, only 7 suppliers (7.78%) identified themselves as service providers, and an even smaller number—just 4 suppliers (4.44%)—are manufacturers. The small presence of service-oriented and manufacturing businesses suggests that the local economy lacks diversity. Manufacturing often demands significant capital, specialized skills, and proper infrastructure, which can be tough to come by in rural or geographically challenging places like Calanasan.

G. Goods and Services Offered

The results show that a large majority of local suppliers in Calanasan are involved in providing both perishable and non-perishable goods, along with office supplies, equipment, and various retail items. In fact, 65 out of 90 respondents, which is about 72.22%, fall into this category. This indicates that general merchandising and retail operations are quite common among the suppliers in the municipality, suggesting that local procurement mainly relies on these easily accessible goods.

On the other hand, there are significantly fewer suppliers in other categories. Just 5 suppliers, or 5.56%, each provide construction materials, catering services, or vehicle and motorcycle repair services. These service-oriented and technical sectors are crucial for infrastructure development, logistics, and event management, but the limited number of suppliers points to a lack of local capacity in these areas. Additionally, highly specialized goods and services—like printing services, rentals for lodging or events, furniture and fixtures, and fuel supply—are represented by fewer than five suppliers each. This scarcity could pose challenges for local procurement of these items, especially for government agencies that need a competitive pool of bidders for public transactions, as required by procurement laws (Republic Act 9184).

H. Number of Employees

The data show that most local suppliers in Calanasan are operating as micro-enterprises. Out of 90 suppliers, a whopping 91.11% have just 1 to 3 employees. On the flip side, which really underscores how small-scale most businesses are in this area. This aligns with what we typically see in micro, small, and medium enterprises (MSMEs) found in rural or isolated communities, where limited capital and market size often hold back business growth. The Department of Trade and Industry (DTI) defines micro-enterprises as those with fewer than 10 employees and assets not exceeding PHP 3 million (DTI, 2023).

I. Location/Barangay

The way local suppliers are spread out in the Municipality of Calanasan reveals a clear focus in the Poblacion area, where you'll find 30 out of 90 suppliers, making up about 33.33% of the total. This trend really underscores how business activity is centralized in Calanasan. The Poblacion, acting as the municipal hub, provides better access to essential infrastructure, government offices, transportation, and communication networks, making it a prime spot for businesses. Being close to local government units (LGUs) in the Poblacion likely boosts suppliers' awareness and involvement in procurement processes.

On the flip side, the more remote barangays like Bucarot, Butao, Kabugawan, and Tubongan have very few suppliers, indicating limited business activity in those areas. Geographical hurdles, such as poor road conditions, longer travel times, and less reliable communication infrastructure, can really stifle business growth and make it tough for suppliers to engage in procurement transactions.

Level of Awareness of Local Suppliers Regarding Small-Value Procurement Transactions

The findings show that local suppliers have a low level of awareness about small-value procurement under Republic Act 9184, with a composite mean score of 2.13, which falls into the "Slightly Aware" category. This lack of awareness was evident across three key areas: understanding procurement policies and guidelines, knowing the registration and compliance requirements, and being aware of procurement opportunities and benefits.

Awareness of Procurement Policies and Guidelines

In the category of procurement policies and guidelines, the composite mean was the highest at 2.28. Respondents scored an average of 2.5, indicating they have a basic understanding of the general procurement framework, such as familiarity with RA 9184 and the role of the Bids and Awards Committee. However, the lowest score of 1.88 was for awareness of deadlines and necessary paperwork, highlighting a gap in knowledge about more procedural aspects like eligibility criteria, bidding processes, and required documentation. This suggests a disconnect between knowing that policies exist and understanding how to implement them. This aligns with research by Torres and Panganiban (2021), which found that MSMEs often lack access to thorough procedural training, limiting their ability to engage in public procurement.

