

The Business Environment of NGO-assisted Grassroots Enterprises in the Provinces of Iloilo and Guimaras

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ABSTRACT

The paper presents the results of a study that looked into the business environments of grassroots enterprises in Iloilo and Guimaras. A descriptive design was used, and primary data was generated through interviews with 50 respondents from among the grassroots entrepreneurs. Data were analyzed using descriptive statistics and thematic analysis. Findings show that the entrepreneurs identified and assessed consumer demand and preferences as economic forces that have positive effects on their business operations, while unemployment or underemployment of family members, and inflation and rising prices are seen as disadvantageous to the business. As far as social trends are concerned, outmigration and marriage are considered as having negative effects on enterprise operations while young people's preference for non-vocational courses is perceived as beneficial to the business enterprises. New types of machinery and equipment; innovative designs for the *hablon*; availability of raw materials; opportunities to learn new skills, and new color schemes; and, wider dimensions of the *tiral* for *hablon* weaving are technological developments deemed advantageous to business operations by a majority of the entrepreneurs. Support of local government, as well as national leadership, legislations for micro-enterprise development, and government assistance to micro-entrepreneurs, are political factors perceived by the entrepreneurs as favorable to them. The study recommends strategic and coordinated business development services with the complementation of government, civil society organizations, and private sector efforts that address challenges and prospects afforded by the business environments of the NGO-assisted enterprises.

Keywords: Organizational environment, business environment, grassroots enterprises

INTRODUCTION

The external organizational environment affects organizational culture (Reginato & Guerreiro, 2013). The mandate, structure, work methods, and other internal processes and dynamics of an organization are influenced by the challenges and prospects that abound in the wider, external environment (Pfeffer & Salancik, 2003, which may either promote or constrain organizational growth and direction. In the case of business enterprises, external social, economic, political, natural, and technological forces exert significant effects on the development of products and services as well as the identification of target customers and market expansion. Given the strong influence of the external environment on the organization, top management should make an effort to understand their environment and be able to choose an appropriate strategy or strategies that fit external

environmental trends and maintain their performance measurement systems (Adeoye & Elegunde, 2012).

Micro-business enterprises (MBEs) have been recognized as playing a critical role in sustaining social and economic development in the region (APEC, 2009). However, like any business enterprise, they would need to identify and assess environmental factors in order to survive the ambiguities and vicissitudes of a rapidly changing and turbulent business environment. MBEs such as grassroots enterprises thrive on the initiative of small producers but are not spared from having to contend with cutthroat industry competition. In the era of globalization, micro and small enterprises in an industry with well-entrenched globalized enterprises would find building their own niche in a highly competitive business environment a daunting challenge.

In the Philippines, micro, small and medium enterprises (MSMEs) compose 99.57% (911,768) of the total establishments, of which 89.63% (820,795) were micro-enterprises (Philippine Statistics Authority, 2016). Micro-enterprises have been recognized as drivers of economic growth, job creation, trade, and investment, and technological innovation (MSME Development Plan 2011-2016). They are also channels for the management and utilization of local resource endowments thru the use of modern technologies and expertise alongside the more traditional methods (Escobar, 1995). Recognizing their role in national development, government and other sectors have been pouring technical and financial assistance into many small community economic initiatives as a means to generate local employment, create alternative sources of income, and improve living standards.

However, organizations extending business support services as well as the micro-business enterprises themselves need to understand their business environment so that business strategies and support services address environmental opportunities as well as constraints and allow microenterprises to remain sustainable amidst a highly unpredictable and competitive business milieu.

This paper presents an assessment of the business environment of NGO-assisted Ilonggo grassroots micro-enterprises thru the lenses of the entrepreneurs themselves. The findings are part of a bigger study on social mobilization, production and marketing operations, and community development in the NGO-assisted enterprises in the provinces of Guimaras and Iloilo. One major purpose of the study was to examine the business environment of the NGO-assisted enterprises in the provinces of Iloilo and Guimaras so that results can inform organizational and business support extended by the assisting NGO as well as other organizations.

