

Business Environment of the Micro, Small, And Medium Enterprises (MSMEs) in the four cities of the Province of Pangasinan

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Abstract — The pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in fostering economic growth and sustainable development is widely acknowledged, as emphasized by the United Nations' Sustainable Development Goals for 2030. In the Philippines, legislative efforts like Republic Act 6977 of 1991 and RA 9501 of 2008 have sought to cultivate an enabling environment that nurtures entrepreneurship and supports MSME growth. Despite these measures, there remains a significant gap between policy intentions and on-ground realities, particularly concerning the sustainability and promotion of MSMEs.

This study delves into the business capabilities of selected MSMEs across four cities in the Province of Pangasinan, Philippines, utilizing a comprehensive paradigm to assess various aspects of the MSME environment. Data was gathered from 165 MSME respondents, along with insights from auditors, bank managers, and a provincial director of the Department of Trade and Industry, using validated survey questionnaires and interviews analyzed through SPSS version 25.

Findings from the study revealed a troubling concentration of MSME investments in trading, restaurants, and retail sectors, with agriculture receiving a scant 4.85% of total investments, underscoring the sector's decline amid urban development pressures. Additionally, the majority of MSMEs prefer private banking services, facing challenges with stringent financing requirements that do not account for the diverse needs across MSME categories.

The research further highlights a lack of dedicated MSME programs funded by city governments, insufficient access to training and development, and unexploited opportunities in the business environment. Marketing practices among MSMEs also indicated a need for improved competitiveness through strategic pricing, enhanced promotion, and robust people management.

To address these issues, the study proposes an innovative and strategic framework for MSME development in Pangasinan. Recommendations include continuous product diversification, tailored financing solutions, comprehensive training programs, and the adoption of the 7 Ps marketing mix to enhance visibility and operational efficiency. This framework aims to equip MSMEs with the necessary tools to thrive in a competitive market and aligns with broader national and international development objectives.

Ultimately, the study calls for a concerted effort from government, industry, and community stakeholders to implement these strategies as part of a Five Year Innovative Development Plan, ensuring that MSMEs can contribute effectively to the socio-economic fabric of the cities and beyond.

Keywords — MSME, Sustainable Development Goals, Financing, Business

I. Introduction

The MAGNA CARTA for Micro, Small and Medium Enterprises (MSMEs) is an important and all-inclusive piece of legislation enacted by the Philippine Congress in 1991 as a Republic Act 6977. The Law is meant to develop the Filipino Entrepreneurship spirit by providing a business environment conducive for Micro, Small, and Medium Enterprises. (MSMEs)

Micro, Small, and Medium Enterprises are considered as economic backbone, with the government providing an overarching policy legislation to promote, support, strengthen, and encourage the growth and development of MSMEs in all the productive sectors of the economy. MSMEs are also instrumental in reducing levels of poverty through job creation and employment leading to economic growth. They are key drivers of employment, skills training and development, manpower generation and entrepreneurship for men and women, youth and old groups, who are coming from vulnerable situations.

MSMEs in Karawang Regency were in a very favorable situation. They have an array of opportunities and internal strengths to be able to combat business threats. As a result, there are several obligations such as physical distance, work, study, prayer at home, and the prohibition of crowd-causing activities that nearly harmed the economy (Suartini et al., 2023).

The SWOT analysis approach used by Sutrisno to examine the rebranding needs of a product to analyze their company's strengths, weaknesses, opportunities, and threats. Based on the results of the SWOT analysis, the researcher recommends redesigning the product, particularly in terms of the logo, by employing a simple and memorable logo concept that is easily recalled by consumers for the purpose of enhancing brand awareness. With the logo redesigned, it was intended that it would enhance client's interest to MSMEs products and services. (Sutrisno et al., 2023).

The Agri-Food MSMEs needed to maintain stability and initiatives to develop their own competitiveness because they are vulnerable and are limited by several weaknesses, despite the vast opportunities as revealed by an external factors' analysis. Therefore, it is crucial to take advantage of the opportunities, to keep their operations stable, and to consistently address their weaknesses (Lansangan, 2023).