Awareness of Registration and Compliance Requirements

The second dimension, which focuses on awareness of registration and compliance requirements, had a slightly lower composite mean of 2.10. Most respondents indicated they were only somewhat aware of the need for business permits and PhilGEPS registration, and many were largely unaware of the implications of non-compliance and the obligations suppliers have under contracts. The Government Procurement Policy Board (GPPB, 2020) emphasized the importance of more accessible and localized compliance training programs, suggesting that there's a significant need for improvement in this area.

Awareness of Procurement Opportunities and Benefits

It turns out that awareness around procurement opportunities and their benefits is low, with an average score of just 2.02. Many respondents seemed to be unclear about the advantages and support available to them, reporting a mere 1.86 when it came to their exposure to procurement notices. This lack of understanding really holds back local suppliers from effectively planning and participating in bidding opportunities that could help their businesses grow. According to the Department of Trade and Industry (DTI, 2019), boosting suppliers' awareness of the benefits of government procurement could encourage micro, small, and medium enterprises (MSMEs) to engage more actively and competitively in the public sector's growth.

Table 1. Level of awareness of local suppliers regarding small-value procurement

AWARENESS	Mean	Descriptive Value
On Procurement Policies and Guidelines	2.28	Slightly Aware
On Registration and Compliance Requirements	2.1	Slightly Aware
On Procurement Opportunities and Benefits	2.02	Slightly Aware
MEAN	2.13	Slightly Aware

Challenges Faced by Local Suppliers in Participating in the Procurement Process

The results of this study reveal that local suppliers face some tough challenges when it comes to getting involved in the government procurement process. With an average score of 3.19, the feedback leans towards "Agree," indicating that most suppliers recognize the various obstacles that make it hard for them to effectively participate in procurement activities. The findings are broken down into five key areas: financial, administrative, regulatory/compliance, competition/market, and other contextual challenges.

1. Financial Challenges

Financial issues are definitely a top concern for local suppliers. The standout comment here is, "The payment process for government transactions is too slow, affecting my cash flow" (M = 3.60, Strongly Agree), highlighting a significant delay in government payments. These delays can really hit small businesses hard, especially those that rely on getting their revenue on time (Asian Development Bank [ADB], 2018). Moreover, respondents pointed out that high preparation costs, expenses related to compliance, and competition from financially stronger companies are major hurdles. This aligns with earlier findings by Fernandez and Garcia (2020), who mentioned that the costs associated with compliance and slow payments often discourage micro and small enterprises from participating in government bidding.

2. Administrative Challenges

Administrative hurdles have also surfaced as a major obstacle. The statement, “There is a lack of assistance from government agencies regarding procurement procedures,” scored a mean of 3.58 (Strongly Agree), showing that local suppliers feel a lack of support from government bodies. Additionally, issues like the shortage of personnel with procurement expertise ($M = 3.18$) and the complicated nature of the procurement and bidding process ($M = 3.14$) highlight a larger problem of accessibility and bureaucratic red tape. These insights reflect the findings of the Government Procurement Policy Board (GPPB, 2020), which stressed the importance of simplifying procurement processes and providing capacity-building initiatives to boost supplier participation, especially among local and less-experienced vendors.

3. Regulatory and Compliance Challenges

Respondents shared their struggles with meeting documentary, tax, and registration requirements. The comment, “There is a lack of transparency in the procurement process, making it difficult to trust the system,” received the highest score in this category ($M = 3.19$), highlighting a significant trust issue regarding the fairness of procurement systems. This trust deficit may arise from frequent policy changes, confusing documentation processes, and the perceived complexity of PhilGEPS registration ($M = 3.09$). This aligns with observations from the Commission on Audit (COA, 2021), which pointed out that many local suppliers see procurement systems as overly rigid and susceptible to regulatory hurdles, leading to low engagement rates in procurement.

4. Competition and Market Challenges

Local suppliers often feel at a disadvantage in a procurement landscape that favors larger or more seasoned suppliers. The top-rated concern here is “The bidding process is not transparent or fair to small suppliers” ($M = 3.38$), indicating that market access tends to favor established players. Additionally, perceptions of favoritism and a lack of equal opportunity ($M = 3.29$) are seen as significant barriers. These views echo findings from Torres and Panganiban (2021), who documented how informal networks and preferential treatment frequently push new or smaller suppliers to the margins, particularly in rural procurement settings.

