



Munich Personal RePEc Archive

# **A Model of Business Innovation in the Context of Micro, Small and Medium Enterprises in Davao Del Sur**

Castillo-Sam, Eva Marie and Tormis, Jeaneth and Murcia,  
John Vianne

UM Digos College, University of Mindanao

January 2016

Online at <https://mpra.ub.uni-muenchen.de/72644/>  
MPRA Paper No. 72644, posted 21 Jul 2016 04:37 UTC

# **A MODEL OF BUSINESS INNOVATION IN THE CONTEXT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN DAVAO DEL SUR**

Eva Marie C. Sam\*, Jeaneth P. Tormis\*\* and John Vianne B. Murcia\*\*\*

\* Head, Business Administration Education (UM Digos)

\*\* Head, Accounting Education (UM Digos)

\*\*\* Research and Publication Center, University of Mindanao

e-mail: jv\_murcia@umindanao.edu.ph

## **ABSTRACT**

This study determined the factors that affect business innovation of micro, small and medium enterprises (MSMEs) in Davao del Sur. Data were gathered from owners and proprietors of 88 microenterprises, 61 small enterprises and 52 medium enterprises registered and are operational within the municipalities and component city of the Province of Davao del Sur. Results revealed that the respective mean scores of the management factors have the interpretations: articulation of vision, mission and goals was found to be good, organizational structure was found to be good, while human resource management was found to be very good. In addition, the mean scores for marketing mix have the following interpretations: Product was found to be very good, while price, place and promotion were found to be good. MSMEs were found to be financially-capable. More so, politico-legal, economic, socio-cultural and technological factors were found to be influential in the activities and decision-making of the owners and proprietors. They also posed high regard in adopting business innovation. Stepwise regression analysis was used to derive a model for business innovation of micro, small and medium enterprises in Davao del Sur. The final model revealed that a combination of organizational structure, human resource management, politico-legal forces and socio-cultural forces significantly determine the business innovation of micro, small and medium enterprises, holding other variables constant.

*Keywords: business innovation, MSMEs, management factor, marketing mix, financial capability, best-fit model*

## **INTRODUCTION**

Enterprise growth has been studied by researchers for many years. Managing businesses in an environment affected by various internal and external forces is a herculean task and entrepreneur faces. A competitive manager who aspires for business growth shall seek in identifying these factors that may make or break his chances of attaining expansion.

In a study conducted in India, researchers made it a point of emphasizing that each cottage industries and small to medium enterprises has to start, then grow while facing various challenges and crises, and finally mature and decline (Gupta, Guha, & Krishnaswami, 2013). An entrepreneur aggressively focuses on innovation profit and growth of the enterprise. On the other hand, a small business owner's objective and focus is mostly on managing stable growth, sales, and profits (Kuratko, 2009).

The Philippines is a highly entrepreneurial country (Beerepoot, 2007). The main reason that drives its entrepreneur spirit is its poverty (Dacanay, 2005). The Department of Trade and Industry reported that small and medium-sized enterprises (SME) accounted for the largest share of Philippine entrepreneurs. SMEs, including micro-enterprises, account for 99 percent of all business establishments and 60 percent of the exporting firms in the Philippines (Leano, 2006; Wood, 2015), employ about 55 percent of the Philippine labor force and contribute 30 percent to total domestic volume sales. The Philippines government sees that entrepreneurial efforts will help ignite economic growth, improve living standards, and build a worldwide market for Philippine products so they welcome foreign investors and offer incentive and support by lowering tariffs, opening its entire economy, including land ownership and “free trade” (Aldaba, 2008). Challenges for entrepreneurs in Philippines include a lack of research and development, inadequate access to technology, financing – most entrepreneurs starting small business in the Philippines have difficulty acquiring capital, a lack of marketing advice and logistical problems (Aldaba, Yap & Petri, 2009).

The situation is similar as experienced by various enterprises in Davao del Sur. A study revealed that most SMEs in its capital city are very traditional in terms of capitalizing on marketing aspects of the business and painstaking in terms of compensating the workforce that works for them (Malnegro, 2011). This leads to a purview that enterprises in Digos City are still in misconception as to the necessary factors to consider in order to expand and become known by the consumers.

