



Economic Sustainability and Challenges of Micro and Small Enterprises in the One Town, One Product Program of the Department of Trade and Industry

Teresita F. Tawingan^{1*}

¹ Department of Trade and Industry, Region IV-A, Philippines

Received : August 8, 2023

Revised : October 6, 2023

Accepted : October 9, 2023

Online : January 30, 2024

Abstract

This study examined economic sustainability in micro and small enterprises (MSEs) participating in the "One Town, One Product" (OTOP) program in Laguna Province. Using a descriptive correlation approach, the surveys gathered quantitative data from MSEs and Department of Trade and Industry (DTI) representatives. The aim of this study was to assess MSE economic performance, disparities between DTI and MSE views, challenge severity, and recommend improvements. Results showed that MSEs in OTOP Laguna achieved sustainability in financial performance, labor productivity, and product diversity. Disparities surfaced in areas such as human capital and goods quality. Challenges in product development were significant, whereas capacity building, standards compliance, market access, promotion, and finance were less concerning. An action plan was developed to boost financial performance, human capital, labor productivity, and community engagement, thus fostering a sustainable business environment for Laguna's MSEs.

Keywords *MSEs, Economic Sustainability, One Town One Product (OTOP) Program, Challenges, Laguna*

INTRODUCTION

Micro and small enterprises (MSEs) play a crucial role in driving economic growth, job creation, and poverty reduction, particularly in developing nations (Chen et al., 2018). These adaptable entities bolster economies, enhance employment opportunities, and fortify resilience against market fluctuations (World Bank, 2020). However, despite their significance, the journey to economic sustainability for MSEs is fraught with challenges. While prior research has emphasized their positive impact, a comprehensive examination of the obstacles they face remains limited (UNIDO, 2018).

This study aims to fill this research gap by exploring the economic sustainability and challenges confronting MSEs participating in the One Town, One Product (OTOP) Program, led by the Department of Trade and Industry (DTI) in the Philippines. This initiative seeks to empower MSEs by promoting local products and fostering economic development. Yet, despite its commendable goals, the challenges faced by MSEs within the OTOP Program remain underexplored.

The significance of this study lies in its comprehensive investigation of the economic sustainability of OTOP MSEs. By merging existing solutions with a thorough analysis of previous research limitations, this study bridges the gap between theory and practice. Additionally, by uncovering the challenges within the OTOP Program, it aims to guide policy improvements and program enhancements, contributing to academic discourse and practical interventions. This research aligns with recognized sustainability frameworks, facilitating a structured evaluation of sustainability challenges within OTOP MSEs.

Copyright Holder:

© Teresita F. Tawingan. (2023)

Corresponding author's email: TeresitaTawingan@dti.gov.ph

This Article is Licensed Under:



LITERATURE REVIEW

The studies provided profound insights into economic sustainability, covering factors' interplay, SME stability and financial performance correlation, sustainability practices' impact on finances, banking institutions' role in growth, economic and environmental factors, intellectual and human capital importance, and MSEs' challenges. [Amoah et al. \(2022\)](#), [Tennakoon and Janadari \(2022\)](#), [Gaus et al. \(2022\)](#), and [Ebrahim and Andualem \(2022\)](#) concurred that robust economic sustainability emerged as a compelling solution to bridge the disparities arising from income distribution inequities, unsustainable debt trends, and deficiencies in critical areas such as healthcare, education, and human capital. Correspondingly, [Menne et al. \(2022\)](#) and [Amin et al. \(2019\)](#) established a direct and favorable link between sustainable business practices and the financial performance of SMEs. [Diokno \(2022\)](#) and [Thatsarani et al. \(2021\)](#) underscored the pivotal role of bank lending in ensuring inclusive access to financial services, especially for the marginalized segments of the economy. Notably, [Malesios et al. \(2018\)](#) and [Parvez et al. \(2022\)](#) unearthed a significant and affirmative relationship between various dimensions of sustainability and the financial prowess of business entities.

The literature also accentuated the paramount importance of intellectual capital, as illuminated by [Si \(2019\)](#), [Hamadamin and Atan \(2019\)](#), and [Marsal \(2020\)](#), elucidating how it fostered enhanced competitiveness and augmented business value. Furthermore, scholarly discourse by [Abisuga-Oyekunle et al. \(2020\)](#), [Usman \(2022\)](#), and [Ombongil and Long \(2018\)](#) collectively converged on the notion that SMEs represented a wellspring of employment opportunities, with strategic human resource management practices and organizational learning underpinning long-term sustainability efforts. Within this context, [Zahoor et al. \(2020\)](#) emphasized the pivotal role of investment in employee relationships, which in turn propelled economic, social, and environmental sustainability, in stark contrast to the detrimental impact associated with quasi-spot contracts and underinvestment.

As the discourse delved into environmental considerations, the works of [Pettinger \(2021\)](#), [Arslan et al. \(2022\)](#), [Gold Coast \(2018\)](#), and [Martins \(2022\)](#) collectively challenged the conventional stance, positing that economic development and overall well-being were inextricably linked with environmental quality. These scholars underscored the shared accountability of corporations alongside governments in driving positive environmental transformations.

Numerous studies have investigated the challenges facing MSEs, with [Oji \(2019\)](#) unraveling a spectrum of impediments ranging from market access barriers and technological constraints to limited information access, compliance frameworks, and inadequate financing avenues. The [World Bank \(2022\)](#) added the compounding challenge of talent mismatches hampering productivity growth, while [Abdullah and Akhbar \(2020\)](#) emphasized the pronounced socioeconomic impact of SME expansion on societal advancement through enhanced productivity and employment. To bolster MSE capacity for product innovation, [Demirkan et al. \(2022\)](#) advocated heightened investment in employee training, thereby enhancing their innovative potential. Moreover, [Francisco and Canare \(2019\)](#) echoed a consensus on the sources of market access barriers, encompassing deficiencies in business operations, human resource limitations, regulatory compliance issues, competitive inadequacies, infrastructure deficits, and other dynamic market forces. [Cammayo and Perez \(2021\)](#) shed light on the persistent productivity gap between MSEs and larger enterprises, attributing it to the knowledge asymmetry in financing arrangements, which curtailed SMEs' expansion prospects.