5. Other Challenges

This category showed the highest average score, pointing out several specific barriers that are context-dependent. For instance, there was strong agreement on statements like, “The LGU doesn’t provide enough information or training on procurement processes” ($M = 3.60$) and “Governments may have long payment cycles” ($M = 3.59$). Furthermore, issues like geographical isolation ($M = 3.03$) and a lack of trust in new suppliers ($M = 3.37$) were also recognized. These insights are in line with the Philippine Development Plan (NEDA, 2017–2022), which stressed the importance of decentralizing procurement training and enhancing local access to procurement-related information, particularly for areas that are geographically disadvantaged.

Table 2. Challenges faced by local suppliers in government procurement

Challenges	Mean	Descriptive Value
Financial Challenges	3.1	Agree
Administrative Challenges	3.18	Agree
Regulatory and Compliance Challenges	3.08	Agree
Competition and Market Challenges	3.24	Agree
Other Challenges	3.34	Agree
MEAN	3.19	Agree

Extent of Participation of Local Suppliers of LGU Calanasan

The current study looked into how involved local suppliers are in the government procurement processes of the Local Government Unit (LGU) of Calanasan. In a 4-point scale, the overall average score for supplier participation was 2.46, which falls under the category of “Disagree.” And a transposed value of low. This finding indicates that local suppliers aren’t actively or consistently taking part in the procurement transactions initiated by the LGU. Such a low level of participation could have important consequences for local economic growth and the effectiveness of the procurement system. Diving deeper into the individual survey items sheds more light on this trend.

Respondents expressed disagreement with the statement, “I always participate in the procurement transactions of the Local Government” ($M = 2.06$), highlighting their low regular involvement. Additionally, it seems that the flow of information through networks is quite limited; respondents disagreed with the statement, “I receive all information regarding procurements from the Bids and Awards Committee personnel directly

because I know someone inside" ($M = 2.32$). This points to a lack of informal access to procurement opportunities, which might suggest either weak local networking or issues with transparency.

The present study assessed the participation level of local suppliers in government procurement transactions of the Local Government Unit (LGU) of Calanasan. Data were gathered through a survey instrument using a 4-point Likert scale, with 1 indicating strong disagreement and 4 indicating strong agreement. The analysis focused on the mean responses of local suppliers regarding various dimensions of procurement engagement.

The overall grand mean for supplier participation was 2.46, which corresponds to the descriptive value "Disagree." This result suggests that local suppliers do not actively or consistently participate in procurement transactions initiated by the LGU. This relatively low level of participation may have significant implications for local economic development and the efficiency of the procurement system.

Examining the individual items further clarifies this trend. Respondents disagreed with the statement, "I always participate in the procurement transactions of the Local Government" ($M = 2.06$), indicating low habitual involvement. Moreover, network-based information flow appears limited; respondents disagreed with the statement, "I receive all information regarding procurements from the Bids and Awards Committee personnel directly because I know someone inside" ($M = 2.32$). This suggests limited informal access to procurement opportunities, which may reflect either a lack of strong local networking or transparency barriers.

When we look at the data, it's clear that logistical and eligibility factors received notably higher agreement scores. Suppliers felt that their business locations make it easy to participate ($M = 2.67$) and that managing the delivery of goods and services from where they are is quite feasible ($M = 2.51$). They also agreed that their businesses are both capable and eligible to take part in government procurement ($M = 2.60$), and that they usually have the necessary goods and services available on-site ($M = 2.59$).

These insights indicate that while logistical and capability issues aren't major obstacles, other factors like institutional, informational, or procedural challenges might be holding back supplier participation. These results align with previous studies that point out how information gaps, bureaucratic hurdles, and insufficient outreach from procurement offices can limit local supplier involvement (Nguyen et al., 2020; World Bank, 2019). Moreover, the fact that participation remains low despite logistical readiness suggests a pressing need for capacity-building initiatives and greater transparency in procurement, especially in rural or remote areas like Calanasan.