The findings of the SWOT analysis in one of the research projects were strategies designed to increase the competitiveness of halal MSMEs in Tasikmalaya Municipality, where it had developed support to the halal industry due to the need for halal MSME certification. The MSME human resources are purposefully using modern and appropriate technology to meet halal MSME product standards, and increasing the role of religious and educational institutions for halal MSME product literacy to the Muslim community. The role of financing and certification of halal MSME products and their marketing are also needed and necessary in building synergies with related institutions for product innovation and branding development. (Wahyudin et al., 2023).

Organizational flexibility is a principle that may be supported by the systems theory of organization. The study has shown that it is important for MSMEs to have supply chain collaborations to be more flexible. The study also shows pressure from competitors as the key driver that would make a firm more flexible, and that adequate support from management and technological skills are required to drive flexibility in an organization (Jerome et al., 2023).

Innovation and Competitive Advantage can boost women's MSMEs performance and play a mediating role in Indonesia's digital transformation of women's MSMEs. The study's findings also confirm and broaden the RBV's assertions on the importance of innovation in determining women's MSMEs' competitive advantage. This empirical evidence can be the basis for the government's efforts to encourage the digitalization and innovation of women's MSMEs. Research that discusses the competitive advantages of MSME women to performance, digital transformation, and innovation. This study offers a model of performance for MSME women in developing countries (Susanti et al., 2023).

To expedite economic development in the Urban Areas or among Cities where there is so much influx of human population, the process of sustainability and expansion must be pursued to continuously provide jobs and income to the vulnerable sector in our cities.

The current trends on Urban and Rural Development occurring amidst the growing complexities and demand for socio-economic uplift offer a number of opportunities. The four cities of Pangasinan - Dagupan, Urdaneta, San Carlos, and Alaminos – should not miss the strategic and integrated approach to development as part of the economic and growth opportunities of cities in the province.

With all the cities in Pangasinan, earmarking lesser budget for MSME Programs and Projects or no budget at all, there is still a need for a continuing financial intervening mechanism to help them meet their business' funding requirements to ensure continuity in their business operations. Since many of these MSMEs are marketing their products and services, support along market opportunities must be crucially spelled out, institutional capacity building and intervention must be strengthened alongside with skills development in business, technology and other business and operational challenges. Likewise, Micro, Small and Medium Enterprises (MSMEs) are important for sustainable development. They contribute to local and national economies, and for sustaining livelihood, in particular among the poor working women, and groups or cooperative organizations who are in vulnerable situations. That's why the researcher interestingly ventures on this study to help the vulnerable sector to flourish and multiply in support to our local economy.

The critical development and formulation of an Innovative Strategy and Sustainability Plan (SP) for the selected MSMEs in the four cities of Pangasinan will significantly help in improving and maintaining the cities' economic attractiveness as well as an increased investment opportunity for the whole Province of Pangasinan.

II. Methodology

Research Design and Strategy

This part presents the methodological requirements of the research study to acquire the appropriate data as well as on how to properly analyze and interpret the acquired data from the respondents. It includes the research design, sources of data, instrumentation and data collection, tools for data analysis, and ethical consideration for the study.

Research Design

The study employed quantitative using descriptive correlational research design to acquire the appropriate data from the respondents.

Quantitative research is the process of collecting and analyzing numerical data. It can be used to find patterns and averages, make predictions, test causal relationships, and generalize results to wider populations (Bhandari, 2023).

Descriptive method aimed to accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions, but not why questions. A descriptive research design can use a wide variety of research methods to investigate one or more variables (McCombes, 2023).

Correlational design investigates relationships between variables without the researcher controlling or manipulating any of them. A correlation reflects the strength and/or direction of the relationship between two (or more) variables. The direction of a correlation can be either positive or negative (Bhandari, 2023).

Sources of Data

The survey questionnaire of this study were distributed to the Bank Managers, City Auditors, DTI Provincial Director, and the Micro, Small, And Medium Enterprises (MSMEs) in the four cities of the Province of Pangasinan. They were the respondents of this study because they are directly involved in the MSMEs business related activities.

