



UNVEILING THE DEBT MANAGEMENT AMONG MICRO-ENTREPRENEURS OF PERISHABLE GOODS

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DEDICATION

This scholarly work is dedicated to God Almighty, the creator, pillar of fortitude, inspiration, source of wisdom, knowledge, and understanding. My wife, Reissa T. Silda, and son, Zaeysean Gaddiel T. Silda, who inspire me to finish this thesis book and my master's degree, as well as my parents, mother-in-law, brother, nieces, and sisters-in-law, are warmly acknowledged. I am thankful for their love and support throughout my academic journey.

ABSTRACT

In today's complex and competitive world, debt management has become essential to running microenterprises. This phenomenological study aimed to convey the insights and real-life experiences of micro-entrepreneurs of perishable goods on debt management. Research participants were selected using the snowball sampling technique. Using the researcher-made interview guide questions, data were collected through focus-group discussion and in-depth interviews with ten micro-entrepreneurs. Data were analyzed employing thematic analysis. The themes that flourished in lived experiences are debt for a purpose, debt brings convenience and sustainability if managed well, and debt brings emotional and psychosocial side hassles. Participants cope with the challenges by becoming streetwise regarding market transactions, manifesting values as an entrepreneur, and getting used to everyday struggles. The insights that the micro-entrepreneurs shared are debt comes with greater responsibility and obligation, innovation and flexibility are an edge and working hard for yourself and your family. Hence, knowing and understanding the debt management of micro-entrepreneurs helped them identify opportunities to improve further their levels of handling debt, which may then contribute to the success of their enterprises. Implications of the study findings are likewise presented in the paper.

KEYWORDS: *business administration, debt management, phenomenology, thematic analysis, micro-entrepreneurs, Philippines*

INTRODUCTION

Debt management is essential for running micro-enterprises in today's complex and competitive world. As noted by Addaney, Auwah, and Afriyie (2016), Cecchetti et al. (2011) found that a reasonable level of debt improves welfare and growth, while a high level can slow growth. Microenterprises make up 99.56% of all companies and 89.59% of wholesale and retail trade in the Philippines, contributing to economic growth (DTI, 2020). Microenterprises provide jobs, economic empowerment, and social well-being, helping developing nations reach sustainable development goals.

However, many microenterprises have failed to repay their debts and suffered significant financial losses due to bad debt, so more research is needed. Debt management among micro-entrepreneurs can hinder SMEs' ability to assess and understand financing provisions and navigate complex loan application processes, making it an economic and social issue. Micro-entrepreneurs' debt management situations were examined using Maslow's Hierarchy of Needs Theory. Maslow's (1943) hierarchy of needs proposes that motivation comes from meeting one's five basic needs: physical, safety, social, self-esteem, and self-actualization. The progression principle requires meeting lower-level needs before higher-level needs, and the deficit principle says that once a need is met, it no longer motivates. The results illuminate perishable goods micro-entrepreneurs' debt management challenges.



This study explored the thoughts and experiences of micro-entrepreneurs of perishable goods on debt management. The sample size was small, with ten participants in Davao City, Davao del Sur from 2008 to the present. The findings can be applied to a broader population, but the process is only generalizable to the participants of this study. This study sought to understand how micro-entrepreneurs of perishable goods handle debt, how they overcome challenges, and what they can share with their fellows in the business community. It also expanded knowledge of Maslow's Hierarchy of Needs and its application to studying human behavior.

It sought future directions for leasing companies on providing relevant assistance and services to their clientele and finding ways to improve their debt management. Ultimately, the study's goal was to fill a gap in the literature.

METHOD

Study Participants

This study included 10 participants: five key sources for in-depth interviews (IDIs) and five for focus group discussions (FGD). According to Boyd (2001), data saturation requires two to 10 people (Shuemann, 2014). Krueger (2002) proposes focus group interviews have five to 10 carefully selected participants. Shorey and Ng (2022) noted that Giorgi and Giorgi (2008) advised a minimum of three participants for phenomenological studies, while Creswell and Miller (2000) suggested five to twenty-five. The sample size of 10 is ideal for providing rich details of the phenomenon under study.