REVIEW OF LITERATURE

Organizations are defined as goal-driven socio-economic systems with structures and activities designed and coordinated to achieve organizational goals, and interacting with their environments (Daft, 2001; Aldrich, 2008). According to the open systems perspective, organizations exist in a symbiotic relationship with their environments i.e., organizations derive inputs or resources from the external environment, transform them to become

outputs, which are then transported back to the environment (Katz & Kahn, 1966; Bertalanffy, 1968; Kast & Rosenzweig, 1972).

The external environment or sometimes referred to as the organizational environment has been seen as consisting of all elements that exist outside the borders of the organization that has the potential to affect directly or indirectly all or parts of the organization as well as its performance and outcomes (Cummings & Worley, 2001; Daft, 2001). Moreover, the organizational environment has been viewed as consisting of two dimensions: the general environment and the task environment (Griffin, 1996; Cummings & Worley, 2001).

In the empirical literature on external environment, the general or external environment of business organizations is referred to as the business environment. The Donor Committee for Enterprise Development (DCED, 2008, p.2) views the business environment as "a sub-set of the investment climate and includes the administration and enforcement mechanisms established to implement government policy, as well as the institutional arrangements that influence the way key actors operate (e.g., government agencies, regulatory authorities and business membership organizations, civil society organizations, trade unions, etc.)". The business environment encloses business activity and influences the extent of goal achievement of an enterprise (Ghernes et al., 2016).

Also known as the macro-environment (Hellreigel et al, 1999), the general environment represents the segments or components that can affect the attainment of an organization's objectives and can be categorized into technological, political, economic, social (Griffin, 1996; Hitt et al, 1997; Fahey & Narayanan, 1986 as cited in Stoner et al, 1999; Cummings & Worley, 2001). Each of the segments has various indicators or elements that bear on organizational processes and culture. The technological segment can include developments in products, processes, and materials (Stoner et al, 1999). General economic conditions compose the economic segment with the following elements: inflation rates, interest rates, gross national product, savings, labor force, and employment, among others (Hitt et al, 1997; Stoner et al, 1999; David, 2009). The political segment is the context for interaction between organizations and government and includes the rules and regulations that guide such interaction (Hitt et al, 1997; Stoner et al, 1999).

Political elements can include anti-trust laws, taxation laws, deregulated industries, and labor training law, among many others (Hitt et al., 1997). Demographics, lifestyle, social values indicate the social segment (Fahey and Narayanan, 1986 as cited in Stoner et al., 1999).

Dill (as cited in Negandhi & Reimano, 1967) states that the immediate environment of the organization is referred to as the task environment and consists of organizations which it directly relates to in setting its goals as well as accomplishing them. The task environment is also viewed as the industry environment. Porter (1980) defined the industry environment as consisting of the following: the threat of new entrants, suppliers, buyers, product substitutes, and rivalry among competitors. According to Porter, these factors provide the basis for industry competitiveness and business strategies that create a competitive advantage for business organizations, especially in highly competitive industries.

A similar understanding is provided by Hellreigel et al. (1999) when they define the task environment as consisting of factors in the general environment that influence all organizations in an economic system, such as the organization's customers or clients, competitors, suppliers, shareholders, government regulators, pressure groups and labor unions. The general environment is characterized as turbulent - one that is complex, constantly changing, and both ambiguous and unpredictable (Hellreigel et al., 1991).