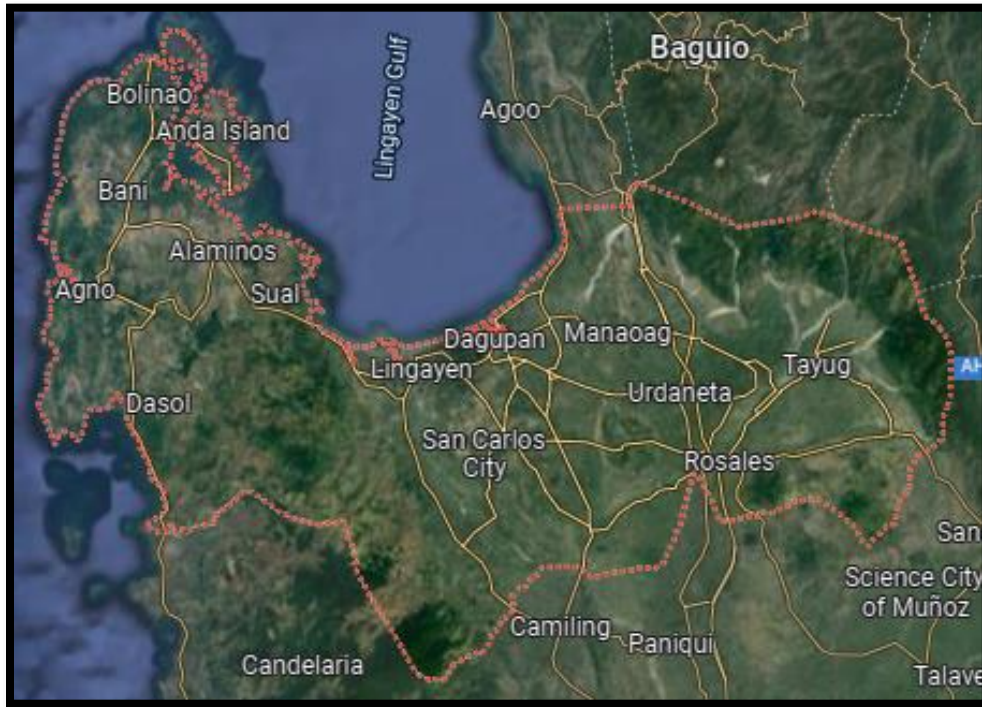


Figure 1. Map of the four cities of the Province of Pangasinan

Based on the 2022 Business Registration of DTI showed that there were 280 registered MSMEs in the four cities of Pangasinan. Since the population is less than 400, therefore; the researcher used Yamane Formula to determine the total number of respondents per city in the Province of Pangasinan.

Taro Yamane Formula can only be used for populations below 'four hundred (400). The statistical formula devised by Taro Yamane is as follow:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = is the required sample size from the population under study

N = is the whole population that is under study

e = is the precision or sampling error which is usually 0.10,0.05 or 0.01

The allowable error should be from 5% to 20% provided that the computed sample size is not lower than 30.

Respondents	F	e	distribution %	N
Secondary Source				
Bank Managers	4			
City Auditor	4			
DTI Provincial Director	1			
Primary Source				
MSMEs in Urdaneta City	125	0.05	0.25	74
MSMEs in Dagupan City	21	0.05	0.07	12
MSMEs in San Carlos City	63	0.05	0.23	38
MSMEs in Alaminos City	71	0.05	0.45	41
Total	280			165

Using the Online Calculator Taro Yamane formula, the total number of respondents is 165.