Purposive, snowball sampling was used to increase the validity of phenomenological research (Groenwald, 2004). The inclusion criteria for the research participants included being at least 20 years old, owning perishable goods business(es) or enterprise(s) in Davao City, with a capital base of at least Php 20,000.00, having experiences on handling debt, intensive participation in focus groups, capacity to articulate thoughts, and desire to participate in the interview. The general data of the critical informants include gender, age, civil status, religious affiliation, education, employment status, type of business owned, and annual household income.

Materials and Instrument

The data source was taken from five IDIs and one FGD with five participants using the validated researcher-made interview guide questions (IGQ). Five validators validated the IGQ with an average rating of 7.8 and "good" as the equivalent description. Creswell (2013) suggests in-depth interviews, first-hand observations, and reputable documents as venues for gathering qualitative data.

Design and Procedure

This study (Creswell, 2013) detailed the actual experiences of micro-entrepreneurs in the perishable products industry on debt management. It used qualitative research and employed the phenomenological design because a group of individuals personally experienced the same phenomenon. Phenomenological methods are recommended by Felson and Tedeschi (1993) and Liefoghe and MacKenzie Davey (2001) for elucidating our understanding of debt management. The goal of this research was to understand better the perspectives and actual debt management practices of micro-entrepreneurs of perishable goods. More studies are needed to fully comprehend this phenomenon in local contexts.

This research aimed to gain insights into the thoughts and lived experiences of micro-entrepreneurs of perishable goods on debt management by engaging them in IDIs and FGDs. The researcher needed to establish a strong sense of rapport and trust with the participants, and the success of the research study hinged on their ability to connect with the participants in a way that put them at ease.

RESULTS AND DISCUSSION

Participants

Ten research participants from the business sector were selected based on the inclusion criteria and each of the participants was assigned with pseudonyms to ensure anonymity and privacy. A focus group discussion was conducted with five female entrepreneurs handling their enterprises full-time, with experiences ranging from three to 15 years.



Lived experiences on debt management

The in-depth interviews and focus group discussion participants were clearly nervous about their queries. I established trust with them by explaining ethical issues. Table 2 presents the themes of the lived experiences of the micro-entrepreneurs of perishable goods on debt management.

Table 2
Lived Experiences on Debt Management

| THEMES | SIGNIFICANT QUOTES |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debt for a purpose | I borrowed money to do business and see to it that it is just enough for me to pay the person who lent me the money. (RQ1 MQ1 P5 FGD) |
| | I borrow money for a purpose. (RQ1 MQ1 P3 FGD) |
| | Of course, if we borrow money, we must have a purpose. (RQ1 PQ1 P3 FGD) |
| | We will place it where its intended use is. (RQ1 MQ1 P2 FGD) |
| | I only borrow money when I am short of capital. (RQ1 PQ1 P5 IDI) |
| | If the expense is not necessary, then there's no need to borrow. (RQ1 MQ1 P1 FGD) |
| Debt brings convenience and sustainability if managed well | It is much more advantageous to borrow because I can use it as capital. (RQ1 PQ1 P4 FGD) |
| | It was worth your debt because it was used as capital. (RQ1 PQ1 P3 FGD) |
| | It is very helpful in carrying out your life's purposes. (RQ1 PQ1 P2 FGD) |
| | Because we do not have savings, it is better to borrow first as long as we can pay and use it as capital for our business. (RQ1 P3 IDI) |
| | You're just taking advantage of the opportunity, but if it's your money that's being borrowed, make sure it will be sufficient for your needs. (RQ1 P5 IDI) |
| Debt brings emotional and psychosocial side hassles | It is hard sometimes because it causes a fight at home since we always chase bills or pay debts. (RQ1 P1 IDI) |
| | It's difficult to handle the capital that comes from your earnings because it's like winning or losing. (RQ1 P1 IDI) |
| | It would have been better if I had not released it because the thought of it pains my heart. (RQ1 P3 FGD) |
| | Chasing to pay off debt is also exhausting. Then, it is also embarrassing to be talked about it by most people. (RQ1 P1 FGD) |
| | When sales are not good, it is a problem paying off the debt and adds stress. (RQ1 P2 IDI) |