Empirical studies on external environments show that external forces such as regulations, globalization, major political and social events, technological advancements, customer expectations, supplier requirements, increasing competition, organizational growth, and fluctuations in business cycle serve as triggers for organizational change (Dawson, 2001); environmental factors which include a diversity of consumers, dynamism, concentration, and capacity affect uncertainty decision-making in marketing channels (Achrol & Stern, 1988). Furthermore, external factors influence a firm's decisions on its direction and, structure, and internal processes (Pearce & Robinson, 2007); government policies impact the survival and growth of business organizations (Oginni & Adesanya, 2013); and along with entrepreneur characteristics and firm

characteristics, the success of micro-enterprises depends on conditions in the external environment (Alom et al., 2016).

However, much of the current literature on the macro-environment of business organizations have focused mainly on large, corporate undertakings that are operating in global environments while very little research has been done on micro-enterprises. As such, there has been a paucity of studies on micro-enterprise development even though micro-enterprises have been recognized as drivers of growth (Perron, 1999 as cited in Ghernes, 2016). Moreover, with regard to assessing the business support needs of rural micro-entrepreneurs, previous studies have noted the need for a "grounded approach to avoid the pitfalls associated with the topdown and prescriptive solutions" (Smallbone et al., 2002). This paper addresses such gaps and contributes to a theoretical and empirical understanding of the business environment of grassroots MBEs from the perspective of the entrepreneurs themselves.

CONCEPTUAL FRAMEWORK

Informed by the various theories and concepts on the general environment, the conceptual framework of the study is composed of the elements of the general environment that affect the business operations of the grassroots enterprises. These elements are economic forces, social trends, technological developments,

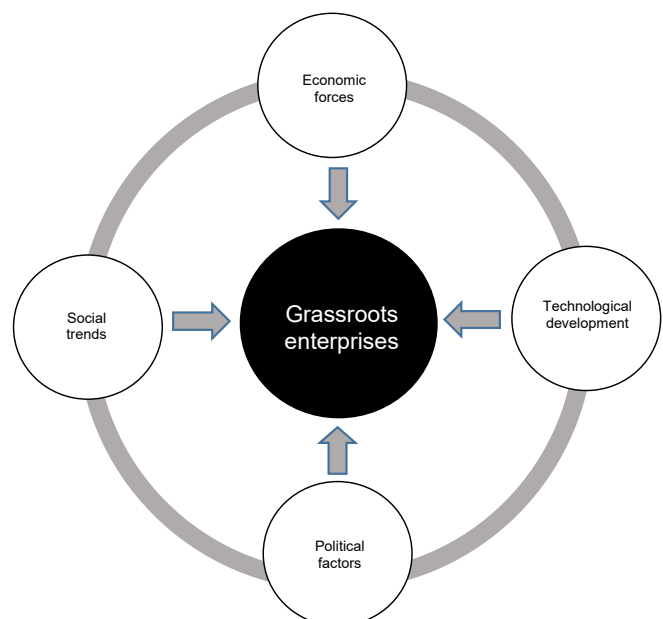


Figure 1. Conceptual Framework of the Study

and political factors that grassroots entrepreneurs identify and assess as affecting either positively or negatively business operations of their enterprises.

METHODOLOGY

The study used a qualitative design to describe and assess the macro-environment of the NGO-assisted grassroots enterprises in Iloilo Province. Primary data on the business environment of the enterprises was generated thru interviews with 50 respondents from the enterprises and validated with the NGO field personnel in the study sites as well as the Director of the NGO's business development services for community-based enterprises.

Prior to data gathering, courtesy calls and requests for permission to undertake the study were made to the municipal mayors and punong barangays of the study sites, the NGO Director, and heads of the respondent enterprises. Data and information obtained from the interview schedules were analyzed using simple frequency distributions as well as thematic analysis.