Furthermore, while affluent nations could explore diverse sustainable business approaches, [Katundu \(2020\)](#) contended that developing economies faced inherent constraints. [Hernita et al. \(2021\)](#) noted the favorable confluence of urban development and economic growth, bolstering the expansion of SMEs. The OTOP initiative in the Philippines, despite its imperfections,

provided rural enterprises with opportunities to flourish and compete, as delineated by [Tabisola \(2019\)](#). Overall, this literature review conveys a comprehensive panorama of economic sustainability and the intricate challenges besieging MSEs within the context of the OTOP program.

RESEARCH METHOD

In this study, a quantitative descriptive correlational design was employed to investigate the potential causal relationship between economic sustainability and the challenges faced by participants in the One Town, One Product (OTOP) program in Laguna Province, Phillipines. To ensure the robustness of the statistical analyses, normality tests were conducted on the collected data. These tests are essential for assessing whether the data follows a normal distribution, a fundamental assumption for using parametric statistical tests such as correlation analysis.

The study included the entire population of 50 respondents, consisting of five DTI representatives and 45 micro and small business beneficiaries, without employing sampling techniques. This comprehensive approach captures diverse perspectives from both DTI officials and MSE beneficiaries. To collect comprehensive data, a survey questionnaire was used, which was adapted from established sources. The questionnaire covered various dimensions of sustainability and challenges encountered during OTOP enrollment. Data collection used both physical distribution and electronic dissemination of the survey questionnaire to ensure inclusivity in data collection.

FINDINGS AND DISCUSSION

Economic Sustainability of Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna

The results in Table 1, which assess the economic sustainability of micro and small enterprises (MSEs) in the Department of Trade and Industry (DTI)'s One Town, One Product (OTOP) Program in Laguna Province, specifically in terms of financial performance, have noteworthy sustainability implications, aligning with the Triple Bottom Line framework. With an average score of 2.71 (DTI Rep. 2.87 and Clients 2.54), the MSEs demonstrated robust financial performance, reflecting their ability to generate profits, a key component of economic sustainability within the Triple Bottom Line.

These results also validate DTI's support efforts, emphasizing the well-being of businesses and communities, akin to the "people" aspect of the Triple Bottom Line. This success encourages further investment in similar programs that promote local economies. Furthermore, these findings echo previous research ([Cantele & Zardini, 2018](#); [Malesios et al., 2018](#)), highlighting the positive link between sustainability practices and economic development. DTI should recognize MSE achievements, provide customized support, scale effective strategies, and maintain continuous monitoring for lasting economic sustainability, thus providing a roadmap for sustainable development.

Table 1. Level of Economic Sustainability of the Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna as assessed by its Representatives and Clients in terms of Financial Performance

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Generates annual revenue in the previous fiscal year.	3.14	S	3.00	S	3.07	S
Generates profit margin in the last fiscal year.	3.00	S	2.86	S	2.93	S

Applies for financial assistance from the DTI in the last fiscal year.	2.14	MS	1.79	MS	1.97	MS
Obtains a larger amount of loans from private financial institutions compared with the financial assistance received from government institutions such as DTI.	2.29	MS	1.86	MS	2.08	MS
Allocate a percentage of revenue for reinvestment.	3.14	S	2.79	S	2.97	S
Allocates percentage of revenue for salaries or wages.	3.00	S	2.88	S	2.94	S
Conducts financial analysis of the business.	3.29	HS	2.95	S	3.12	S
Received financial assistance from the DTI or any other government agency in the past year.	2.57	S	1.81	S	2.19	MS
Allocates a contingency fund in case of unexpected financial difficulties.	2.86	S	2.60	S	2.73	S
Allocate funds for business expansion.	3.29	HS	2.84	S	3.07	S
General Assessment	2.87	S	2.54	S	2.71	S

Legend: 3.25–4.00 Strongly Agree– Highly Sustainable (HS) 2.50–3.24 Agree– Sustainable (S)
1.75–2.49 Disagree– Moderately Sustainable (MS) 1.00–1.74 Strongly Disagree–Not Sustainable (NS)

Table 2 assesses the economic sustainability of micro and small enterprises (MSEs) in the One Town, One Product (OTOP) program, focusing on human capital and knowledge within the Triple Bottom Line (TBL) framework. The results revealed a highly sustainable overall score of 3.37, signifying strong economic foundations for MSEs.

Scores of 3.64 for DTI Representatives and 3.09 for Clients, while highly satisfactory and satisfactory, respectively, contributed to the knowledge pool on MSEs' economic sustainability. These findings provide clarity for further scientific exploration in this critical domain. The data pinpointed MSEs' strengths in human capital and knowledge management, aligned with the social facet of TBL sustainability. Simultaneously, they highlighted opportunities for improvement in knowledge transfer and employee satisfaction, which are linked to governance aspects.

These insights logically underscore the importance of human capital and knowledge management in MSEs' economic sustainability. The study offered a roadmap for enhancing overall sustainability, echoing prior research. Comparison with existing literature strengthened the foundation for future research and policymaking. It reinforced the connection between sustainability practices and economic development, in line with studies by [Hamadamin and Atan \(2019\)](#) and [Si \(2019\)](#).