In summary, the study shows that while local suppliers in Calanasan generally feel equipped and well-placed to engage in procurement processes, their actual participation is quite low. This gap indicates that boosting supplier engagement might necessitate some institutional changes, such as improving access to procurement information, simplifying bidding processes, and fostering more inclusive procurement policies.

Relationship between suppliers' demographic and their participation in procurement transactions

This study took a closer look at how the demographic profiles of local suppliers relate to their involvement in the procurement processes of the Local Government Unit (LGU) of Calanasan. To figure out the strength and direction of the relationship between these variables, researchers used Pearson's product-moment correlation. They set the significance level at $p < .05$.

The findings showed that while some demographic factors are significantly linked to participation, others don't seem to have any real connection. For instance, the type of business ($r = .032$, $p = .763$), business classification ($r = .098$, $p = .360$), and the goods and services offered ($r = .119$, $p = .263$) were all found to lack a significant relationship with procurement participation. This indicates that the general category or nature of a business doesn't really predict whether suppliers are actively involved in LGU procurement.

On the other side, other demographic factors did show statistically significant correlations. One of the most surprising results was the negative correlation between years of experience in government procurement and participation ($r = -.500$, $p < .001$). This suggests that suppliers who have more experience dealing with government procurement actually tend to participate less often. This could be due to previous negative experiences, like bureaucratic delays or a lack of transparency, which might discourage them from getting involved again (Cabral et al., 2020).

In a similar manner, the registration with PhilGEPS showed a negative correlation with participation ($r = -.678$, $p < .001$). This suggests that even those who are officially registered in the national procurement system might not be actively involved in local government unit (LGU) procurement. It seems there could be a gap between national registration and access to local procurement opportunities, possibly due to factors like not receiving invitations or facing restrictive local bidding practices.

On other hand, factors like permits and licenses ($r = .586$, $p < .001$), annual income ($r = .434$, $p < .001$), and the number of employees ($r = .361$, $p < .001$) were positively and significantly linked to procurement participation. This indicates that adhering to business regulations, having financial stability, and possessing

adequate organizational resources can boost a business's chances of engaging in government procurement. These elements likely play a crucial role in determining both eligibility and competitiveness during bidding.

Overall, the findings suggest that regulatory compliance (like permits and licenses) and organizational resources (such as income and workforce) are vital for local suppliers to participate in LGU procurement. Interestingly, while having more procurement experience and being registered with PhilGEPS might seem like they would encourage participation, they may actually be linked to a lack of engagement. This points to potential inefficiencies or frustrations within the procurement system. These insights could help LGUs fine-tune their procurement policies and outreach strategies to foster broader and more sustained local participation.

Table 3. Relationship between suppliers' demographic and their participation in procurement transactions

	Demographic Profile	Pearson's r	p-values	Remarks
Participation in Procurement Transactions	Type of Business	0.032 ^{ns}	0.763	No Correlation
	Business Classification	0.098 ^{ns}	0.360	No Correlation
	Goods and Services Offered	0.119 ^{ns}	0.263	No Correlation
	Years of Experience with Government Procurement	-0.500**	<0.001	Negative Correlation
	Permits and Licenses	0.586**	<0.001	Positive Correlation
	PhilGEPS Registration	-0.678**	<0.001	Negative Correlation
	Annual Income	0.434**	<0.001	Positive Correlation
	Number of Employees	0.361**	<0.001	Positive Correlation

** Significant at 1%

Relationship between Supplier Demographic and their Challenges in Procurement Transaction

This study took a closer look at how the demographic traits of local suppliers relate to the hurdles they face when trying to get involved in government procurement transactions within the Local Government Unit (LGU) of Calanasan. By applying Pearson's r correlation, the results were examined at a significance level of 0.05 to figure out both the direction and strength of the relationship between each demographic factor and the perceived challenges they encounter.