The lack of research efforts concerning the factors that may affect business innovation of small and medium enterprises in the locality may be justified with a limited interest in SMEs, availability of economic data, and the belief that small businesses employ little strategy or simply do not aim for growth the same as with the findings of Davidsson (1991) and Oakey (2003). Also, to the best of the knowledge of the researchers, no efforts have been made to present a model characterizing the factors that affect business innovation of MSM entrepreneurs in Davao del Sur. Hence, this study was proposed and conducted.

### **Research Objectives**

This study intends to determine the factors that influence business innovation of micro, small and medium enterprises (MSMEs) in Davao del Sur.

Specifically, this study seeks to identify:

1. the status of micro, small and medium entrepreneurs in Davao del Sur in terms of the following internal factors:

a. Management Factors

- Articulation of Vision, Mission and Goals
- Organizational Structure
- Human Resource Management

b. Marketing Mix

- Product
- Price
- Place
- Promotion

c. Financial Capability

2. the status of micro, small and medium entrepreneurs in Davao del Sur in terms of the following external forces:

a. Politico-Legal Forces

- b. Economic Forces
  - c. Socio-Cultural Forces
  - d. Technological Forces
3. the extent of adoption of business innovation of micro, small and medium entrepreneurs in Davao del Sur; and
  4. the factors that significantly influence business innovation among micro, small and medium enterprises.

## **THEORY BASED**

The Resource-Based Theory of Kelliher and Reinl (2009) dealt with the resources and capabilities of the firm as an underlying factor of performance. The resource-based view is of great relevance in the SMEs context, as it argues that the long-term survival of SMEs is dependent on a business' distinctive offering, and the development of this distinctiveness over time through nurturing the firm's core competencies (Seedee, Sulaiman & Ismail, 2009). Competence refers to the alignment of planned competitive priorities (strategy) and realised competitive priorities (outcomes) – a firm has a particular competence if it has strong capability in an area that is also regarded as important (Baker et al., 1997). These strong capabilities are seen as ways of accomplishing different activities, depending on available resources.

Secondarily, the study also hinges on the Product-Market Growth Model used by Kotler and Keller (2006). It involves developing strategies for each of its business units that support the firm's overall growth objectives. This process focuses on the firm's product mix and determines whether the firm would be better off putting its resources into existing products or trying to grow by developing or acquiring new products. It also relies on an assessment of the growth potential of existing markets and new markets. Combining these options provide four different fundamental marketing strategies such as (a) market penetration; (b) market development; and (c) diversification.

Another useful theory anchored by this study is the principle of marketing mix (or the four Ps of marketing) as delineated by Kotler and Armstrong (2010). The overall operation is understood by a fact that it entails the analysis of customers, competitors and companies, combining this understanding into an overall understanding of what segments exist, deciding on targeting the most profitable segments, positioning the products, and then doing what is necessary to deliver on that positioning. Furthermore, an organization aims all its efforts at satisfying its customers at a profit and for social responsibility. They have a concept that firms exist to serve the customers and, more broadly, the needs of the society.

## **METHOD**

The research used descriptive and causal designs in conducting this research work. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables to describe a present situation. Since factors that affect business innovation of micro, small and medium enterprises (MSMEs) in Davao del Sur were studied, it is appropriate to describe or ascertain them as management

factors and the marketing factors. Also, the design is appropriate in describing business innovation. This study also integrated the causal research design since the researcher developed business innovation predictive models for micro, small and medium enterprises (MSMEs) in Davao del Sur, with the aid of regression analysis.

Primary data were taken from the operators/owners/managing partners, or the entrepreneurs, of micro, small and medium enterprises in Davao del Sur. A quota of 100 entrepreneurs was taken as sample for each category, making the entire sample to 300 respondents. The list of all known and operational MSMEs in Davao del Sur was secured with the help of the Department of Trade and Industry of the Province of Davao del Sur as well as the respective Local Economic Enterprise Management Offices of each municipality. However, of the 300 respondents targeted, 88 microenterprises, 61 small enterprises and 52 medium enterprises agreed to participate, with the conditions that their names will not be disclosed. Thus, overall, there was a total of 59 percent response rate.

This research adopted several survey questionnaires from various authors to measure the extent of internal and external factors that affect business innovation of micro, small, and medium enterprises in Davao del Sur. The questionnaire was in the form of 5-point questionnaires. They instruments underwent content validity by three experts who were all business experts. Likewise, the questionnaire was pilot-tested in an SME Conference of entrepreneurs held in Digos City. Pilot test involved 15 respondents. Cronbach's alpha revealed values higher than 0.7, which means that the instruments used were reliable for the purpose of addressing the problems of the study.