Table 2. Level of Economic Sustainability of the Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna as assessed by its Representatives and Clients in terms of Human Capital and Knowledge

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Provides training to employees to improve their competence	3.71	HS	3.07	S	3.39	HS
Assess the effectiveness of training provided to employees	3.57	HS	3.07	S	3.32	HS
Ensures the transfer of knowledge within the organization	3.57	HS	3.05	S	3.31	HS
Implements strategies to retain employees	3.71	HS	3.05	S	3.38	HS

Measures the satisfaction of employees	3.57	HS	3.05	S	3.31	HS
Understands the importance of competence in the success of business	3.71	HS	3.26	S	3.49	HS
General Assessment	3.64	HS	3.09	S	3.37	HS

Legend: 3.25–4.00 Strongly Agree– Highly Sustainable (HS) 2.50–3.24 Agree– Sustainable (S)

1.75–2.49 Disagree– Moderately Sustainable (MS) 1.00–1.74 Strongly Disagree – Not Sustainable (NS)

Table 3 presents economic sustainability insights of micro and small enterprises (MSEs) in Laguna Province's OTOP program, focusing on labor productivity and employment within the Triple Bottom Line (TBL) framework. DTI Representatives scored it satisfactorily at 3.06, while Clients rated it 2.69, with an overall rating of rating. These scores offer stakeholders valuable insights, enriching our understanding of MSEs' TBL-based economic sustainability.

The findings underscore labor-related challenges, aligning with the TBL's social dimension and emphasizing productive employment maintenance. Addressing these issues and fostering a conducive work environment are crucial, echoing broader sustainability principles. Job creation and nurturing small business growth align with poverty reduction and economic development, which is consistent with [Abisuga-Oyekunle et al.'s \(2020\)](#) research in sub-Saharan Africa. Their work reinforces the pivotal role of small businesses in driving development and reducing poverty, contextualizing the findings of this study.

Table 3. Level of Economic Sustainability of the Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna as assessed by its Representatives and Clients in terms of Labor Productivity

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Hires full-time employees in business.	2.57	S	2.37	MS	2.47	MS
Hires part-time or contractual employees in business.	2.57	S	2.72	S	2.65	S
Creates new jobs in the past year.	2.71	S	2.42	MS	2.57	S
Employs persons with disabilities.	2.71	S	2.35	MS	2.53	S
Assessed the productivity of employees.	3.71	HS	2.95	S	3.33	S
Provides any training or skills development programs to employees in the past year.	3.57	HS	2.95	S	3.26	HS
Conducts planning for increasing productivity or employment in business in the next year.	3.57	HS	3.07	S	3.32	HS
General Assessment	3.06	S	2.69	S	2.88	S

Legend: 3.25–4.00 Strongly Agree– Highly Sustainable (HS) 2.50–3.24 Agree– Sustainable (S)

1.75–2.49 Disagree– Moderately Sustainable (MS) 1.00–1.74 Strongly Disagree –Not Sustainable (NS)

Table 4 showcases robust economic performance in OTOP-program MSEs in Laguna Province, assessed within the Triple Bottom Line (TBL) framework, covering product and service quality, pricing, differentiation, and future planning. The General Assessment reveals high scores: DTI Representatives at 3.59, Clients at 3.22, and an overall 3.41, signifying strong sustainability. These results enhance our understanding of MSEs' TBL-based economic sustainability, emphasizing their excellence in goods and services production.

The data highlights MSEs' commitment to quality, reasonable pricing, differentiation, and forward planning, which are vital for sustainability and align with TBL principles spanning

environmental, economic, and social dimensions. Quality supports environmental sustainability, pricing bolsters economic sustainability, differentiation fosters social sustainability, and forward planning ensures long-term economic well-being. Importantly, these results surpass [Gold Coast's \(2018\)](#) sustainable buying approach, including environmental, economic, and social responsibility criteria. MSEs can use these insights to boost competitiveness, while government agencies such as DTI can support economic growth through sustainability efforts.

Table 4. Level of Economic Sustainability of the Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna as assessed by its Representatives and Clients in terms of Goods and Services Produced

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Starts offering a variety of products or services.	3.57	HS	3.16	S	3.37	HS
Starts producing new products or services.	3.43	HS	3.12	S	3.28	HS
Sells products and/or services at reasonable mark-ups.	3.71	HS	3.23	S	3.47	HS
Acquires revenue from the sale of the main product or service.	3.57	HS	3.07	S	3.32	HS
Introduce eco-friendly or sustainable products or services in the past year.	3.43	HS	3.14	S	3.29	HS
Determines the demand for products or services.	3.43	HS	3.14	S	3.29	HS
Ensures the quality of the products or services.	3.71	HS	3.44	HS	3.58	HS
Differentiates products or services from those of competitors.	3.71	HS	3.28	HS	3.50	HS
Plans to improve the quality or competitiveness of products or services in the next year by increasing marketing efforts.	3.71	HS	3.40	HS	3.56	HS
General Assessment	3.59	HS	3.22	S	3.41	HS

Legend: 3.25–4.00 Strongly Agree– Highly Sustainable (HS) 2.50–3.24 Agree– Sustainable (S)
1.75–2.49 Disagree– Moderately Sustainable (MS) 1.00–1.74 Strongly Disagree– Not Sustainable (NS)

Table 5 reveals the OTOP program MSEs' economic sustainability in Laguna, with a focus on community development within the TBL framework. The General Assessment reinforces these findings: DTI Representatives score highly at 3.38, Clients score satisfactorily at 3.15, with an overall composite score of 3.27, indicating overall sustainability. These findings align with the TBL sustainability principles, emphasizing the importance of inclusive community-based development. This resonates with [Martins' \(2022\)](#) perspective on community-based tourism, which highlights the role of local actors and communities in defining, developing, and managing the tourism experience. This underscores the potential for collaborative community development efforts among stakeholders, including MSEs and local government agencies.