Instrumentation and Data Collection

The Researcher used a survey-questionnaire as the research instrument of this study. It composed of five parts namely: (a) Profile of the four cities in the Province of Pangasinan in terms of Industry and Financing. (b) The Business Environment of the Micro, Small, And Medium Enterprises (MSMEs) in the Province of Pangasinan in terms of Internal Factors and External Factors. (c) The business capability of the Micro, Small, And Medium Enterprises (MSMEs) in the four (4) cities of the Province of Pangasinan with respect to Process and Technology, People Management, and Financing. (d) The Marketing Mix Practices of the Micro, Small, And Medium Enterprises (MSMEs) in the four (4) cities of the Province of Pangasinan in terms of Product, Price, Place, Promotion, People, Process, and Physical Evidence and the (e) Challenges Encountered of the Micro, Small, And Medium Enterprises (MSMEs) in the four (4) cities of the Province of Pangasinan.

The researcher used five-point Likert Scale. The survey items were interpreted as: “Strongly Agree /Highly Capable/ Highly Practiced/Very Serious”, “Agree/ Capable/ Practiced/ Serious”, “Moderately Agree/Moderately Capable/ Moderately Practiced/Moderately Serious”, “Disagree/ Slightly Practiced/Slightly Serious”, and “Strongly Disagree/ Not Capable/ Not Practiced/Not Serious” in relation with the statistical limits integrated in determining the mean of the research variables. The respondents’ response category within the research questionnaire was evaluated on scales as takes after 1.00 to 1.80- Strongly Disagree/ Not Capable/ Not Practiced/Not Serious, 1.81 to 2.60 Disagree/ Slightly Practiced/Slightly Serious”, 2.61 to 3.40- Moderately Agree/Moderately Capable/ Moderately Practiced/Moderately Serious, 3.41 to 4.20- Agree/ Capable/ Practiced/ Serious and 4.21 to 5.00- Strongly Agree /Highly Capable/ Highly Practiced/Very Serious.

Moreover, the researcher conducted a content validation and reliability test of the self-made research instrument to ensure that the content of the instrument is valid and consistent prior to the distribution of the same to the respondents. A Certificate of Reliability was given last December 10, 2023 by the Consulting firm who administered the SPSS before administering the survey. The certification can be found at the reference section.

The respondents of this study include the Bank Managers, City Auditors, DTI Provincial Director, and MSME Employees. This study used the quantitative research design particularly descriptive method using correlational design. Random Sampling was used to identify the target respondents. This technique was used to make sure that each member of the population has the equal chance of being selected. For data sourced out by questionnaires, the researcher floated the questionnaires to each of the respondents and retrieved the accomplished forms one or two days after distributing the same.

Finally, the data acquired from the respondents were classified, tallied, analysed, and interpreted using the identified statistical treatment to answer the research problems of the research study.

Tools for Data Analysis

The data acquired from the respondents were systematically recorded and interpreted by the researcher. The quantified data are converted into statistical descriptive values such as frequency counts, ranking, percentages and weighted mean.

To answer the sub-problem number 1 which is about the Profile Micro, Small, And Medium Enterprises (MSMEs) in terms of Industry and Financing, the researcher used the frequency counts and percentage.

Formula:

$$P = (f) / (N) \times 100$$

Where:

P = Percentage

F = Frequency

N = Number of Respondents

To answer the sub-problem on numbers 2 and 4 which are about the Business Environment of the Micro, Small, And Medium Enterprises (MSMEs) in the Province of Pangasinan in terms of Internal Factors and External Factors. The business capability of the Micro, Small, And Medium Enterprises (MSMEs) in the four (4) cities of the Province of Pangasinan with respect to Process and Technology, People Management, and Financing, the researcher used the average weighted mean, frequency, and ranking.

Formula:

$$X = \frac{\sum[(F)(x)]}{N}$$

Where:

X = Weighted mean

F = Frequency

x = Weight

N = Number of respondents

The following scales and statistical limits were used to compute for the respondents' answers.