The findings showed that the type of business ($r = -.172$, $p = .105$) and the goods and services they provide ($r = -.130$, $p = .220$) don't have a significant correlation with procurement challenges. This indicates that just the nature or variety of what a business offers don't really dictate how tough it is for suppliers to participate in procurement activities.

We noticed some interesting relationships in various demographics:

- Business classification showed a negative correlation with procurement challenges ($r = -.313$, $p = .003$). This suggests that businesses with more formal or higher-tier classifications tend to face fewer hurdles. It seems that these well-established or better-organized companies are already equipped with the necessary resources and systems to navigate procurement more smoothly.
- There was a strong positive correlation between years of experience in government procurement and the level of challenges faced ($r = .624$, $p < .001$). In simpler terms, suppliers with more experience tend to report encountering more difficulties. This could be due to their increased exposure to systemic inefficiencies, bureaucratic delays, or recurring issues that seasoned suppliers are more likely to notice (Cabral et al., 2020).
- PhilGEPS registration also showed a very strong positive correlation ($r = .901$, $p < .001$) with procurement challenges, suggesting that registered suppliers often run into greater procedural or operational obstacles. This might highlight a disconnect between digital or national systems and local procurement practices, such as poor integration, lack of awareness, or limited support for effectively using PhilGEPS.

It was also observed that permits and licenses ($r = -.652$, $p < .001$), annual income ($r = -.662$, $p < .001$), and the number of employees ($r = -.431$, $p < .001$) all had significant negative correlations with procurement challenges. This means that suppliers who are more compliant—those with the necessary permits and licenses—who are financially stable (with a higher income), and who have a larger workforce tend to face fewer hurdles in the procurement process. These traits can really help with operational readiness, keeping documentation in check, and ensuring timely deliveries, which ultimately makes procurement a lot smoother for these suppliers.

The results emphasize that having a strong organizational capacity and compliance (like holding the right licenses, having a good income, and a solid workforce) is linked to facing fewer procurement challenges. Interestingly, experience and system registration (such as PhilGEPS) might actually lead to more difficulties for suppliers—perhaps because of inefficiencies in how these systems are implemented or unmet expectations in digital procurement processes. This highlights the importance for local government units (LGUs) to better align national procurement systems with local capabilities and to offer more robust support to both new and seasoned suppliers in overcoming procurement obstacles.

Table4. Relationship between suppliers' demographic and their challenges in procurement transactions

	Demographic Profile	Pearson's r	p-values	Remarks
Challenges in Procurement Transactions	Type of Business	-0.172 ^{ns}	0.105	No Correlation
	Business Classification	-0.313**	0.003	Negative Correlation
	Goods and Services Offered	-0.130 ^{ns}	0.220	No Correlation
	Years of Experience with Government Procurement	0.624**	<0.001	Positive Correlation
	Permits and Licenses	-0.652**	<0.001	Negative Correlation
	PhilGEPS Registration	0.901**	<0.001	Positive Correlation
	Annual Income	-0.662**	<0.001	Negative Correlation
	Number of Employees	-0.431**	<0.001	Negative Correlation

** Significant at 1%

Relationship between awareness and challenges of supplier in procurement transaction

This study took a closer look at how aware local suppliers are of the challenges they face when trying to get involved in government procurement transactions within the Local Government Unit (LGU) of Calanasan. To figure out the nature and strength of this relationship, researchers used a Pearson's r correlation analysis.

The results showed a very strong negative correlation between awareness and procurement challenges ($r = -0.968$, $p < .001$). This finding is statistically significant at the 0.01 level, which means that as suppliers become more aware of procurement processes, the challenges they encounter tend to decrease significantly. This aligns with earlier research that points out how a lack of awareness or understanding of procurement procedures can lead to poor participation and greater difficulties for suppliers, particularly at the local level (Mlinga, 2018; Thai, 2009). When suppliers are well-informed about procurement guidelines, bidding procedures, necessary documents, and legal compliance, they're much better prepared to navigate the system, which helps minimize the chances of making mistakes, getting disqualified, or facing delays in the process.