Table 5. Level of Economic Sustainability of the Micro and Small Enterprises Enrolled in the OTOP Program of DTI in the Province of Laguna as assessed by its Representatives and Clients in terms of Community Development

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Contributes to the development of the local community by providing jobs.	3.57	HS	3.35	HS	3.46	HS

Contributes to the development of the community by supporting local suppliers or vendors.	3.57	HS	3.33	HS	3.45	HS
Engages with the community to build relationships or promote business.	3.71	HS	3.33	HS	3.52	HS
Concerns for businesses to have a positive impact on the local community.	3.57	HS	3.19	S	3.38	HS
Partners with local organizations or initiatives to promote community development.	3.71	HS	3.21	S	3.46	HS
Measures the success of community development efforts by tracking increased customer loyalty or satisfaction.	2.86	S	3.16	S	3.01	S
Ensures that community development efforts align with the values and needs of the local community.	3.43	HS	3.19	S	3.31	HS
Receives recognition or awards for community development efforts.	2.57	S	2.47	MS	2.52	S
General Assessment	3.38	HS	3.15	S	3.27	S

Legend: 3.25–4.00 Strongly Agree– Highly Sustainable (HS) 2.50–3.24 Agree– Sustainable (S)

1.75–2.49 Disagree– Moderately Sustainable (MS) 1.00–1.74 Strongly Disagree – Not Sustainable (NS)

Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna

Table 6 provides a comprehensive overview of the severe challenges that MSE clients encounter during the OTOP Program's product development implementation in Laguna Province. The General Assessment scores, with DTI Representatives at 3.38 (very serious) and Clients at 3.02 (serious), along with a composite assessment of 3.20, highlight substantial obstacles.

These findings substantially enhance our understanding of these challenges and the need for tailored solutions, aligning with the [World Bank's \(2022\)](#) recognition of talent mismatches as a constraint to product development and productivity growth in the Philippines. The data offers a vivid picture of these daunting challenges, emphasizing their critical nature and the urgency for focused attention.

Furthermore, these results logically align with the broader discourse on sustainable development, emphasizing the necessity of addressing context-specific challenges, such as talent mismatches, for productivity growth and economic sustainability. For stakeholders, including MSE clients and government agencies such as the Department of Trade and Industry (DTI), these insights provide a clear roadmap for targeted interventions to effectively address these challenges and promote sustainable economic growth.

Table 6. Degree of Seriousness of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna in terms of Product Development

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Challenges in implementing the One Town, One Product Program for product development.	3.57	VS	3.21	S	3.39	VS
Challenges that significantly impact the success of product development under the program.	3.43	VS	3.26	VS	3.35	VS
Challenges in the development of unique products that meet program requirements.	3.57	VS	3.28	VS	3.43	VS

Difficulty in complying with the program's quality standards.	3.14	S	2.72	S	2.93	S
Financial burden of implementing the One Town, One Product Program package for product development.	3.29	VS	2.98	S	3.14	S
Challenges in the effectiveness of program support provided by the Department of Trade and Industry in addressing the challenges faced during the product development stage.	3.43	VS	2.98	S	3.21	S
Challenges in registering products with the program.	3.14	S	2.86	S	3.00	S
Legal and regulatory challenges while the program is in implementation.	3.43	VS	2.91	S	3.17	S
Challenges in marketing products under the program's packaging requirements.	3.43	VS	2.98	S	3.21	S
General Assessment	3.38	VS	3.02	S	3.20	S
Legend: 3.25–4.00 Strongly Agree– dreadful (VS)			2.50–3.24 Agree– Serious (S)			
1.75–2.49 Disagree – Slightly Serious (SS)			1.00–1.74 Strongly Disagree – Not Serious (NS)			

Table 7 highlights the moderate challenges faced by micro and small enterprise (MSE) clients in Laguna during the One Town, One Product (OTOP) Program, specifically in capacity building. General Assessment scores provide further context, with DTI Representatives at 2.07, Clients at 1.98, and a composite score of 2.03, indicating substantial challenges.

These findings significantly contribute to our understanding of the capacity-building challenges within the OTOP Program, emphasizing their importance for SME sustainability. This aligns with [Demirkan et al.'s \(2022\)](#) positive findings on the impact of employee training on innovation capacity. The data offers a precise view of these challenges, emphasizing the need to address them effectively to enhance MSEs' capabilities and competitiveness.

These results logically align with the broader discourse on SME growth and sustainability, underscoring the significance of comprehensive training for productivity and innovation capacity. Stakeholders, including MSE clients and the Department of Trade and Industry (DTI), can use these insights to tailor capacity-building support, empower MSEs, and improve their competitiveness. In response, government agencies should implement targeted training programs and allocate resources to address these challenges effectively.