For the Sub-problem 2 which is the Business Environment of the Micro, Small, And Medium Enterprises (MSMEs) in the Province of Pangasinan in terms of Internal Factors and External Factors;

Scale	Statistical Limits	Descriptive Equivalent	Symbol
5	4.21- 5.00	Strongly Agree	SA
4	3.41-4.20	Agree	A
3	2.61-3.40	Moderately Agree	MA
2	1.81- 2.60	Disagree	D
1	1.00-1.80	Strongly Disagree	SD

For the Sub-problem number 4 which is the Marketing Mix Practices of the Micro, Small, And Medium Enterprises (MSMEs) in the four (4) cities of the Province of Pangasinan re: Product, Price, Place, Promotion, People, Process, and Physical Evidence;

Scale	Statistical Limits	Descriptive Equivalent	Symbol
5	4.21- 5.00	Highly Practiced	HC
4	3.41-4.20	Practiced	P
3	2.61-3.40	Moderately Practiced	MP
2	1.81- 2.60	Somewhat Practiced	SP
1	1.00-1.80	Not Practiced	NP

III. Results and Discussion

Profile of the Respondents

1. MSMEs Profile in the four cities of Pangasinan along:

1.1 Industry Analysis

Of the One Hundred Sixty Five (165) total respondents surveyed as sourced from DTI Data on Business Registrants in 2022, it appears that Trading represented the highest number of MSMEs investments at 40.00 % in the four cities of Pangasinan. Ranking in second was Restaurant with

24.85% or 41 registrants in 2022, while third is in Retail Investment at 10.9 % or 18 registrants. Manufacturing and Hotel are at close third with 9.70 % and 9.09 %, respectively. See table 1 below.

Table 1: MSMEs Industry Profile in the 4 Cities of Pangasinan

Industry	Urdaneta		Alaminos		Dagupan		San Carlos		Total	
	F	%	F	%	F	%	F	%	F	%
manufacturing	4		6		0		6		16	9.70
trading	36		11		5		14		66	40.00
retail	1		12		1		4		18	10.90
agriculture	5		0		0		3		8	4.80
hotel	5		8		0		2		15	9.10
restaurant	17		8		7		9		41	2.48
others	0		0		0		1		1	0.60
Total	63	100.0	40		12		14		165	100

The economic attractiveness of cities due to their vast population makes trading investments, restaurants and hotels as top three (3) industries in cities to reckon with. The socio-economic profile of cities in the Province of Pangasinan runs parallel alongside with the result of the survey indicating the following analysis:

1. Population doubles during day time in cities due to the presence of educational institutions and Universities, tourist spots as well as private and public offices.
2. Diverse products and services are available in cities rather than in rural and municipal areas.
3. Presence of banks and other financial institutions in cities.
4. The survey revealed that agricultural investments in cities only represented a very small 4.85 % in 2022 which the Researcher analysed that the rapid growth and development of cities makes the conversion of spaces for industrialization are coming from the Agri-Agra sector. The conversion of fishpond and agricultural areas for commercial and residential spaces had allowed Agriculture to be sacrificed as the prize of development.

Table 2: Financing Profile of MSMEs in the 4 Cities of Pangasinan

Financing	Urdaneta		Alaminos		Dagupan		San Carlos		Total	
	F	%	F	%	F	%	F	%	F	%
Private Bank	50		16		11		20		101	
Public	4		0		0		1		9	
Informal	5		24		1		10		44	
Others	5		1		1		4		11	
Total	63	100.0	40		12		14		165	

The survey revealed that 101 MSMEs or 61.21 % indicated their financing preferences to private banks. This indicated that majority of the respondents have accessed their financing requirements, in either way, from private banks, majority of which are from Rural Banks. My

interview with Land Bank Managers in San Carlos City and Alaminos City pointed-out that Land Bank provides MSME Loan Portfolio window but unfortunately No MSMEs in these two areas have financing with any MSME sectors. Compliance of banks along the 10 percent MSME portfolio out of the banks total deposit is channelled through Rural Banks and Cooperative organizations with securities and collaterals as object of financing. Sometimes, Land Bank's Lending Center centralizes these MSME accounts under their jurisdiction.

The survey further revealed that of the 165 respondents only 9 % had accessed financing of whatever nature in public banks. Forty Four Respondents (44) resorted to capital sourcing/capital requirements from informal lenders or 26.67 % of the respondents, while the rest resorted to financing or lending from families and friends, which represented 11 respondents out of 165 or 6.57% of the total respondents.