Debt for a Purpose

Participants discussed borrowing money to support their small companies and families. Most said they only went into debt for a reason. Financial planning is crucial for micro-entrepreneurs. Suci, Yulianthini, and Mayasari (2019) argue that entrepreneurs' ambitions influence debt financing choices by SMEs. According to Davoli and Rodriguez-Planas (2020), culture influences debt use. Thyme (pseudonym) also expressed that she only borrows money when she is short of capital.

Debt Brings Convenience and Sustainability if Managed Well

Most micro-entrepreneurs view debt as a benefit and tool for business growth. They understand the consequences of not paying their outstanding debt on time. They are more likely to take more risks and pursue opportunities and use debt financing sources (Suci, Yulianthini, and Mayasari, 2019). Jasmine (pseudonym) shared that borrowing is a lot more advantageous because it can be used as capital, and Hyacinth agreed that it is worthwhile to incur debt. Research participants were very positive about debt as it becomes their access to capital when looking to implement growth strategies.

Debt Brings Emotional and Psychosocial Side Hassles

Micro-entrepreneurs are anxious due to a lack of funding for small businesses, which causes financial problems, business partner disputes, declining clientele, fiercer competition, and trouble finding and retaining qualified workers. Cayenne (pseudonym) finds it hard sometimes to be in debt because it can cause conflict at home. Chasing to pay off debt is also exhausting. Entrepreneurs' attitudes toward debt influence how much debt is used by the businesses they run, leading to a survival mindset rather than a growth mindset (Paaso, Pursiainen, and Torstila, 2020).



Coping strategies of micro-entrepreneurs of perishable goods

SME growth is widely recognized. Despite their economic role, the financial constraints in their operations could be more manageable. Participants became more comfortable sharing their stories as interviews and FGD deepened. They enjoyed sharing their stories. Table 3 presents the themes of how micro-entrepreneurs cope with the challenges.

Table 3
Coping Mechanisms of Micro-entrepreneurs

| THEMES | SIGNIFICANT QUOTES |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Becoming streetwise in terms of market transactions | It needs technique and strategy. (RQ1 PQ2 P3 IDI) |
| | Strategy, it is strategy. I look at what is in demand now; then tomorrow will be different based on the demand. (RQ2 PQ2 P5 IDI) |
| | In a business, one needs to know how to look at what is good for your business. (RQ2 PQ2 P1 IDI) |
| | Those that are not paying their debts? We will not give them our goods (vegetables). They can no longer borrow from us again and we will be straight with them about it. (RQ2 PQ2 P4 IDI) |
| Manifesting values as an entrepreneur | You can't be arrogant; you just have to be steady as an entrepreneur. (RQ2 PQ2 P2 IDI) |
| | You should not always be angry because the business requires a lot of patience and perseverance. (RQ2 PQ2 P3 IDI) |
| | Avoid conflict because if you do, you will be the bad one. (RQ2 MQ2 P2 FGD) |
| Getting used to everyday struggles | Ours is a vegetable. We are used to that; we are used to not being paid. (RQ2 PQ2 P4 IDI) |
| | Sometimes, we are just getting used to not always making good business profits. (RQ2 PQ2 P1 IDI) |
| | Charged as experience only. Getting used to business is not always easy. (RQ2 MQ2 P1 FGD) |

Becoming Streetwise in terms of Market Transactions

Most participants agreed that becoming streetwise is a must when handling business, especially during market transactions. Small business owners play a vital role in their businesses and must embody passion, energy, enthusiasm, and drive to survive. For Cayenne (pseudonym), one needs to know how to look at what is good for their business. Micro-entrepreneurs must be flexible, creative, and confident in the harsh commercial world to succeed. Adam and Alarifi (2021) claim that strategic agility can help SMEs survive COVID-19.