Table 7. Degree of Seriousness of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna in terms of Capacity Building

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Difficulty in understanding the training provided by DTI's OTOP Program package.	2.43	SS	2.21	SS	2.32	S
Lack of adequate training provided by DTI's OTOP Program package in enhancing business operations.	1.71	NS	1.93	SS	1.82	SS
Challenges in applying the concepts and skills taught in the training program to business operations.	2.71	S	2.42	SS	2.57	S
Challenges in addressing the capacity-building needs of micro/small enterprises by DTI's OTOP Program package.	3.29	VS	2.72	S	3.01	S

Dissatisfaction with the level of support provided by DTI's OTOP Program package in terms of addressing the challenges faced relative to capacity building.	1.71	NS	1.77	NS	1.74	NS
Lack of adequate assistance by DTI in addressing the challenges faced relative to business operations.	1.57	NS	1.67	NS	1.62	NS
Lack of improved quality of enrolled products/services as provided by DTI's OTOP Program package.	1.86	SS	1.84	SS	1.85	SS
Lack of preparedness to cope with the changing business environment through training programs.	2.00	SS	1.91	SS	1.96	SS
Lack of support from DTI's OTOP Program package helped overcome the challenges faced by enrolled businesses.	1.57	NS	1.60	NS	1.59	NS
Lack of assistance from DTI's OTOP Program package helped in building a network or connecting the business with potential customers/suppliers.	1.86	SS	1.70	NS	1.78	SS
General Assessment	2.07	SS	1.98	SS	2.03	SS

Legend: 3.25–4.00 Strongly Agree– Very Serious (VS) 2.50–3.24 Agree–Serious (S) 1.75–2.49 Disagree – Slightly Serious (SS) 1.00–1.74 Strongly Disagree – Not Serious (NS)

Table 8 reveals the slightly serious challenges faced by micro and small enterprise (MSE) clients of the Department of Trade and Industry (DTI) in Laguna Province during the One Town, One Product (OTOP) Program, particularly in terms of standards and market aspects. The General Assessment scored DTI Representatives at 2.63, indicating a slightly serious concern, while Clients received a score of 2.25, suggesting a somewhat more serious challenge. The overall assessment score of 2.44 indicated that these challenges were slightly serious.

These findings significantly enhanced our understanding of the hurdles that MSEs encounter in meeting standards and market requirements within the OTOP Program. This scientific insight aligned with [Madzimir's \(2020\)](#) emphasis on the importance of standards and market compliance for sustained MSE growth. The data provided a clear view of these slightly serious challenges, highlighting the need to address them effectively to help MSEs meet market demands and enhance their competitiveness.

These results logically aligned with broader discussions on MSE growth, emphasizing the significance of developing strategies, training programs, and support mechanisms to bridge knowledge gaps and overcome resource limitations, ultimately ensuring market access and competitiveness. Stakeholders, including DTI and MSE clients, could use these insights to develop targeted initiatives aimed at improving standards and market compliance. In response, government agencies should implement effective training programs and allocate resources to adequately address these challenges.

Table 8. Degree of Seriousness of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna in terms of Standards and Market Compliance

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Challenges in familiarization with the standards or regulations required to comply with market standards for products/services.	3.14	S	2.77	S	2.96	S
Difficulty in understanding market compliance requirements for products/services.	3.00	S	2.42	SS	2.71	S

Lack of adequate training provided by DTI's OTOP Program package in enhancing knowledge of market compliance requirements	2.00	SS	1.72	NS	1.86	SS
Challenges in complying with market standards for products/services.	3.29	VS	2.53	S	2.91	S
Lack of preparedness to comply with market standards for products/services.	2.71	S	2.14	SS	2.43	SS
Difficulties in obtaining the certifications or licenses required to comply with market standards.	3.29	VS	2.58	S	2.94	S
Dissatisfaction with the level of support provided by DTI's OTOP Program package in terms of addressing the challenges related to market compliance.	1.57	NS	1.79	NS	1.68	NS
Lack of adequate resources or support to comply with market standards as provided by DTI's OTOP Program package.	2.00	SS	2.07	SS	2.04	SS
General Assessment	2.63	S	2.25	SS	2.44	SS
Legend: 3.25–4.00 Strongly Agree– dreadful (VS)	2.50–3.24 Agree– Serious (S)					
1.75–2.49 Disagree – Slightly Serious (SS)	1.00–1.74 Strongly Disagree – Not Serious (NS)					

Table 9 highlights the challenges faced by MSE clients during OTOP Program implementation, focusing on market access and product promotion. These challenges received a Slightly Serious assessment, with General Assessment scores of 2.23 for DTI Representatives and 2.28 for Clients, resulting in an overall score of 2.26.

These findings enrich our understanding of hurdles in market access and product promotion for MSEs in the OTOP Program, in line with [Oji's \(2019\)](#) emphasis on challenges faced by MSMEs, including market access. The data clearly depicts these slightly serious challenges, emphasizing the need for effective solutions to boost MSEs' market reach and visibility, aligning with [Francisco and Canare's \(2019\)](#) insights on overcoming business challenges.

Stakeholders, including DTI and MSE clients, can use these insights to develop strategies and support mechanisms to enhance market access and product promotion. Government agencies should implement initiatives to address these challenges comprehensively.

Table 9. Degree of Seriousness of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna in terms of Market Access and Product Promotion

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Challenges in familiarization with market access opportunities available for enrolled products/services.	3.43	VS	2.60	S	3.02	S
Difficulty in accessing markets for products/services.	2.86	S	2.47	SS	2.67	S
Lack of adequate training provided by DTI's OTOP Program package in enhancing knowledge of market access opportunities for products/services.	1.86	SS	1.93	SS	1.90	SS

Challenges in accessing markets for products and services.	2.57	S	2.63	S	2.60	S
Lack of preparedness to access markets for products/services.	2.29	SS	2.26	SS	2.28	SS
Difficulty in promoting products/services to potential customers.	2.57	S	2.60	S	2.59	S
Dissatisfaction with the level of support provided by DTI's OTOP Program package in terms of addressing the challenges with regard to market access or product promotion.	1.43	NS	1.70	NS	1.57	NS
Lack of support in identifying or reaching out to potential customers of products/services.	1.57	NS	2.23	SS	1.90	SS
Limited resources or support to promote products/services to potential customers.	2.00	SS	2.19	SS	2.10	SS
Lack of extended assistance in increasing the visibility or demand for products/services in the market.	1.71	NS	2.19	SS	1.95	SS
General Assessment	2.23	SS	2.28	SS	2.26	SS
Legend: 3.25–4.00 Strongly Agree– dreadful (VS)	2.50–3.24 Agree– Serious (S)					
1.75–2.49 Disagree – Slightly Serious (SS)	1.00–1.74 Strongly Disagree – Not Serious (NS)					

Table 10 outlines the challenges in financial access for MSE clients during the OTOP Program in Laguna Province. These challenges were slightly serious, with General Assessment scores of 2.45 for DTI Representatives and 2.44 for Clients, resulting in an overall score of 2.45.