The strong negative correlation indicates that being aware of procurement systems can actually protect against their complexities. Suppliers who understand processes like PhilGEPS registration, the necessary documents, bid submission deadlines, and evaluation criteria tend to engage more effectively and face fewer obstacles. This highlights the need for capacity-building initiatives, information campaigns, and supplier orientation programs from the LGU. By proactively sharing procurement information and holding regular training sessions, we can significantly reduce both the perceived and real barriers for local suppliers, particularly those in remote or underserved areas.

In short, the data clearly show that greater awareness correlates with fewer procurement challenges for local suppliers. Therefore, boosting supplier awareness should be a key focus for LGU procurement reforms to improve supplier participation, transparency, and overall procurement efficiency.

Table 5. Significant relationship between awareness and challenges of supplier in procurement transaction.

		Pearson's r	p-values	Remarks
Awareness	Challenges in Procurement Transactions	-0.968**	<0.001	Negative Correlation

** Significant at 1%

Conclusions and Recommendations

Conclusion

One of the biggest hurdles keeping local suppliers from getting involved in small value procurement is a lack of understanding. This limited awareness might stem from a shortage of localized support systems, limited training opportunities, and not enough information being shared about procurement. By enhancing supplier engagement through capacity-building initiatives, clearer procurement manuals, and proactive information sharing, we can increase participation and promote fair access to procurement opportunities. Overall, the study's findings reveal that local suppliers face a variety of challenges, such as financial struggles, insufficient administrative support, complex regulations, market biases, and contextual disadvantages like information gaps and geographic location. When these issues come together, they discourage supplier participation and create structural barriers to inclusive procurement.

Recommendations

6. Regular workshops and orientations should be organized to help local business owners understand the legal and procedural aspects of procurement.
2. Strengthening partnerships between business chambers and local government units (LGUs) can enhance support for procurement-related services and improve outreach efforts.
3. Government agencies should work on streamlining payment and compliance processes to ease financial burdens.
4. LGUs need to offer regular training and orientation sessions in formats and languages that are easy to access.
5. The LGU should enhance transparency and fairness in the bidding process by utilizing digital platforms and public monitoring tools.
6. It's essential that LGU has to establish support mechanisms that assist small suppliers in navigating administrative and regulatory challenges.

References

- [1]. AI Multiple. (2021). *Tradogram: Procurement software comparison, testing & benchmarking*. <https://research.aimultiple.com/procurement-software-comparison/>
- [2]. Aksorn, Thai., & Hadikusumo, B. H. W. (2009). Critical success factors influencing safety program performance in Thai construction projects. *Journal of Construction Engineering and Management*, 135(11), 1047–1056. [https://doi.org/10.1061/\(ASCE\)CO.1943-7862.0000164](https://doi.org/10.1061/(ASCE)CO.1943-7862.0000164)
- [3]. Asian Development Bank. (2018). *Asian development outlook 2018: How technology affects jobs*. <https://www.adb.org/publications/asian-development-outlook-2018-how-technology-affects-jobs>
- [4]. Asian Development Bank. (2017). *Asian development outlook 2017: Transcending the middle-income challenge*. <https://www.adb.org/publications/asian-development-outlook-2017>
- [5]. Cabrera, K. J. S., Leyva, A. V., Lu, J. B., & Yap, P. K. (2021). Mind the gap: Assessing worker-level labor productivity in the Philippine labor force. *De La Salle University Economics Department*. Retrieved from https://animorepository.dlsu.edu.ph/etdb_econ/24
- [6]. CGIAR System Organization. (2023). *CGIAR Initiative on Rethinking Food Markets: Plan of Results and Budget 2023 (PORB)*. <https://hdl.handle.net/10568/128457>
- [7]. Commission on Audit. (2021). *2021 Annual Financial Report for the National Government (Volume II)*. Retrieved from https://www.coa.gov.ph/wpfd_file/2021-annual-financial-report-for-the-national-government-volume-ii/
- [8]. Department of Trade and Industry. (2019). *Annual report 2019*. Department of Trade and Industry. Retrieved from https://www.dti.gov.ph/sdm_downloads/dti-ar-2019/
- [9]. Department of Trade and Industry. (2021). *Annual report 2021*. Department of Trade and Industry. <https://www.dti.gov.ph/resources/e-library/publications/annual-report/>
- [10]. Department of Trade and Industry. (2023). *Annual report 2023*. Department of Trade and Industry. Retrieved from <https://www.dti.gov.ph/resources/e-library/publications/annual-report/>
- [11]. Government Procurement Policy Board. (2020a). *GPPB Resolution No. 02-2020: Harmonizing the rules on imposition of liquidated damages provided under Annexes "D" and "E" of the 2016 revised Implementing Rules and Regulations of Republic Act No. 9184 with GPPB Resolution No. 07-2019*. <https://www.gppb.gov.ph/resolutions/2020/GPPB%20Resolution%20No.%2002-2020.pdf>
- [12]. Government Procurement Policy Board. (2024). *Republic Act No. 12009: New Government Procurement Act*. Retrieved from; <https://www.gppb.gov.ph>
- [13]. MDPI. (2024). *Procurement in the Philippines: Trends and challenges*. *MDPI Open Access Journal*. <https://www.mdpi.com/journal/procurement-philippines>