Profile of Respondents

The individual respondents were from the grassroots MBEs in the following municipalities Anilao, Barotac Viejo, Janiuy, and Oton in Iloilo province; and Nueva Valencia in the province of Guimaras

The majority of the respondents are from ages 50–59 (36%); married (84.0%); female (74%); and most of them are weavers (32%). A number of them earn less than Php1,000 monthly (46%) and a few say that 60-80% of their incomes are derived from their major occupation (32%). The majority of the respondents have spent some years in high school, high school graduates, or graduates of vocational courses (54%). A little more than half (54%) are simply members of their organizations. Some of the respondents have been engaged in business for three to four years already (30%). The type of business enterprise that is most commonly identified by the respondents is the association (74%). Only a few identify their business enterprise to be organized as a cooperative (26%). The majority of them say that the nature of their business is weaving (52%).

The respondents have attended various business management trainings, which include accounting and inventory management, which include accounting

and inventory management, as well as skills training related to the nature of the livelihood projects or economic activities of their enterprises e.g. production of native chicken, fish caging, milkfish production, and handicrafts.

Profile of the NGO-assisted Grassroots Enterprises

All of the study sites are rural communities located along the coastal areas except for the town of Janiuy. As far as income classification is concerned, Janiuy and Oton are classified as first-class municipalities while the rest are either second, third, and fourth class municipalities.

The grassroots enterprises have capitalizations that range from a minimum of Php 20,000 to a maximum of Php 81,000, and sourced mainly from members' contributions. The enterprises have been beneficiaries of a package of business development assistance from an NGO, which include micro-financing, product development, market linkage, installation of the accounting system, and technical training.

The grassroots enterprises have been engaged in the production and marketing of agricultural as well as non-agricultural commodities for at least three years already. Agricultural products include native chickens, livestock, and bangus/milkfish. Non-agricultural products are hand-woven textile or hablon and hablon-made items such as bags, patadyong, barong, shawl, and bandana. These are sold locally with the entrepreneurs' own associations and cooperative stores as the main outlets. Hablon products are sometimes sold in trade fairs within Iloilo province. Human capital for the business is usually supplied by qualified or trained members of the grassroots enterprises, or household members, relatives, or fellow residents within the local social network of the enterprises.

The profile of the grassroots enterprises indicates that they are rural community-based agri-fishery enterprises that can qualify as micro-business enterprises under Republic Act 9178 or the Barangay Micro-business Enterprise (BMBE) Act of 2002. The BMBE Act defines microenterprises as "any business enterprise engaged in production, processing, or manufacturing of products, including agro-processing, as well as trading and services, with total assets of not more than P3 million".

RESULTS AND DISCUSSION

Business Environment

Economic Forces

Table 1 shows the economic forces that the grassroots entrepreneurs identify as having either a positive or negative effect on the business operations of their enterprises. Data indicate that a majority of them observe inflation or rising prices as affecting negatively operations (68%) while a number think otherwise (26%); the majority also perceive unemployment and underemployment of family members as affecting adversely the business (72%) while some observe it to be affecting positively business operations (16%); and a majority of them see customer demands and preferences as having a positive effect on their business enterprises (40%) while a few observe otherwise (18%).

and consequently, higher prices of goods, which do not necessarily translate to increases in orders much less to purchases of goods and services especially by low-income customers and those who are price-sensitive. As such, customer demand decreases with price increases (Green et al, 2013). Customers may also seek substitute products or shift to other possible sellers with lower prices for similar products or services. However, adopting a cost leadership strategy thru a very low per-unit cost may not be effective in small markets since profits are generally very limited (David, 2009).

For the majority of the grassroots entrepreneurs, customer demand and preferences serve as the impetus for continuing with business operations. But increasing customer demand can also be a problem since it places corresponding pressure on production efforts, which the grassroots enterprises being small-

Table 1. Economic Forces

Factors*	Positive		Negative		No Response	
	f	%	f	%	f	%
Inflation and rising prices of raw materials	13	26.0	34	68.0	3	6.0
Unemployment/underemployment of family members outside the grassroots enterprises	8	16.0	36	72.0	6	12
Customer demands and preferences	20	40.0	9	18.0	21	42