Weighted mean was used to assess the status of implementation of internal (management, marketing mix, financial capability) and external (economic, political, socio-cultural and technology) factors as well as the business innovation of micro, small and medium entrepreneurs in Davao del Sur. Stepwise regression was used to determine which among the internal and external factors influence the business innovation of micro, small and medium enterprises in Davao del Sur.

## **RESULTS**

### **Status of the Internal Factors of Micro, Small and Medium Enterprises in Davao del Sur**

The following discussions center on the discussion of the descriptive analysis which shows the status of implementation of management factors in terms of articulation of vision, mission and goals, organizational structure and human resource practices, marketing mix factors in terms of product, price, place and promotion, and the financial capability of micro, small and medium enterprises in Davao del Sur.

Presented in table 1 is the data on implementation level of institutional factors in terms of articulation of vision, mission and goals. The overall weighted mean is 4.08, which is interpreted as good. This means that the vision, mission and goals is implemented in the micro, small and medium enterprises in Davao del Sur at an extensive level and are articulated in all possible means on the same extent.

More so, the overall weighted mean for organizational structure is 4.04, which is interpreted as good. This means that having an organizational structure is

implemented in the micro, small and medium enterprises in Davao del Sur and is manifested in their operations. In addition, the result implies that Davao del Sur's firms and establishments like MSMEs have started to implement a system to draw out the members or compositions of their respective organization.

Lastly, in terms of human resource management, the overall weighted mean is 4.24, which is interpreted as good. This means that the human resource management practices are indeed implemented among the micro, small and medium enterprises in Davao del Sur.

Table 1  
Extent of Implementation of Management Factors among MSMEs in Davao del Sur

Items	Mean	Descriptive Level
Articulation of Vision, Mission and Goals	4.08	Good
Implementation of Organizational Structure	4.04	Good
Human Resource Management Practices	4.24	Good
<b>Overall Mean</b>	<b>4.12</b>	<b>Good</b>

Presented in table 2 is the data on performance of the micro, small and medium enterprises in terms of its products (service). The overall weighted mean for this dimension is 4.05, which is interpreted as Good. The result indicates that in the aspect of product, the MSMEs in Davao del Sur are produced and are ensured to be of good quality, thus highlighting the fact that the product is one of the considerations of the micro, small and medium enterprises' operations.

In terms of the price, the overall weighted mean for this dimension is 4.11, which is interpreted as good. The result indicates that in the aspect of price, the micro, small and medium enterprises perform quite well. The result further implies that the pricing schemes of the micro, small and medium enterprises in Davao del Sur have been established in the manner that it is well received by consumers.

In terms of place, the overall weighted mean for this dimension is 4.14, which is interpreted as good. The result indicates that the enterprises are strategic in its location and establishing its position in favor of the geographical structure.

Lastly, in terms of the promotion, the overall weighted mean for this dimension is 3.97, which is interpreted as good. The result indicates that in the aspect of promotion, the micro, small and medium enterprises in Davao del Sur are performing well as perceived by its owners/proprietors.

Table 2  
Extent of Implementation of Marketing Mix Factors among Micro, Small and Medium Enterprises in Davao del Sur

Items	Mean	Descriptive Level
Product	4.05	Good
Price	4.11	Good
Place	4.14	Good
Promotion	3.97	Good
<b>Overall Mean</b>	<b>4.08</b>	<b>Good</b>

Presented in table 3 is the result of the descriptive analysis, showing the parameters of financial capability of the micro, small and medium enterprises in Davao del Sur. The overall weighted mean for financial capability is 3.89, which is interpreted as capable. The result indicates that the MSMEs in Davao del Sur are capable of not just on the profit generation aspect, but also on the firm's ability to ensure return of investment, maintaining afloat, and paying its debts.

