

Strategic planning; Benefits for a nonprofit organization

research for the institute for socio-economic development initiatives

Bachelor thesis

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Management summery

This report is the result of my bachelor assignment. The goal of this research is to advice the institute for socio-economic development initiatives how to improve their strategic position for future sustainability.

The objective of this research is to get insight in the current ISFI's strategic position in order to identify possible strategic choices to resolve the mismatch between income generation and development initiatives. Currently the ISFI is spending most of its time on consultancy work to generate income but it lacks time and money to effectively implement its core business; executing development initiatives. Therefore, the research question is **"what changes in their strategic position can the ISFI apply to balance their income generation and development initiatives?"** The ISFI's goal is to set up twice as much development initiatives compared to the current situation.

Several methods are used to analyze how the ISFI's current strategic position has to change. The execution of the current ISFI strategy and internal/external factors shaping this strategy are described by interviews with the ISFI's CEO (Ms. Joy Cabo). These interviews are focused on the strategic position (including the internal and external environment) and strategic choices of the ISFI. Also including observations made during these interviews. Further, testing the desired state and possibilities to growth are measured by targeting eighteen of the ISFI's clients using a questionnaire and by observations and conversations. The questionnaire consists of some general questions (e.g. years in business, education level, number of employees), questions about the use of technology, access to finance, barriers to growth and the demand for possible services supplied by the ISFI.

The interviews can be used to describe the ISFI's current strengths, weaknesses, opportunities and threats. First of all, the ISFI's main strengths are a high level of knowledge available, its location near the university and its network with university professors as consultants, along with the company's age, experience and reputation.

However, the ISFI's weaknesses include a lacking future strategy and have no clear goals to accomplish. Further, companies receive unneeded support due to push system. Also, the ISFI's supporting function is financially dependent on money generated by consultancy work; they tend to spend most of the time into consultancy work.

There are also opportunities for the ISFI. The results from the questionnaire show that clients are willing to pay for the ISFI's support. Another opportunity for the ISFI is the work with students from Ateneo University; as the ISFI is located on the University campus and has good connections there.

Finally, there are threats the ISFI could face. The lack of knowledge on their client's needs is such a threat. Further, the limited funds available restrict the ISFI to extend their business and help more entrepreneurs. Finally, substitute products such as the management books and free government support are a good substitute for the entrepreneurs in need of support.

These factors were analyzed in a confrontation matrix to generate three possible strategic choices.

- 1) *Continuation*, this strategic option is to continue business as it is today. As this option does not require any investments, it can be considered the most risk-free option on the short term.
- 2) *Diversification*, seeks to increase profitability through greater sales volume obtained from new products and new markets for services the ISFI offer. A possibility would be to use students from Ateneo University. Those students could help to overcome barriers to growth for MSMEs.
- 3) *Product development* develops the current ISFI service to support MSEM into a commercial service. This means that the clients have to pay a participation fee for training delivered by the ISFI.

The ISFI has to decide what strategic option is the best suitable for their business. As indicated by this research, both diversification and product development could be applied. In terms of acceptability, the diversification option is the most favorable. Although the actual improvement when using students requires more investigation, the associated risks in terms of costs are lower in comparison to the product development option. The product development option requires a complete change in the organizations way of working. Thus this incorporates more risk but also a possible higher performance.

Preface

This research is the result of my internship on barriers to growth at the Institute for socio-economic development initiatives (ISFI) in Davao city, the Philippines. It is the final assignment for my degree in industrial engineering and management bachelor at the University of Twente, the Netherlands.

My stay in Davao city was an exciting opportunity through the practical insight it gave in a non-profit organization and the cultural experiences coincide with it. The Filipinos were always very hospitable and helpful in executing my research. Therefore, I give special thanks to Mr. Carl Mariano, Ms. Joy Cabo, Ms. Gloria Penera, Ms. Cristy Yuson and all the entrepreneurs that have taken the time to fill out my questionnaire. Further, I would like to thank Mr. Stienstra MSc and drs. Bliet for the support from the University of Twente.

Hopefully this research contributes to the strategic decision making for the ISFI and contributes to a sustainable business.

The Philippines – Davao city,
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1. Introduction

This introducing chapter will start by explaining the research background of this thesis. It will give a general overview of this research and the environment in which this is conducted. Further, an action problem will be defined by identifying the discrepancy between the actual situation and desired situation. Moreover, the influence from different stakeholders will be discussed. Finally, the research questions that will have to be answered in this thesis will be set.

1.1 Research background

The following paragraphs will give information about the environment in which this research is conducted; the Philippines located in Southeast Asia. Further, information will be given on the organization supporting this research, the Institute for socio-economic development initiatives (ISFI) including related information about its clients and the food and beverages industry, in Davao city (the Philippines).