*multiple answers

The grassroots entrepreneurs who think that inflation results in positive returns for their business must have taken a layman's view of inflation as an economic phenomenon indicated by higher prices of commodities that result in higher profits. But they are proven right with studies showing that relatively low levels of inflation may be positively correlated with national growth (Johnson, 1984). However, it has been observed that developing countries have higher inflation levels compared to developed ones (De Cavalho et al, 2018), and are possibly caused by money growth, exchange rate depreciation, changes in prices of oil and non-oil commodities, and the output gap (Loungani & Swagel, 2001). There is also the devaluation of financial deposits during inflation in developing economies (APEC, 2009). These factors account for higher operational costs

scale producers may not be able to meet adequately or fulfill orders in the required time. Such inefficiencies can result in loss of markets and a diminished reputation among potential as well as existing customers. In the case of agri-fishery products, the higher the demand, the higher the pressure on the natural resource base, and may cause producers to subscribe to unethical and unsustainable farming practices resulting in degradation of resources (The Philippine Development Plan, 2011-2016).

In the case of underemployment or unemployment of children of working age as well as the parents themselves, the lack of income sources deprives them not only of the satisfaction of basic individual and household needs but also the ability to add to the capitalization of the grassroots businesses. With limited income, consumption needs and household

necessities will take priority over capitalizing business investments.

Such problems and concerns associated with economic forces seem to affirm earlier observations that economic conditions, competition, and demand are beyond the control of micro-enterprises and can hinder business growth (Lee, 2014; Wicklund et al, 2009). This justifies the need for external funding complemented by technical, institutional, entrepreneurial, and other forms of business support services for the grassroots enterprises to ensure the viability of their business undertakings.

Social Trends

Table 2 presents the social trends that the grassroots entrepreneurs identify and assess to be either beneficial or not to their enterprises. Results show that outmigration and marriage are considered by the majority as disadvantageous to the business (30%) while a number believe otherwise (28%). The majority also consider young people's preference for non-vocational courses these days as having a favorable effect on business (34%) while some would not agree as such (22%).

use in the home country where savings will have higher purchasing power (Wahda, 2015). Studies show that remittances of migrants contribute to household income (De la Cruz, 1995; Acosta et al, 2007; Ratha, 2013), savings or investments (Agunias, 2006; De Haas, 2005), and in certain cases, small business growth (Rapoport & Docquier, 2005; Giuliano & Ruiz-Arranz, 2009).

Studies also show that in the Philippines, positive economic shocks cause increases in entrepreneurial investment in the countries of origin (Yang, 2008). Such findings justify the perception of grassroots entrepreneurs who think that outmigration brings benefits to their enterprises. However, findings from other studies indicate that remittances in the Philippines do not contribute to productive investments (Ang et al, 2009), and affirm those who perceive outmigration as having negative effects on their enterprises. This can be explained by the fact that basic family needs such as food, shelter, and education of young children are priorities of low-income households and not economic investments.

Table 2. Social Trends

Factors*	Positive		Negative		No Response	
	f	%	f	%	f	%
Out migration and marriage	14	28.0	15	30.0	21	42
Young people's preference for non-vocational courses	17	34.0	11	22.0	22	44

*multiple answers

Outmigration can be disadvantageous to the business since it can result in what is commonly known as the "brain drain", but with the lack of lucrative employment opportunities at home coupled with the rising cost of living, many young professionals and skilled workers would seek greener pastures abroad. Statistics show an increase from 92 million to 232 million migrants between 1960 to 2013 from developing to developed countries (Wahba, 2015). Overseas employment and eventually, migration is a means of coping with the demands of a changing environment (Cruz et al, 2001), and can also be a strategy to accumulate savings and develop skills to

Marriage is seen to have a negative effect on the business since it can lessen opportunities for income generation, savings and investment, and the availability of manpower in the business. In marriage, priorities shift from personal, individual goals as single persons to conjugal decisions on establishing a solid ground for family relationships and economic welfare. The family is expected to provide biological, economic, and emotional support and security to members (Cruz et al, 2001) and be responsible for the transmission of socio-cultural values, beliefs, and customs (Medina, 2001 as cited in Cruz et al, 2001). Thus, couples are likely to focus on the health and

well-being of their family especially of their young children. Such valued outcomes place constraints on the use of the couple's time as well as income (Becker 1965), and may prevent the likelihood of pursuing business interests particularly among families with young children.