Manifest Values as an Entrepreneur

The consensus among all participants was that an entrepreneur's network is their greatest asset, not money, goods, or facilities. An entrepreneur's image is their most important asset, affecting everything from customer numbers to revenue. As experienced by Kale (pseudonym), micro-entrepreneurs cannot be arrogant. Pepper (pseudonym) affirmed that you should not let anger get into your head; patience and perseverance are required in business. To thrive in business, one should manifest values such as empathy, altruism, pro-sociality, and a tendency to assist others. Social entrepreneurs have better scores on the self-transcendence dimension of Schwartz's Model, which encompasses the values of benevolence and universalism (Saatci, Arikan, and Cal, 2014).

Getting Used to Everyday Struggles

Entrepreneurial resilience is the ability of business owners to maintain a positive and proactive outlook despite adverse market conditions and unforeseen events. It is common for entrepreneurs to experience and cope with a wide range of challenges, such as financial hardships, the loss of key employees, and social exclusion. Pepper (pseudonym) supported this and expressed that they have become accustomed to not always making good business profits. It is a crucial personal characteristic that can support business success (Fatoki, 2018).

Insights of micro-entrepreneurs of perishable goods

As interviews and focus groups came to close, participants felt more comfortable sharing their personal tales, making the atmosphere more relaxed. They expressed happiness and contentment in sharing their



experiences. Table 4 presents the themes of the insights that the micro-entrepreneurs of perishable goods share with their fellows in the business community.

Table 4
Insights of Micro-entrepreneurs of Perishable Goods

| THEMES | SIGNIFICANT QUOTES |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debt comes with greater responsibility and obligation | Debt should really be your obligation. (RQ3 PQ3 P1 FGD) |
| | It is imperative that if you borrow, you really have to pay it back so that you can borrow again in the future. (RQ3 PQ3 P4 FGD) |
| | It is imperative that if you borrow, you have to pay it back so that you can borrow again. (RQ3 PQ3 P5 FGD) |
| | Only take out loans or borrow money that you can afford to repay. Debt is also a huge obligation. (RQ3 MQ3 P1 IDI) |
| Innovation and flexibility are an edge | I just agreed if they pay me a small amount, as long as they give me something, I can roll it around and find other ways for my business could thrive. (RQ3 PQ3 P2 FGD) |
| | That is why if a borrower does not have money and then they have another item or stock available, I will accept it as payment instead of cash. I will just adjust instead of nothing. (RQ3 MQ3 P4 FGD) |
| | We need to strategize and find another way to earn, to pay the bills. (RQ3 PQ3 P1 IDI) |
| | If it's debt, you'll circle back and forth. Sell vegetables now, the next time it will be different. (RQ3 MQ3 P5 IDI) |
| Work hard for yourself and your family | I told them I would put in a lot of effort for my family and stop depending on the government for anything they could offer. (RQ3 PQ3 P5 FGD) |
| | I'll just work hard since the government can only provide what it can. (RQ3 PQ3 P1 FGD) |
| | It is better to strive hard on your own. (RQ3 PQ3 P2 FGD) |
| | Even if you are exhausted or in debt, you can be driven for your family. (RQ3 MQ3 P3 IDI) |

Debt Comes with Greater Responsibility and Obligation

Most participants agreed that having debt means having more responsibility and obligation. Financial responsibility requires living within your means and spending less than you earn. Responsible entrepreneurs are concerned with more than just the success of their enterprises and must take measures to obtain financial stability in their personal lives. Jasmine (pseudonym) argues in favor of this by saying that since debt is a significant commitment for her, one should only take out loans or borrow money that one can afford to repay. Suci, Yulianthini, and Mayasari (2019) state that entrepreneurs' perceptions of their abilities and drive to succeed have a favorable, statistically significant impact on their decisions to take on debt as a small business. This motivates them to run their businesses better.