Table 3  
Financial Capability of MSMEs in Davao del Sur

Items	Mean	Descriptive Level
Credit sourcing	3.85	Capable
Capital generation	3.95	Capable
Return of investments	3.83	Capable
Liquidity (cash availability)	3.93	Capable
Solvency (debt servicing)	3.92	Capable
<b>Overall Mean</b>	<b>3.89</b>	<b>Capable</b>

The item with the highest mean score is capital generation, which has a mean score of 3.95, interpreted as capable. The result reveals that the owners and proprietors of micro, small and medium enterprises in the Province are capable of capital generation, which can be used as a source of fresh funds for the establishment or investment of business activities. Ranking next to capital generation is liquidity ( $\bar{x}=3.93$ ), interpreted as capable, solvency ( $\bar{x}=3.92$ ), interpreted as capable, and credit sourcing ( $\bar{x}=3.85$ ) or capable. On the other hand, the least among the items is return of investments ( $\bar{x}=3.83$ ), which is still interpreted as capable in the scale. This means that micro, small and medium enterprises are highly capable in recovering its investments based on the current and anticipated financial conditions of the business. This further means that the ROI of the MSMEs are quite good and is on the safe level.

#### **External Factors on the Micro, Small and Medium Enterprises in Davao del Sur**

The following discussions focused on the discussion of the descriptive analysis which shows the extent of influence of the external forces (politico-legal forces, economic forces, socio-cultural forces, and technological forces) on the MSMEs.

Table 4  
Extent of Influence of Politico-Legal Forces on the MSMEs in Davao del Sur

Items	Mean	Descriptive Level
Politico-Legal Forces	4.07	Extensive
Economic Forces	4.09	Extensive
Socio-Cultural Forces	4.08	Extensive
Technological Forces	3.88	Extensive
<b>Overall Mean</b>	<b>4.03</b>	<b>Extensive</b>

Results revealed an overall weighted mean of 4.07, which is interpreted as extensive. This means that the political and legal aspects of the business environment highly affects or influence the operations and decision-making of the owners and proprietors of MSMEs.

In terms of economic forces to the micro, small and medium enterprises in the Province, results revealed an overall weighted mean of 4.07, which is interpreted as extensive. This means that the economic aspects of the business's environment, whether small or general they may be, highly affects or influence the operations and decision-making of the owners and proprietors of MSMEs. This also entails that the firms depend highly on the macro- and microeconomic conditions of the business, such that they are intertwined with the firm's activities themselves.

In terms of the effect of socio-cultural forces to the micro, small and medium enterprises in the Province, results revealed an overall weighted mean of 4.08, which is interpreted as extensive. This means that the socio-cultural aspects of the business's environment highly affect or influence the operations and decision-making of the owners and proprietors of MSMEs. This also entails that the way of living of the people within and outside the Province has a big impact on the taste and preference of the buyers or clients of the business/firm.

More so, in terms of the extent of influence of technological forces to the micro, small and medium enterprises in the Province, results revealed an overall weighted mean of 3.88, which is interpreted as extensive. This means that technology as it is seen today is crucial towards the operations and decision-making of the owners and proprietors of MSMEs, which can even be utilized in the manner of improving the business practices and making the business known for a lesser period of time. With the advent of social networking sites and Web presence of some businesses, technology has been highly tapped by MSMEs in order for their products to be distributed, known and appreciated not just by the locals.

### **Business Innovation of Micro, Small and Medium Enterprises in Davao del Sur**

Presented in table 5 is the data characterizing business innovation level of micro, small and medium enterprises in Davao del Sur in terms of business innovation. The overall mean for this dimension is 3.97, which is interpreted as High. This means that the micro, small and medium enterprises highly ensure that they are abreast with innovations and best practices in managing the business.

Table 5  
Level of Business Innovation of Micro, Small and Medium Enterprises

<b>Items</b>	<b>Mean</b>	<b>Descriptive Level</b>
Product Diversification	3.93	High
Mass Customization	4.02	High
Product Competitiveness	4.09	High
Product Design Innovations	3.91	High
Business Process Reengineering	3.90	High
<b>Overall Mean</b>	<b>3.97</b>	<b>High</b>



Looking on the salient dimensions of business innovation, the item with the highest mean score is product competitiveness, with a mean score of 4.09, which is interpreted as *high*. The overall rating purports that the MSMEs in Digos City primarily focus on their products and their capability to do head-to-head with its competitors and substitutes. This further implies that the MSMEs are working on manufacturing products and services that may compete with their competitors and to keep up with the changing taste and preference of the buyers.