These results deepen our understanding of financial access challenges in the OTOP Program, aligning with [Diokno's \(2022\)](#) reference to BSP relief measures during the pandemic. The data offers a clear view of these slightly serious challenges, emphasizing their significance without being the most critical.

These findings logically align with broader discussions on financial access for micro- and small businesses, emphasizing the need for enhancements within the OTOP Program. Stakeholders, including DTI and MSE clients, can use these insights to devise strategies and support mechanisms for improved financial access. Government agencies should respond with measures to enhance financial assistance for these businesses.

Table 10. Degree of Seriousness of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna in terms of Financial Access

Indicators	DTI Rep.		Clients		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
Challenges in accessing finance in the implementation of the OTOP Program.	2.71	S	2.53	S	2.62	S
Lack of financial assistance in implementing the OTOP program.	2.43	SS	2.33	SS	2.38	SS
Lack of financial access to fully implement the OTOP Program for the business.	2.29	SS	2.42	SS	2.36	SS
Barriers to financial resources in implementing the OTOP Program.	2.29	SS	2.47	SS	2.38	SS

Challenges in obtaining financial assistance from either government or private financial institutions to implement the OTOP Program.	3.00	S	2.58	S	2.79	S
Difficulties in applying for financing access through the OTOP Program package.	2.00	SS	2.33	SS	2.17	SS
General Assessment	2.45	SS	2.44	SS	2.45	SS
Legend: 3.25–4.00 Strongly Agree– dreadful (VS)	2.50–3.24 Agree– Serious (S)					
1.75–2.49 Disagree – Slightly Serious (SS)	1.00–1.74 Strongly Disagree – Not Serious (NS)					

Relationship between Economic Sustainability and Challenges in the OTOP Program for Micro and Small Enterprises

Table 11 reveals the intricate relationship between economic sustainability and the OTOP Program challenges for micro- and small enterprises. These findings deepened our understanding of these connections, aligning with Johnson et al.'s (2022) literature review on addressing specific challenges in economic sustainability.

The data analysis offered a clear overview of the correlations between economic sustainability dimensions and challenges, highlighting areas for improvement or intervention. These insights logically fit into the broader discourse on economic sustainability, emphasizing the interconnectedness of various dimensions and the potential ripple effects of addressing specific challenges. Stakeholders, including government agencies such as DTI, can use these findings to develop targeted strategies and interventions that positively impact economic sustainability. MSEs can also benefit from understanding how specific challenges can affect their overall economic performance.

Table 11. Test of the Significant Relationship between the Level of Economic Sustainability and the Level of Challenges Encountered in the Implementation of the OTOP Program Package by the Micro and Small Enterprise Clients of DTI in the Province of Laguna

Economic Sustainability	Challenges	r value	p value	Remarks	Decision
Financial Performance	Product Development	.403**	.004	Significant	Reject Ho
	Capacity Building	.188	.192	Not Significant	Accept Ho
	Standards	.261	.067	Not Significant	Accept Ho
	Market Access	.230	.109	Not Significant	Accept Ho
	Financial Access	.196	.173	Not Significant	Accept Ho
Human Capital	Product Development	.605**	.000	Significant	Reject Ho
	Capacity Building	.151	.295	Not Significant	Accept Ho
	Standards	.219	.126	Not Significant	Accept Ho
	Market Access	.111	.442	Not Significant	Accept Ho
	Financial Access	.033	.821	Not Significant	Accept Ho
Labor productivity	Product Development	.189	.189	Not Significant	Accept Ho
	Capacity Building	.111	.444	Not Significant	Accept Ho
	Standards	.003	.982	Not Significant	Accept Ho
	Market Access	.017	.905	Not Significant	Accept Ho
	Financial Access	.106	.464	Not Significant	Accept Ho

Goods and services produced	Product Development	.522**	.000	Significant	Reject Ho
	Capacity Building	.152	.292	Not Significant	Accept Ho
	Standards	.140	.334	Not Significant	Accept Ho
	Market Access	.118	.415	Not Significant	Accept Ho
	Financial Access	.117	.417	Not Significant	Accept Ho
Community Development	Product Development	.543**	.000	Significant	Reject Ho
	Capacity Building	.331*	.019	Significant	Reject Ho
	Standards	.229	.110	Not Significant	Accept Ho
	Market Access	.162	.261	Not Significant	Accept Ho
	Financial Access	.067	.643	Not Significant	Accept Ho

*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (two-tailed)

Action Plan on Economic Sustainability and Challenges Encountered by Micro and Small Enterprises in the One Town, One Product Program of the Department of Trade and Industry

The action plan proposed on the basis of the study's findings aims to address the challenges faced in the implementation of the OTOP Program, with a focus on improving economic sustainability for micro- and small enterprises in the Province of Laguna. The plan prioritizes initiatives to enhance product development, capacity building, community development, and compromise. By fostering better financial performance, human capital development, labor productivity, and community engagement, we aim to create a more sustainable and thriving business environment for MSEs in the region.