However, the results of some studies reveal that despite the weakening of the family structure with family members such as either mother or father leaving the home for employment abroad, the predominance of intact families is expected to continue (Cruz et al, 2001). Such findings augur a good future for the grassroots enterprises who would need support not only from their members but also from their families especially those working abroad.

Young people's preference for non-vocational courses could be considered beneficial to the business since their potential employment is with white-collar jobs that offer higher salaries as well as opportunities for career advancement. As investor-members, these young professionals can be asked to provide additional capital for the business, or without having to invest in the business, their parents can always ask money from them to augment the capitalization of their business enterprises.

Technological Developments

Developments in technology affecting the grassroots enterprises as perceived by the entrepreneurs are seen in Table 3. New machinery and equipment (54%); new innovative design (50%); availability of raw materials (62%); availability of

new color schemes (50%); and new dimensions of the tiral (12%) are the factors that majority of the grassroots entrepreneurs identify as beneficial to their enterprises.

Equipment for processing and canning or packaging of highly perishable fishery products such as *bangus* and other types of fish would greatly benefit the grassroots entrepreneurs. The proper labeling of product packages with the required information regarding the product and presented aesthetically would likewise require appropriate technology as well as training. Since micro-entrepreneurs have been noted to lag behind in the use of process technology as well as the Internet (Smallbone et al, 2002), skills training and mentoring on the use of new technologies would come in handy for the such entrepreneurs.

The introduction of information technology (IT) into the organization is one of the primary drivers for organizational change (Gasco, 2003), and a major cause of dramatic improvements in business processes and productivity (Hammer and Champy, 1993; Davenport, 1993). The use of mobile phones, the Internet, and online marketing can widen the customer base, improve productivity, and increase profits. The government has been encouraging small businesses to go on-line. In the case of cooperatives, preferential treatment has been given to coop entrepreneurs in the form of incentives as well as exemption from taxes and fees for e-businesses.

The other technology-related factors e.g. innovative designs, color schemes, new skills, and a wide dimension of the *tiral*/handloom were identified

Table 3. Technological Developments

Key Technological Factors*	Positive		Negative		No Response	
	f	%	f	%	f	%
Availability of new color schemes	25	50.0	3	6.0	22	4.0
New Machinery and Equipment	27	54.0	12	24.0	11	2.0
New innovative designs for the <i>hablon</i>	25	50.0	3	6.0	22	4.0
Availability of raw materials	30	60.0	13	26.0	7	2.0
Availability of opportunities to learn new skills	31	62.0	3	6.0	16	4.0
Wider dimensions of the tiral	6	12.0	6	12.0	38	8.0

*multiple answers

by the grassroots entrepreneurs as favorable to them because they can actually improve craftsmanship, design, color combinations, and overall quality of hand-woven products of the entrepreneurs and strengthen core competencies in production operations. These can create the needed distinction in the entrepreneurs' hablon products from similar products of other hablon producers. While innovations in hablon creations can be easily imitated by other hablon producers, improvements in color, design, and dimensions of the textile, as well as the introduction of organic fibers instead of the usual synthetic threads obtained from a local Chinese store, might create the needed distinction from those of competitors. Moreover, these factors can lead to the development of sustainable competitive advantages, i.e. resources that are either rare, hard to imitate, or not easily substitutable and allow the business to attain above-average returns (Hitt et al, 2005).