Innovation and Flexibility are an Edge

The core of entrepreneurship is innovation, which is about creative problem-solving and daring to try a new approach. Successful micro-entrepreneurs must be able to think of creative ways and adapt their strategies and offerings to meet changing market conditions. Ginger (pseudonym) shared that micro-entrepreneurs like her must think of creative ways to roll their money, no matter how small, so that the business can survive. Adam and Alarifi (2021) found that SMEs' innovation strategies substantially influence their performance and survival, and achieving a high-performance level implicitly indicates enterprise success. Zulu-Chisanga *et al.* (2016), as cited by Adam and Alarifi (2021), also found that the critical cause for developing SMEs' financial indicators is the efforts exerted to create various innovations.

Work Hard for Yourself and Your Family

The motivations for starting and growing a business are varied and diverse, but for our research participants, the family dramatically impacts their will and drive to survive in their business endeavors. Olive (pseudonym) supported this by stating that she works hard for her family and will no longer depend on the government for what it can provide to small business owners like her. The family and how much support they give to the micro-entrepreneur can also help push for the success of the business. Previous empirical data suggest that family-to-business enrichment can enhance employees' attitudes and behaviors (e.g., job satisfaction, higher job effort, and performance) (Powell and Eddleston, 2013, as cited by Tu and Hwang, 2014).



Berrone et al. (2013), as cited by Tu ang Hwang (2014), noted that family support is crucial to the success of a microenterprise.

IMPLICATIONS AND CONCLUDING REMARKS

Implications for Practice

The lived experiences of micro-entrepreneurs of perishable goods on debt management revealed that three themes flourished: debt for a purpose, debt brings convenience and sustainability if managed well, and debt bring emotional and psychosocial side hassles. To address this, the government may hold regular in-person briefing sessions for cities and municipalities, barangays, and parks, direct consulting briefing services may be made available and accessible, and information regarding the government's various programs designed to assist SMEs could be presented in a simpler way. Additionally, three themes blossomed: becoming streetwise in terms of market transactions, manifesting values as an entrepreneur, and getting used to everyday struggles. High-stress levels, numerous challenges, and outcome uncertainty frequently accompany entrepreneurship.

The research participants believed that to succeed as micro-entrepreneurs, they must be innovative, resilient, and persistent. To boost their innovative potential, they need to be incentivized to take a more active role in community projects and provide financial backing to local projects. To encourage information sharing between microbusinesses and research institutions (Zastempowski, 2022), the government should establish a national directory for classifying SMEs according to creditworthiness. Additionally, partnerships between research institutions and micro businesses should be encouraged to increase new-to-market product and process innovation in microenterprises and, thus, the level of innovation in a particular area. Entrepreneurs regularly face setbacks and challenges, such as diminished resources, employee turnover, and social exclusion.

Financial literacy education is essential for micro-entrepreneurs to make educated choices and pursue promising opportunities, and a higher financial literacy level contributes to better performance. This study suggests that micro-entrepreneurs must embrace innovation to survive and thrive, but it should be simplified to create competitive advantages (Nicholas *et al.*, 2011, as cited by Faherty and Stephens, 2016). This study provides helpful information for developing coaching programs to help micro-entrepreneurs deal with debt and expand their businesses with family support. External support is critical to the survival of SMEs.

Implications for Future Research

This study focuses on micro-entrepreneurs of perishable goods, and future research is recommended to increase the validity of the findings. It should also be conducted in other areas of Region XI and other regions to gain additional information and perspectives on debt management. Finally, comparisons between results found in various parts of the country and between this region and other regions should be conducted to broaden the understanding of debt management.

Concluding Remarks

This study found that both internal and external support are essential for the survival of micro-entrepreneurs of perishable goods. Financial management education must be taken seriously, and government agencies should develop a monitoring program and tracking system to measure the progression of financial literacy. Private and public lending institutions should collaborate to make it easier for them to access credit or finance. Microbusinesses must be creative and flexible to survive in a global economy. Maslow's Hierarchy of Needs suggests that micro-entrepreneurs' needs are organized in a hierarchy, with the primary motivation to survive being to provide for their family's basic needs.

Maslow's hierarchy of needs describes the basic human requirements that everyone has, and these needs remain essential drivers of human behavior. This study's results pave the way for additional research on debt management and could lead to small-scale business training as an experimental intervention.

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