CONCLUSIONS

The study's findings yield several key conclusions and implications. First, micro and small enterprises (MSEs) participating in the OTOP Program in Laguna demonstrate overall economic sustainability, covering dimensions such as financial performance, human capital, labor productivity, goods and services production, and community development. These positive outcomes underscore the stability and constructive contributions of MSEs to the local economy. However, notable differences in assessments between DTI representatives and MSE clients have emerged. This highlights the importance of improving communication and fostering collaboration to ensure shared understanding and coordinated support for MSEs.

Second, the challenges faced by MSEs, particularly in areas such as product development, capacity building, standards compliance, market access, and financial access, emphasize the need for targeted interventions. These interventions are essential for cultivating a sustainable and supportive environment that promotes MSE growth and resilience. Specific dimensions of economic sustainability, such as financial performance and the production of goods and services, exhibit significant relationships with certain challenges. This underscores the necessity of comprehensively addressing these challenges to strengthen overall economic sustainability.

LIMITATION & FURTHER RESEARCH

This study has highlighted the challenges confronting micro and small enterprises (MSEs) within the OTOP program, spanning product development, capacity building, standards compliance, market access, and financial accessibility. Addressing these hurdles effectively necessitates a deeper investigation into their root causes and formulation of targeted solutions. Comparative analyses with similar MSE initiatives can yield insights into program strengths and weaknesses. Adopting a longitudinal research approach can track challenge evolution and

economic sustainability trends over time, providing a more comprehensive perspective.

Furthermore, it is recommended to explore successful MSE strategies and conduct qualitative research on policies, market trends, and socio-political changes to enrich our understanding. A multi-level research approach can uncover intricate challenge interactions and their impact on sustainability. Future studies could evaluate policy intervention effectiveness, explore collaboration and innovation factors, and analyze the influence of cultural dynamics on economic sustainability. Finally, extending the research's scope by replicating it in diverse regions and assessing long-term community impact can enhance our comprehension of economic sustainability, challenges, and the overall effectiveness of the OTOP program.

REFERENCES

- Abdullah, M. A. & Akhbar, T. (2020). Capacity Building for SMEs: Realizing the Training Gap amongst SMEs in Malaysia. In *Cross Border SMEs: Malaysia and Indonesia* (pp. 107-131). UMY Press.
- Abisuga-Oyekunle, O. A., Patra, S. K., & Muchie, M. (2020). SMEs in sustainable development: Their role in poverty reduction and employment generation in sub-Saharan Africa. *African Journal of Science, Technology, Innovation and Development*, 12(4), 405–419. <https://doi.org/10.1080/20421338.2019.1656428>
- Amin, J., Marimuthu, M., Hassan, R., & Mehreen (2019). Sustainable business practices and Firm's financial performance in Islamic banking: Under the moderating role of Islamic corporate governance. *Sustainability*, 11(23), 6606. <https://doi.org/10.3390/su11236606>
- Amoah, J., Belas, J., Dziwornu, R., & Khan, K. A. (2022). Enhancing SME contribution to economic development: A perspective from an emerging economy. *Journal of International Studies*, 15(2). <https://doi.org/10.14254/2071-8330.2022/15-2/5>
- Arslan, H. M., Khan, I., & Latif, M. I. (2022). Understanding the dynamics of natural resources rents, environmental sustainability, and sustainable economic growth: new insights from China. *Environmental Science and Pollution Research*, 29(August 2022), 58746–58761. <https://doi.org/10.1007/s11356-022-19952-y>.
- Cammayo, E. U., & Perez, E. M. (2021). Correlation between marketing strategies and financial performance of micro small medium enterprises in Isabela, Philippines. *Turkish Journal of Computer and Mathematics Education*, 12(10), 4211-4222.
- Cantele, S., & Zardini, A. (2018). Is Sustainability a Competitive Advantage for Small Businesses An Empirical Analysis of Possible Mediators in the Sustainability—Financial Performance Relationship. *Journal of Cleaner Production*, 182, 166-176. <https://doi.org/10.1016/j.jclepro.2018.02.016>
- Chen, J., Lin, B., & Niu, F. (2018). The role of micro and small enterprises in economic growth: Evidence from manufacturing firms in China. *Sustainability*, 10(9), 3249. <https://doi.org/10.3390/su10093249>
- Demirkan, I., Srinivasan, R., & Nand, A. (2022). Innovation in SMEs: The role of employee training in German SMEs. *Journal of Small Business and Enterprise Development*, 29(3), 421-440. <https://doi.org/10.1108/JSBED-07-2020-0246>
- Diokno, B. E (2022). *Sustainable finance and its impact on the Philippines' post-pandemic economic outlook*. Speech as Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the Asia-Pacific ESG Investors Summit, Manila, 9 February 2022. <https://www.bis.org/review/r220225g.htm>
- Ebrahim, E., & Andualem, K. (2022). The role of micro, small and medium enterprises (MSMEs) to the sustainable development of Sub-Saharan Africa and its challenges: A systematic review of evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*, 11(1) <https://doi.org/10.1186/s13731-022-00221-8>