Moreover, mass customization ranks second among the five areas of business innovation, with overall mean of 4.02 which is interpreted as *high*. This confirms on the primary focus of MSMEs on their products' competitiveness, which then redounds to their desire to focus on how their goods are made available to their customers and thus, accommodating their concerns for customization. The market of Digos City is also known for their painstaking and varying taste and preferences over time (Malnegro, 2011), which is an impetus of the growing dynamics of its market.

Product diversification and product design innovations are also rated high, which emphasizes that the managers and proprietors of MSMEs have particular emphasis on offering various products at certain points of time to accommodate the changing taste and preferences of the consumers. A product diversification strategy is a form of business development that involves modification of a current product that serves to expand the potential market (Chang & Wang, 2007). Moreover, product diversification must focus to the involvement into product markets which are related to a firm's core resource, and unrelated product diversification involves expansion into product markets that are not related to a firm's core resource (Rumelt, 1974).

On the other hand, the item with the lowest mean score is business process reengineering, with a mean score of 3.90, interpreted as High. The result entails that MSMEs are keeping themselves abreast with the competition by improving their old products and innovating them to create a new feel on their product lines.

The above analysis further revealed that there is a need for MSMEs to step up their business innovation practices considering that the overall level is pulled down by lesser engagement of a handful of firms in business innovation. This leads to a conclusion that engagement to business innovation is not a general practice among firms, irrespective of industry.

### **Factors that Influence Business Innovation of Micro, Small and Medium Enterprises**

The main objective of this study is to determine the combined percent of influence of the factors that may influence business innovation of micro, small and medium enterprises in Davao del Sur. Stepwise regression analysis was utilized in order to distinguish the entry of internal and external factors that are determining variables of business innovation of micro, small and medium enterprises in Davao del Sur.

As revealed in table 6, Model 1 shows that the combined percent of influence of the internal factors composed of management factors, marketing mix and financial capability determine 93 to 93.3 percent as evidenced on the values of the  $R^2$  and adjusted  $R^2$  of 0.933 and 0.930 respectively. Based on the beta coefficients, it was revealed that the articulation of vision, mission and goals ( $\beta = 0.275$ ,  $p < 0.01$ ), organizational structure ( $\beta = 0.630$ ,  $p < 0.01$ ) and human resource management ( $\beta = 0.151$ ,  $p < 0.01$ ) significantly determine the business innovation of micro, small and medium enterprises, holding other variables constant.

Table 6  
Significant Factors that Influence Business Innovation of Micro, Small and Medium Enterprises in Davao del Sur

Predictor Variables	Model 1	Model 2	Model 3
<b>Management Factors</b>			
Articulation of VMG	0.275**		
Organizational Structure	0.630**		0.633**
Human Resource Management	0.151**		0.158**
<b>Marketing Factors</b>			
Product	0.052		0.057
Price	-0.020		-0.031
Place	-0.043		-0.020
Promotion	0.010		0.009
<b>Financial Capability</b>			
	0.035		0.035
<b>External Factors</b>			
Politico-Legal Forces		0.187*	0.112*
Economic Forces		-0.078	-0.004
Socio-Cultural Forces		0.714**	0.293**
Technological Forces		0.165*	0.007
Constant	0.495**	0.340*	0.500**
R <sup>2</sup>	0.933	0.778	0.935
Adjusted R <sup>2</sup>	0.930	0.774	0.931
F	333.083	172.217	247.772

\*\* Significant at 0.01 level

\* Significant at 0.05 level

In estimating Model 2, all internal variables (management factors, marketing mix and financial capability) were removed from the equation and external forces that include politico-legal, economic, socio-cultural and technological forces were entered. Based on the result, Model 2 shows that the combined percent of influence of the external factors determine 77.4 to 77.8 percent as evidenced on the values of the R<sup>2</sup> and adjusted R<sup>2</sup> of 0.778 and 0.774 respectively. Based on the beta coefficients, it was revealed that the politico-legal forces ( $\beta = 0.187, p < 0.05$ ), socio-cultural forces ( $\beta = 0.714, p < 0.01$ ) and technological forces ( $\beta = 0.165, p < 0.05$ ) significantly determine the business innovation of micro, small and medium enterprises, holding other variables constant.