Banks or any financial institutions play a crucial role in the capitalization requirement of any businesses. But, it has to be considered that not all businesses which are start-up and own by MSMEs cannot easily put up security or collateral as required by most banks. Public or Government Banks command lower interest rates as compared to private banks but, both have stringent requirements other than collaterals as object of financing. Majority of the respondents got their financial requirements from private banks due to the essence of time. The Rural Banks command higher interest rate on loan accounts but they can also bend the urgency of client requirements to access loan accounts right away no matter what the rate is.

Other MSMEs due to lack of documentation, collateral and other financial documents and capacity or capability, resorted borrowings from family members or from friends. Such informal financial access is difficult to ascribe and monitor due to privacy and the confidential in nature of the transaction.

1 MSMEs Business Environment –Internal and External Factors - in the Four Cities of Pangasinan

1.1 Strength of MSMEs in Cities

Respondents strongly disagreed that they have programs and projects that are supported by LGU's share of the Internal Revenue Allotment, more so that they disagreed being provided with technological and skill guidance, access in the development and skills training conducted by their respective LGUs. MSMEs agreed that they are recipient of sufficient infrastructure facilities such as good roads, public and private rental spaces, sewerage and garbage system etc., (See Table 3).

What is the Business Environment of the Micro, Small, And Medium Enterprises (MSMEs) in the Province of Pangasinan in terms of;

Table 3: MSME Strengths

2.1. Internal Factors	WM	Meaning
STRENGTH		
The MSMEs in cities...		
Have projects/ programs that are supported by LGUs share in Internal Revenue Allocation (IRA)	1.42	Strong Disagree
utilize prime spaces for business	3.91	Agree
are capable of technological and skill guidance by LGU	2.01	Disagree
have the support of Government Officials	2.38	Disagree
have regular access to the conduct of development and skills training	2.45	Disagree
are located in high human traffic areas where it serve as advantageous in the marketing of their products and services.	3.87	Agree
Has avail of sufficient infrastructure facilities in cities	3.64	Agree
Average Weighted Mean	2.81	Somewhat Agree

It appeared that the Average Weighted Mean for MSMEs Strength was computed at 2.81, respondents somewhat agreed to some assistance provided for by their LGUs.

WEAKNESSES
Table 4: MSME Weaknesses

The MSMEs in cities...		
lacks trainings on People Management	4.48	Strongly Agree
lacks trainings on Technology Management	4.68	Strongly Agree
lacks trainings on Process Management	4.38	Strongly Agree
lacks LGU Programs on MSMEs	4.04	Agree
has no LGU office to support the Marketing and promotion of products and services	3.87	Agree
lacks support due to corruption in government	3.79	Agree
Average Weighted Mean	4.21	Strongly Agree

Table 4 as presented above indicated that the respondents strongly agreed about their lack of trainings on process management and agreed that they lack LGU Programs for MSMEs. MSME respondents agreed that there are no LGU support in the marketing and promotion of MSME's products and services and agreed that such lacked of support was due to corruption in government.

Computed average weighted mean was at high 4.21 where respondents strongly agreed about MSMEs weaknesses as enumerated above.

2.2. External Factors	WM	MEANING
OPPORTUNITIES		
Table 5: Opportunities		
The MSMEs in cities...		
Has higher demand for products and services due to bigger influx of Population in Cities.	4.21	Strongly Agree
has strong marketability of MSMEs products and services due to high purchasing power in cities	4.12	Agree
commands higher price of MSMEs products and services in cities due to higher income level	3.93	Agree
has access to the support of sponsoring civil clubs who can provide skills and technological training	2.05	Disagree
Has longer operating hours of business.	4.12	Agree
Has access in communication, transportation, water and power lines.	3.68	Agree
has opportunity for expansion and sustainability	3.80	Agree