1.1.1 The Philippines

The Philippines is an archipelago consisting of about 7,100 islands, located in South-East Asia. The country can be categorized broadly into three main geographical divisions: Luzon (the northern islands), Visayas (the islands in the middle) and Mindanao (the most southern islands). The Philippines capital city is Manila which is located on Luzon. Filipino and English are the official languages. Both Filipino and English language are used in government and business. The population of the Philippines is approximately 93 million. In 2010, 32.9 percent of its population was living below the poverty line (CIA – The World Factbook, 3 May 2012).



Figure 1 – Map of the Philippines

Taking a look at the economy, the Philippine market can be seen as an emerging country with an estimated real growth rate (GDP) of 4.3% average over the last three years. By estimation in 2011: 33 percent of the Philippine labor force works in the agriculture, 15 percent in the industry and 52 percent in services. However, the contribution of agriculture to the total GDP of the Philippines is 12,3 percent, of industry 33,3 percent, and of services 54,4 percent, estimated for 2010 (CIA – The World Factbook, 3 May 2012).

1.1.2 The Institution for socio-economic development

The Institute for Socio-Economic Development Initiatives is a nonprofit organization, which operates independently from any government. The ISFI was founded over three decades ago. It is one of the outreach arms of the Ateneo de Davao University in Davao City. The organization is founded to provide credit assistance to women who are engaged in business. Nowadays the ISFI has expanded its network of partners and communities and work with, for example, the World Bank, the Asian Development Bank, the Japan Bank for International Cooperation, the Canadian International Development Agency and the European Union. The ISFI's core business is setting up development initiatives but it also has a consultancy service to obtain the financial capital needed for the development initiatives. Their service includes: technology transfer, management training, marketing assistance, linkage building, enterprise development and community management planning. They have undertaken projects on enterprise development, community organizing and strengthening (particularly cooperatives and associations), training and other capability building activities, development of rural areas, researches and surveys, resource inventory and project monitoring and evaluation.

Its goals are to empower people and organizations so they can work more efficient. Training entrepreneurs so they can be their own boss, create employment and value to the local raw resources. Generating information through research and projects and using this to support corporations to have a sustainable business. The ISFI envisions empowered communities and sustainable organizations by nurturing men and women to reach their full potentials and maximize their resources.

1.1.2 The Food and beverages industry in Davao City

At the time of this research, the ISFI was mainly working with companies in the food and beverage industry. This industry has limited barriers to entry and is therefore highly competitive. Most companies in this industry struggle to grow their business. Most business owners have a small factory and a small store (often located at the same place). The business owners are often college graduates but do not have the management knowledge to expand their business without support from a third-party. Their main reason to start a business is often to generate employment. However, another main reason is that the owners could not find a job which was according to the salary level they expected. Most companies have been in the market for over 5 years but most are still in a survival stage (if demand would fall they would not be able to compete). An overview containing all companies can be found in appendix A.

1.1.3 The role of MSME in the Philippines

The clients of the ISFI are categorized as micro, small and medium enterprises (MSME). According to Hall, Harvie & Lee, Jeppesen and Newberry (2002; 2002; 2005; 2008) in both developed and developing countries, MSME play an important role in economic growth. MSME create employment, increase wealth, promote higher social standards and contribute to technological changes. Hall (2002) indicates that this trend can also be seen in The Philippines; about ninety-nine percent of all companies in the country are specified as MSMEs. (DTI, 2008). Furthermore, over fifty percent of employment and the contribution to almost thirty percent of the value added in production are accounted for by MSMEs. (Hall, 2002; Harvie & Lee, 2002). These companies -as they want to gain market share- create competition and they will develop and introduce innovations and new technologies, from which the total economy profits (Jeppesen, 2005). Also, MSMEs play an important role in economic development of rural areas. The role of MSMEs in the Philippines is broader than the creation of capital. The companies are correcting the urbanized distribution of jobs and wealth by introducing new industries in the rural areas, advancing the social standards of rural areas. Further, most MSMEs are highly labor intensive, thereby improving the regional labor market. (Jeppesen, 2005) Therefore, a barrier to growth will be a serious problem for the potentially fast growing firms that will provide the largest part of future employment growth and be the seeds of the successful large firms of the future economy. (Newberry, 2008)