To have a full grasp of the determining capacity of the factors towards business innovation of micro, small and medium enterprises in the Province, all variables were entered to create the third regression model. Based on the result, Model 3 shows that the combined percent of influence of the factors determine 93.1 to 93.5 percent as evidenced on the values of the R<sup>2</sup> and adjusted R<sup>2</sup> of 0.935 and 0.931, respectively. Based on the beta coefficients, it was revealed that the organizational structure ( $\beta = 0.633, p < 0.01$ ), human resource management ( $\beta = 0.158, p < 0.01$ ) politico-legal forces ( $\beta = 0.112, p < 0.05$ ) and socio-cultural forces ( $\beta = 0.293, p < 0.01$ ) significantly determine the business innovation of micro, small and medium enterprises, holding other variables constant. As in the previous models, articulation of VMG and technological forces were dropped from the final regression model.

Based on the regression analysis results, it can be concluded that the best prediction model that best explains the causal relationship of some factors towards the business innovation of micro, small and medium enterprises (MSMEs) is stated as:

$$Y_{\text{MSME}} = -0.500 + 0.633OS + 0.158HRM + 0.112POL + 0.293SOC$$

[Eq. 1]

This means that a combined influence of the firm's organizational structure (OS) and human resource management (HRM) and its capability to identify the valuable influence politico-legal (POL) and socio-cultural forces (SOC) significantly determine their business innovation. This means that as a whole, the firm's ability to ensure a well-delineated organizational structure and ensuring a sound human resource management system will enable a business to spur to its desired growth. In addition, as the firm recognizes the external environment to be of great influence, the political and legal implications of the business enterprise and the way of life of the people are the most determining forces towards the growth of the micro, small and medium enterprises alike.

## DISCUSSION

The combined influence of the firm's organizational structure and human resource management are highly influential in the micro, small and medium enterprises' adaptability towards business innovation. This means that as a whole, the firm's ability to ensure a well-delineated organizational structure and ensuring a sound human resource management system will enable a business to spur to its desired growth. This can be exemplified by establishing fair, sound and acceptable policies on human resources, whose skills play a great role in boosting a firm's performance (Lam & Chin, 2005), and provided an example that good incentive plans help improve employees productivity level, but if no training is provided to improve their skills, the firm's productivity level will only rise to some limited level. To address this, these firms might consider integration and enhancement of their respective human resource management practices such as selection, induction, training, job design, work environment, performance appraisal, compensation, career development and incentives which had an influence on a firm's performance (Paul & Anantharaman, 2003). These are important factors of human resource management that need to be well-considered in preparation for the dynamism of innovation brought by technology of the times and policies of the micro- and macro- levels. Although the environmental factors play an important role in the small business growth and development, internal factors should not be neglected either, such that a significant potential for SME growth is located internally within the firm. For one, the characteristics of the entrepreneur are considered as one of the most important factors influencing the growth of the firm (Gilbert, et. al., 2006).

In addition, as the firm recognizes the external environment to be of great influence, the political and legal implications of the business enterprise and the way of life of the people are the most determining forces towards the growth of the micro, small and medium enterprises alike. The role of socio-cultural forces, especially in the context of Digos City, significantly determines MSMEs' adaptability towards business innovation. According to Nayab (2011), there are some of the ways in which the

environments influence entrepreneurship: First, unstable political conditions where government policies change frequently discourage business, as investors fear for the safety of their investments. Second, government support to economic development through infrastructure development is encouraged since it spurs more entrants to entrepreneurship. This is coherent with the pronouncements of Freytag and Thurik (2010), seeing that cultures are more conducive for entrepreneurship than others, considering that culture is seen to foster an internal locus of control. They carried out a nine-country study and concluded that some entrepreneurial characteristics such as innovativeness, differences in perception of risk, and internal locus of control are universal amongst entrepreneurs.

These pronouncements lead to the following purview: For the entrepreneurs and potential investors, calculated risk is a good measure of maximizing owner's equity. The results of this study can help them to identify the possible key areas to focus when establishing businesses in Davao del Sur as well as the bottlenecks that may be encountered. As investment in Davao del Sur is encouraged by its local leadership, the study can be used by these people to fully understand opportunities for investment with minimal risk at stake. For the buyers and customers, they are encouraged to patronize local products and services manufactured and delivered by their own micro, small and medium enterprises in order to revitalize their operations and to keep them standing despite micro- and macroeconomic ordeals and challenges. Their patronage is the key towards their continuity. They shall likewise be encouraged to promote the products and services of the MSMEs in their area. For the provincial and local governments, they are encouraged to promote and intensify the promotion, campaign and support towards micro, small, and medium enterprises in their area. Likewise, they are also encouraged to fund trainings and seminars to market and promote the products and services offered by their respective MSMEs and support research activities by funding them towards the continuity of their enterprises. They are also expected to boost programs to these enterprises (MSMEs) in their expansion ventures.