However, the acquisition and utilization of new technology will require proper financial planning and resource mobilization e.g. fund sourcing and budgeting. Such requirements are necessary for the enterprises to cope with the acquisition and maintenance costs of the new equipment as well as the enhancement of human capital thru skills training on the proper use of technology.

Political Factors

Table 3.1 shows the political factors that affect the business. Political forces that the majority of the grassroots enterprises commonly identify to be

favorable to the business are as follows: assistance of government agencies (92%), local/national legislation and policies favoring the business (90%), and, support of local as well as national leadership (90%).

Besides Republic Act 9178 or the BMBEs Act of 2002, other government legislations that provide the legal and administrative environment conducive to micro-enterprise development include Republic Act No. 9501 or the Magna Carta for Micro, Small and Medium Enterprises (MSMEs), which amended RA 8289 and RA 6977 (Magna Carta for Small Enterprises); and Republic Act 9520 or the Philippine Cooperative Code of 2008, which amended Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines; and Republic Act 7160 or the Philippine Local Government Code of 1991.

The BMBE Act of 2002 provides the following incentives to registered micro-enterprises: exemption from income tax arising from the operation of the enterprise; reduction or exemption from all local taxes, fees and charges; speedy registration and processing of licenses/permits through One-Stop Business Registration Centers, which local government units (LGUs) are encouraged to establish; exemption from the coverage of the Minimum Wage Law, provided "that all employees under the Act are entitled to the same benefits given to any regular employee such as social security and healthcare benefits"; access to credit, though the opening of special credit window to service the financing needs of BMBEs by government banks such as Land Bank of the Philippines,

Table 3.1. Political Factors

Political Factors*	Positive		Negative		No Response	
	f	%	f	%	f	%
Local/ national legislation and policies	45	90.0	-	-	5	4.0
Support of local as well as national leadership	45	90.0	1	-	4	4.0
Assistance of government agencies	46	92.0	-	-	4	4.0
Others (provision of infrastructure facilities e.g. 48.0--- farm to market roads, educational scholarship, protection from illegal fishing, capital from LGU)						

*multiple answers

Development Bank of the Philippines, and non-banks (Government Service Insurance System and Social Security System), and special guarantee windows to guarantee BMBE loans; technology transfer, production and management training, marketing assistance to be provided by specific government agencies; and trade and investment promotion provided by private sector organizations and (NGOs).

Republic Act 9501 was mandated to “promote, support, strengthen and encourage the growth and development of MSMEs in all productive sectors of the economy particularly rural/ agri-based enterprises.” In line with its mandate to promote and strengthen MSMEs, RA 9501 provides for the following: streamlined business processes and requirements, and “incentivized” financing to the MSMEs; the creation of the Micro, Small, and Medium Enterprise Development Council (MSMEDC), which was formerly named Small and Medium Enterprise Development Council and the Bureau of Micro, Small and Medium Enterprises Development (BMSMED), formerly Bureau of Small and Medium Enterprises Development (BSMBD); and provision of financing assistance to micro-enterprises thru the Philippine National Bank, the Development Bank of the Philippines and the Land Bank of the Philippines, among others.

The Philippine Cooperative Code of 2008 aims to promote the formation and development of cooperatives as the means for attaining economic growth and social justice, and presents the guidelines in the organization, registration, and management of cooperatives in the country. It also provides for income tax exemption for cooperatives for income derived from business transactions with members because such income is returned to member-patrons.

Infrastructure facilities such as farm to market roads, scholarships, protection from illegal fishing, and financial support that the grassroots entrepreneurs find beneficial for them affirm observations from previous studies that financing, infrastructure, labor, and human resource development are the most critical concerns of micro-enterprises, (Tecson, 2004). This requires creating a favorable environment for private enterprises thru infrastructure, regulations, government policies, and legal framework (APEC, 2009).