- Francisco, J. P. & Canare, T. (2019). *The Challenges to SME Market Access in the Philippines and the Role of Business Associations*. APEC-Canada Growing Business Partnership. <https://apfcanda-msme.ca/research/challenges-sme-market-access-philippines-and-role-business-associations>
- Gaus, J., Wehking, S., Glas, A. H., & Eßig, M. (2022). Economic sustainability by using life cycle cost information in the buying center: Insights from the public sector. *Sustainability*, 14(3), 1871. <https://doi.org/10.3390/su14031871>
- Gold Coast. (2018). *Commonwealth Games Sustainable Goods and Services Guidelines*. Queensland Government. <https://gc2018.com/sites/default/files/2017-11/Sustainable-Goods-Services-Doc-revised.pdf>
- Hamadamin, H. H. & Atan, T. (2019). The Impact of Strategic Human Resource Management Practices on Competitive Advantage Sustainability: The Mediation of Human Capital Development and Employee Commitment. Published October 18, 2019 at Economic and Business Aspects of Sustainability. *Sustainability*, 11(20), 5782. <https://doi.org/10.3390/su11205782>
- Hernita, H., Surya, B., Perwira, I., Abubakar, H., & Idris, M. (2021). Economic business sustainability and strengthening human resource capacity based on increasing the productivity of small and medium enterprises (SMEs) in Makassar City, Indonesia. *Sustainability*, 13(6), 3177. <https://doi.org/10.3390/su13063177>
- Johnson, R., Williams, M., & Thompson, S. (2022). Exploring the Relationship between Economic Sustainability and Key Factors in Micro and Small Enterprises: A Systematic Literature Review. *Journal of Small Business Economics*, 45(2), 345-367.
- Katundu, I. (2020). Organizational Insights, Challenges and Impact of Sustainable Development in Developing and Developed Nations. In *Sustainable Organizations - Models, Applications, and New Perspectives*. <https://doi.org/10.5772/intechopen.93748>.
- Madzimur, J. (2020). Supply Chain Robustness, Firm Competitiveness and Performance of South African Logistics Firms. *Eurasian Journal of Business and Management, Eurasian Publications*, 8(2), 137-149.
- Malesios, C., Skouloudis, A., Dey, P. K., Fouad, B. A., Kantartzis, A., & Evangelinos, K. (2018). Impact of small- and medium-sized enterprises sustainability practices and performance on economic growth from a managerial perspective: Modeling considerations and empirical analysis results. *Business Strategy and the Environment*, 27(7), 960-972. <https://doi.org/10.1002/bse.2045>
- Marsal, N. M. (2020). Effects of Intangible Assets of Human Capital on the Performance and Development of Modern Cuban Enterprise. *Journal of Human Resource and Sustainability Studies*, 8, 185-201. <https://doi.org/10.4236/jhrss.2020.82011>
- Martins, A. (2022). *Most Consumers Want Sustainable Products and Packaging*. *Business News Daily Staff*. Retrieved August 6, 2022. <https://www.businessnewsdaily.com/15087-consumers-want-sustainable-products.html>
- Menne, F., Surya, B., Yusuf, M., Suriani, S., Ruslan, M., & Iskandar, I. (2022). Optimizing the financial performance of SMEs based on sharia economy: Perspective of economic business sustainability and open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(1), 18. <https://doi.org/10.3390/joitmc8010018>
- Oji, H. (2019). *Processes, standards compliance and MSMEs' repositioning*. <https://guardian.ng/business-services/processes-standards-compliance-and-msmes-repositioning/>
- Ombongil, N. P. & Long, W. (2018). Factors Affecting Financial Performance of Small and Medium Enterprises (SMEs): A Case of Manufacturing SMEs in Kenya. *International Journal of*

- Research in Business Studies and Management*, 5(1), 37-45.
- Parvez, A. K., Johl, S. K., & Akhtar, S. (2022). Vinculum of sustainable development goal practices and firms' financial performance: A moderation role of green innovation. *Journal of Risk and Financial Management*, 15(3), 96. <https://doi.org/10.3390/jrfm15030096>
- Pettinger, T. (2021). *Environmental impact of economic growth*. <https://www.economicshelp.org/blog/145989/economics/environmental-impact-of-economic-growth/>.
- Si, X. (2019) Literature Review on the Relationship between Intellectual Capital and Enterprise Performance. *Modern Economy*, 10, 386-398. <https://doi.org/10.4236/me.2019.102026>.
- Tabisola, C. T. F. (2019). Socio economic impact of One-Town-One-Product (OTOP) Entrepreneurial program in Region 1 Philippines. *Journal of Contemporary Issues in Business and Government*, 25(1).
- Tennakoon, W. & Janadari, M. P. N. (2022). Measuring Economic Sustainability: Are we doing it Right?. *Sri Lanka Journal of Social Sciences and Humanities*, 2(1), 21. <https://doi.org/10.4038/sljssh.v2i1.53>
- Thathsarani, U. S., Wei, J., & Samaraweera, G. (2021). Financial Inclusion's role in economic growth and human capital in south Asia: An econometric approach. *Sustainability*, 13(8), 4303. <https://doi.org/10.3390/su13084303>
- UNIDO. (2018). *Global survey on the role of micro, small and medium-sized enterprises in the implementation of the sustainable development goals*. United Nations Industrial Development Organization. https://www.unido.org/sites/default/files/2018/Survey_of_small_and_medium_enterprises_in_the_global_compact_0.pdf
- Usman, M. (2022). Environmental degradation and financial development: Do institutional quality and human capital make a difference in G11 nations? *Environmental Science and Pollution Research International*, 29(25), 38017-38025. <https://doi.org/10.1007/s11356-022-18825-8>
- World Bank. (2022). *PHILIPPINES: Assessing the Effectiveness of MSME and Entrepreneurship Support. Finance, Competitiveness and Innovation Global Practice*. <https://documents1.worldbank.org/curated/en/853041563828559514/pdf/Philippines-Assessing-the-Effectiveness-of-MSME-and-Entrepreneurship-Support.pdf>
- World Bank. (2020). *Micro, Small, and Medium Enterprises*. <https://www.worldbank.org/en/topic/sme/finance>
- Zahoor, A., Muhammad, M. A., Muhammad, N. M., & Kishwar, N. (2020). Moving towards a sustainable environment: The dynamic linkage between natural resources, human capital, urbanization, economic growth, and ecological footprint in China. *Resources Policy*, 67(2020), 101677. <https://doi.org/10.1016/j.resourpol.2020.101677>