## REFERENCES

- Aldaba, R. M. (2008). *SMEs in the Philippine manufacturing industry and globalization: meeting the development challenges* (No. DP 2008-15). Makati City: Philippine Institute for Development Studies.
- Aldaba, R. M., Yap, J. T., & Petri, P. A. (2009). The AEC and investment and capital flows. *Realizing the ASEAN Economic Community: A Comprehensive Assessment*. Singapore: ISEAS Publishing.
- Baker, J. C., Mapes, J., New, C. C., & Szejczewski, M. (1997). A hierarchical model of business competence. *Integrated Manufacturing Systems*, 8(5), 265-272.
- Beerepoot, N. (2007). Learning and entrepreneurship in the furniture cluster in Metro Cebu, the Philippines. *International Development Planning Review*, 29(1), 23-41.

- Chang, S. C., & Wang, C. F. (2007). The effect of product diversification strategies on the relationship between international diversification and firm performance. *Journal of World Business, 42*(1), 61-79.
- Dacanay, M. L. M. (2005, February). Getting a handle on social entrepreneurship. In *Open Symposium on Social Entrepreneurship*.
- Davidsson, P. (1991). Continued entrepreneurship: Ability, need, and opportunity as determinants of small firm growth. *Journal of business venturing, 6*(6), 405-429.
- Freytag, A., & Thurik, R. (2010). Entrepreneurship and its determinants in a cross-country setting (pp. 157-170). *Springer Berlin Heidelberg*.
- Gilbert, B. A., McDougall, P. P., & Audretsch, D. B. (2006). New venture growth: A review and extension. *Journal of management, 32*(6), 926-950.
- Gupta, P. D., Guha, S., & Krishnaswami, S. S. (2013). Firm growth and its determinants. *Journal of Innovation and Entrepreneurship, 2*(1), 1-14.
- Kelliher, F., & Reinl, L. (2009). A resource-based view of micro-firm management practice. *Journal of Small Business and Enterprise Development, 16*(3), 521-532.
- Kotler, P., & Armstrong, G. (2010). *Principles of marketing*. Pearson Education.
- Kotler, P., & Keller, K. L. (2006). *Marketing Management*, Upper Saddle River. New Jersey.
- Kuratko, D. F. (2009). The entrepreneurial imperative of the 21 st century. *Business Horizons, 52*(5), 421-428.
- Lam, P. K., & Chin, K. S. (2005). Identifying and prioritizing critical success factors for conflict management in collaborative new product development. *Industrial Marketing Management, 34*(8), 761-772.
- Leano, R. M. (2006). SMEs in the Philippines. *Cacci Journal, 1*, 1-10.
- Malnegro, M. (2011). *Perceived participation of the government to the micro and small businesses in Digos City*. Unpublished master's thesis: Cor Jesu College.
- Nayab, N. (2011, November 19), *Factors Having an Impact in Starting and Operating a Business*, Bright Hub.com, Retrieved from <http://www.brighthub.com/office/entrepreneurs/articles/73616.aspx>
- Oakey, R. P. (2003). Technical entrepreneurship in high technology small firms: some observations on the implications for management. *Technovation, 23*(8), 679-688.

- Paul, A. K., & Anantharaman, R. N. (2003). Impact of people management practices on organizational performance: analysis of a causal model. *International Journal of Human Resource Management*, 14(7), 1246-1266.
- Rumelt, R. P. (1974). *Strategy, structure, and economic performance*. Boston, MA: Harvard University Press.
- Seedee, R., Sulaiman, M., & Ismail, I. (2009, October). Best business practices and performance in ceramics industry in Thailand. In *9<sup>th</sup> Global Conference on Business and Economics*. University UK (pp. 16-19).
- Wood, D. C. (Ed.). (2015). *Climate Change, Culture, and Economics: Anthropological Investigations* (Vol. 35). Emerald Group Publishing.