The LGUs of the grassroots MBEs can include in their strategic mandates the emphasis on local economic trade and investments particularly the

promotion of MBEs as well as the preparation of a local investment code that provides the legal and administrative framework for the systematic growth of viable MBEs in the locality. Section 15 of the Code emphasizes the dual nature of the LGUs: as political subdivisions of the State and as “corporate entities” in the exercise of its proprietary nature. As part of its corporate powers, LGUs can engage in borrowings, loans, bond flotations, publicprivate partnerships as well as inter-local cooperation in the development and operation of its local economic infrastructure e.g. public markets, slaughterhouses, and transport terminals

Moreover, the Code allows LGUs to engage in various governance initiatives that involve other sectors in the delivery of basic public services as well as local economic development efforts. These can include “inter-local government collaboration; a collaborative working with the private sector, non-government organizations (NGOs) or voluntary groups, and with national government agencies” (Legaspi, 2001). The creation of a business environment conducive to the growth and development of viable grassroots micro-enterprises can be achieved thru the complementation of efforts between government, civil society and the private sector. While the legal and political framework for business growth as well as public services are provided by government, the private sector and civil society can extend economic and technical support such as micro-financing, product development, and market linkages for the grassroots MBEs.

CONCLUSION AND RECOMMENDATIONS

NGO assistance can include guidance for entrepreneurs in the grassroots provide varied observations with regard external environmental factors that affect their business enterprises. Social, economic, technological, and political factors were perceived as either having a positive or negative effect on their business operations. The assisting NGO can do well to provide business support to the grassroots enterprises that address environmental challenges and prospects and allow for their sustained growth and productivity.

Adoption of farm technologies that promote sustainable agriculture and farming practices in response to the need for environmental protection and conservation as well as the call for high quality and organically produced food. Such efforts address food security and nutritional requirements of an ever-

increasing population. Grassroots entrepreneurs engaged in farming should be allowed access to information and training as well as technology for operating sustainable food systems. Care should be given that technological advancement which is normally considered a consequence and indicator of modernization and development should not lead to environmental harm and degradation. Values and spiritual formation that complement the technical and financial nature of NGO business assistance should engender stewardship of the environment and accountability for its use as a God-given resource.

The use of IT, the internet, digital technology, and e-commerce if appropriate to the nature of the economic activity should be encouraged among the grassroots entrepreneurs. Assistance in the acquisition and use of the technology should be accompanied by relevant training and mentoring interventions.

Sustainability should be framed in terms of respect not only for the community's natural resource endowments but also, for the local culture, traditions, and industries. This includes the traditional handloom weaving craft and its *hablon* products. These should be considered as an innovative socio-technical system having their own distinct craft knowledge and various kinds of expertise to produce aesthetically designed products (Mamidipudi, 2016). Although vulnerable to loss in the stiff competition from mechanized textile, *hablon* should be promoted not simply as a means of livelihood for rural folks but more, importantly, as an integral part of the history, culture, and sustainable development of their communities.

Coordination can be made with the LGUs for business support services thru their local trade and investment officers. The LGU itself should articulate an institutional mandate (i.e. core values, vision, mission, and goals) should engender local economic promotions and development of MBEs by making business support services available for the entire supply chain from financing and procurement to production, and from marketing to the distribution of products with priority given to maximizing local markets and advocating for environmentally-sound and equitable business practices throughout the chain.

Finally, academics and researchers from civil society sector can undertake further studies from the ground to assess the effectiveness of strategic measures on poverty alleviation thru micro-enterprise

development especially for grassroots enterprises. Results should be shared with the assisting NGO and local policymakers to ensure the relevance of current micro-enterprise policies, legislations, and development assistance. Policy studies should appraise the level of efficacy of local governance performance in trade, investments, and economic promotions particularly in agri-fishery business development among grassroots micro-enterprises. A business environment favorable to micro-entrepreneurs should begin with relevant government policy backed-up by a healthy complementation of development interventions from the state, civil society, private sector, and the microentrepreneurs themselves.

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