Has diverse buyers for their products and services.	3.78	Agree
Average Weighted Mean	3.71	Agree
<p>The survey revealed that respondents strongly agreed that they have higher demand for their products and services due to the bigger influx of population in cities. They also agreed, that they have strong marketability of their products and services due to the high purchasing power of people in cities. On the other hand, respondents were not agreeing to access of support from sponsoring civic clubs who can provide skills and technological training for their business.</p> <p>MSMEs external opportunities as against the computed Average Weighted Mean of 3.71 indicated that respondents agreed to the external factors of opportunities available to them.</p> <p>THREATS</p> <p>Table 6: Threats</p>		
The MSMEs in cities encountered...		
More threats of new business entrants	4.36	Strongly Agree
more population and pollution	4.03	Agree
frequent flooding	3.16	Somewhat Agree
lesser space for development	4.02	Agree
limited products to offer to the cities	3.87	Agree
Pressure on zonal development	4.70	Strongly Agree
threat of new business landscape	4.65	Strongly Agree
Shortage on water, power, and other commodities	4.34	Strongly Agree
Average Weighted Mean	4.14	Agree

Table 4: Business Environment in the four cities of the Province of Pangasinan

	<u>Urdaneta</u>	<u>San Carlos</u>	<u>Dagupan</u>	<u>Alaminos</u>
<i>2.1. Internal Factors</i>				
STRENGTH				
<i>The MSMEs in cities...</i>				
Have projects/ programs that are supported by LGUs share in Internal Revenue Allocation (IRA)	1.67	1.18	1.25	1.32
utilize prime spaces for business	4.20	3.32	4.30	3.96
are capable of technological and skill guidance by LGU	2.31	1.90	1.67	1.72
have the support of Government Officials	2.27	2.65	2.58	2.21
have regular access to the conduct of development and skills training	2.43	2.79	2.64	2.03
are located in high human traffic areas where it serve as advantageous in the marketing of their products and services.	3.98	3.60	4.08	3.91
Has avail of sufficient infrastructure facilities in cities	3.81	3.30	3.73	3.73
WEAKNESS				
<i>The MSMEs in cities...</i>				
lacks trainings on People Management	4.56	4.55	3.67	4.56
lacks trainings on Technology Management	4.51	5.55	3.67	4.35
lacks trainings on Process Management	4.49	4.53	3.67	4.29
lacks LGU Programs on MSMEs	3.82	4.15	4.17	4.26
has no LGU office to support the Marketing and promotion of products and services	3.73	3.80	4.00	4.15
lacks support due to corruption in government	3.73	3.53	4.25	4.06
Average Weighted Mean	3.50	3.45	3.36	3.43
Variance	0.97	1.34	1.01	1.32

2.2. External Factors	<u>Urdaneta</u>	<u>San Carlos</u>	<u>Dagupan</u>	<u>Alaminos</u>
<u>OPPORTUNITIES</u>				
The MSMEs in cities...				
has higher demand for products and services due to bigger influx of Population in Cities.	4.24	3.95	4.75	4.29
has strong marketability of MSMEs products and services due to high purchasing power in cities	4.17	4.00	4.33	4.18
commands higher price of MSMEs products and services in cities due to higher income level	4.00	3.85	3.38	3.91
has access to the support of sponsoring civil clubs who can provide skills and technological training	2.41	2.02	2.08	1.38
Has longer operating hours of business.	4.00	3.87	4.58	4.44
has access in communication, transportation, water and power lines.	3.90	3.33	3.92	3.59
has opportunity for expansion and sustainability	3.94	3.60	3.92	3.74
has diverse buyers for their products and services.	3.94	3.43	3.92	3.88
<u>THREATS</u>				
The MSMEs in cities encountered...				
More threats of new business entrants	4.20	4.23	4.75	4.67
more population and pollution	3.95	3.60	4.75	4.44
frequent flooding	2.89	2.58	4.75	3.79
lesser space for development	3.98	3.88	3.92	4.29
limited products to offer to the cities	3.98	3.83	3.67	3.76
Pressure on zonal development	4.75	4.68	4.83	4.62
threat of new business landscape	4.60	4.58	4.92	4.74
Shortage on water, power, and other commodities	4.54	4.18	4.33	4.15
Average Weighted Mean	3.97	3.72	4.20	3.99
Variance	0.34	0.45	0.50	0.61

MSME respondents strongly agreed that they encountered more threats of new entrants in the course of their business, pressure on zonal development, power and water shortages and the threats of new business landscape. These threats are very imminent and inevitable and are coming too fast. The MSMEs must be operationally ready to implement their business continuity plan in case crises set in.