- [14]. Mlinga, R. S. (2018). *Managing construction projects in developing countries: Challenges and solutions*. Dar es Salaam University Press.
- [15]. Municipal Local Government Unit of Calanasan (2025) Municipal Planning and Development Office records
- [16]. National Economic and Development Authority. (2017). *Philippine Development Plan 2017–2022*. National Economic and Development Authority. Retrieved from <https://pdp.neda.gov.ph/philippine-development-plan-2017-2022/>
- [17]. Navarro, A. M. (2024). *Challenges and opportunities in subnational public-private partnerships in the Philippines* (Discussion Paper No. 2024-43). Philippine Institute for Development Studies. <https://doi.org/10.62986/dp2024.43>
- [18]. Nguyen, T. H., Lin, K.-H., Rahman, F. F., Ou, J.-P., & Wong, W.-K. (2020). Study of depression, anxiety, and social media addiction among undergraduate students. *Journal of Management Information and Decision Sciences*, 23(4), 257–276
- [19]. Nisnisan, C. A., & Salapa, A. C. (2024). Philippine public procurement challenges - Local government context: A review. *TWIST*, 19(2), 443–450. Retrieved from; <https://doi.org/10.33776/twist.v19i2.289> on May 15, 2025
- [20]. Philippines. (2003, January 10). *Republic Act No. 9184: Government Procurement Reform Act*. Official Gazette. Retrieved from; <https://www.officialgazette.gov.ph/2003/01/10/republic-act-no-9184/>
- [21]. Philippines. Government Procurement Policy Board. (2016). *2016 Revised Implementing Rules and Regulations of Republic Act No. 9184: Government Procurement Reform Act*. Retrieved from; <https://www.gppb.gov.ph/assets/pdfs/IRR.RA9184.pdf>
- [22]. Querijero, N. J. V. B., et. Al. (2022). Public procurement practices and policies: Implications for public research and development in the Philippines. *Journal of Public Affairs and Development*, <https://doi.org/10.13140/RG.2.2.36594.94404>
- [23]. White, J. (2022). *The promises and pains in procurement reforms in the Philippines* (Discussion Paper No. 2017-16). Philippine Institute for Development Studies. <https://doi.org/10.62986/dp2017.16>
- [24]. World Bank. (2020). *World development report 2020: Trading for development in the age of global value chains*. World Bank Group. <https://doi.org/10.1596/978-1-4648-1457-0> (This is an actual 2020 World Bank publication. Replace if referring to a different report.)
- [25]. World Bank. (2019). *The World Bank Annual Report 2019: Ending Poverty, Investing in Opportunity*. World Bank. <https://hdl.handle.net/10986/32333>