Threats on MSMEs business operation is imminent and that it cannot be avoided, instead, MSMEs must be willing and prepared to confront these threats and be able to get in front of the situations.

The Average Weighted Mean registered 4.14 which means that respondents agreed on the threat factors that would affect MSMEs day-to-day business operation.

IV. Conclusion

Based on the results and findings of the study, the following conclusions were drawn:

1. The top three (3) industries – Trading 40%; Restaurants 25% and Retail 11% were understandably contributed to our cities highly urbanized status, while the rest of the industries which represented 19% are related industries such as hotels, manufacturing, and others. Pangasinan as a coastal and agricultural province had registered a low 4.85 % agricultural industries only. The researcher concluded that the land conversion from agricultural spaces to commercial and residential spaces implied that our cities and the province of Pangasinan as a whole is industrializing of which Agriculture pays the prize of development.
2. The development of MSMEs in the four cities of Pangasinan is hampered by LGU support and financing gap primarily because the cities in Pangasinan were not able to generate adequate funds from their revenues and other resources. The problem is further compounded by the four cities' huge expenditures on infrastructure projects as contained in the cities financial and operational highlight data as reported and published by the Commission on Audit at yearend of 2022 (See Tables 23 - 26). Apparently, there is imbalance in the four cities development directions for MSMEs.
3. Marketing today presents a borderless niche. Are our MSMEs ready, competent and capable to address the 7 Ps of Marketing to ensure their growth, expansion, and sustainability?
4. Development Players, Local Government Units including Cities and the Provincial Government, Banks from both Private and Public as well as government and non-government organizations must bring their acts and efforts together to tract a sustainable effort to help flourish the economic and social objectives of MSMEs in the city's development. Thus, the long term strategic or innovative plan for the MSMEs of Cities in the Province of Pangasinan.

V. Recommendations

On the basis of the findings – survey and interview – as well as the results, discussions, and conclusions drawn from the study, the following recommendations are hereby offered:

1. The objective to strengthen the economic contribution of MSMEs must be supported and assisted by the City Government Unit of the four cities of Pangasinan and other development players in a way to collaborate and offer long term solution in pursuing MSMEs contribution to the economy. Since the survey revealed the top 3 industries – Trading, Restaurants, Hotels and other retail investments – due to the prevailing

- characteristics of cities in Pangasinan, MSMEs should be able to diversify their business investments, product development and continuous product innovation and pricing that suits product quality and value for money of the buying public. Product Innovation as well as development that is adaptive to the fast changing business environment. MSMEs Products and Services must take advantage of the cities' huge population as a strong market-base for MSMEs products and services.
2. Financing MSMEs products and services must be considered by financial institutions such as banks – Public or Private - Universal Banks, Commercial Banks, Savings Bank, Rural Banks even Cooperative Banks to consider creating a separate loan window for MSMEs that is anchored on MSMEs business capability. Loan requirements and documentations must be based on MSMEs classification (i.e. **Separate requirements for Micro Enterprises, Small as well as Medium Enterprises**). Most often, banks requirements are applicable to all MSMEs, leaving behind the non-compliance of Small and Micro Enterprises. This gives the Research and Development as well as the Product Development Group of Banks to study, conceptualize a Product Portfolio for MSMEs that is classification-base, efficient, practical, compliant-ready for all MSMEs without sacrifice to banks recoverability of their loan investments to this sector. As a strategy, it can also be possible for the City Government Unit to conduit the loan for MSMEs to serve as guarantee for Banks. The City Government or its representative office can serve as conduit for MSME loan on one hand and will oversee the monitoring of Collection or Loan Amortization from the MSMEs including marketing assistance, product promotion, accounting preparation and reports of MSME transaction and engagement.

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