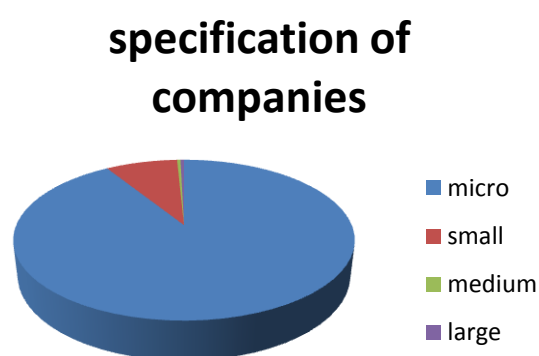


Figure 2 - specification of companies in the Philippines

Companies are ranked by both asset size and number of employees. Micro enterprises hold assets up to three million peso (50.000 euro) and employ no more than nine workers. The second category, small enterprises, own assets valued to a maximum of fifteen million peso and can have up to 99 employees. (DTI, 2008)

An important and benefitting factor from MSME in the Philippines is their job generating aspect. MSME generated a total of 3,595,641 jobs in 2009 compared to 2,094,298 for large businesses. However, micro and small businesses combined, contribute over 50% to the generated jobs (DTI, 2008).

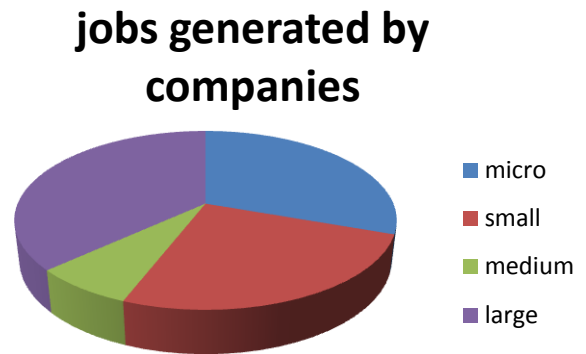


Figure 3 - jobs created by company in respective categories

1.2 Action problem

When starting this research an action problem was formulated. The Managerial Problem Solving Method (MPSM) by Heerkens (2004) is applied to obtain a clear view of the core problems. Firstly, an explanation about how the problem is found and the norms, the reality and their discrepancy will be discussed. Finally, a problem cluster will be made to display the causes or effects of the considered factors.

1.3.1 Identification of the problem

The most interesting and maybe the biggest problem the ISFI is facing was the lack of business growth. There are many reasons why the ISFI is in this position as shown in the problem bundle. Tackling all the problems that cause the growth barrier for the ISFI will be difficult. Therefore, one core problem will be chosen that will have impact significant impact on the action problem.

1.2.2 Actual situation

In order have full understanding of the problem, the actual situation and desired situation will be described. The ISFI has two businesses. The first activity is the consultancy service, which is offered to generate financial capital to fund development initiatives. As the ISFI receives no financial support from governmental organizations it is completely relying on their income from the consultancy service. The money generated from consultancy is used by the ISFI to carry out their core business; helping micro and small businesses to reach their full potential. However, because the ISFI core business is so depended on the income generated by the consultancy service, a mismatch between time spend on the consultancy work and time and money spend on development initiatives often occurs. Because there are many micro and small companies in the area and the ISFI has limited funds; they can select only a few businesses to support. However, this is a hard decision to make because the ISFI does not have a clear view what organizations need what developing support. Currently the ISFI is working on 2 development projects per year, helping about 25 micro and small businesses.

1.2.3 Desired situation and discrepancy

In the desired situation, the ISFI can focus more on their core business, helping businesses. According to the ISFI's CEO they should be able to double the number of their clients, receiving development support. The difference between the actual and the desired situation is a 100% increase on the ISFI's current cliental.

1.2.4 Parties involved

In order to tackle the problem it is necessary to know which parties are involved. There are three main parties that have influence on the problem:

The ISFI

The most important party that is involved is the ISFI. The ISFI is responsible for the main functioning of the development initiatives. Also they are responsible for selecting the organizations who will receive support. Finally the ISFI is in a position to change their regulations to improve their business.

Clients

The organizations receiving support are also involved; they are the ones who will benefit the most if the ISFI will improve their services. However, changing the ISFI's structure could also harm clients if they are resistant to changes.

Consultants

The ISFI is using consultants to generate money but these same consultants often carry out the development initiatives. Any change in the organization will affect the consultant. They have to be committed to the changes made and carry out the work that is needed to be done.

1.3 Problem cluster

Now it is clear that there is a difference between the desired and the actual situation. In order to get an overview of the complete situation, a problem cluster is designed. The cluster is focused on the ISFI's lack of growth. However, it is not possible to analyze all factors that could have influence on the main problem. The cluster contains different factors with a cause and effect relations to sequencing factors. Therefore, the problem cluster is an overview of the relations between different problems. The problem cluster will be used to identify the core problem of this report. The upper block of the problem cluster is our main problem: "lack of growth for the ISFI".

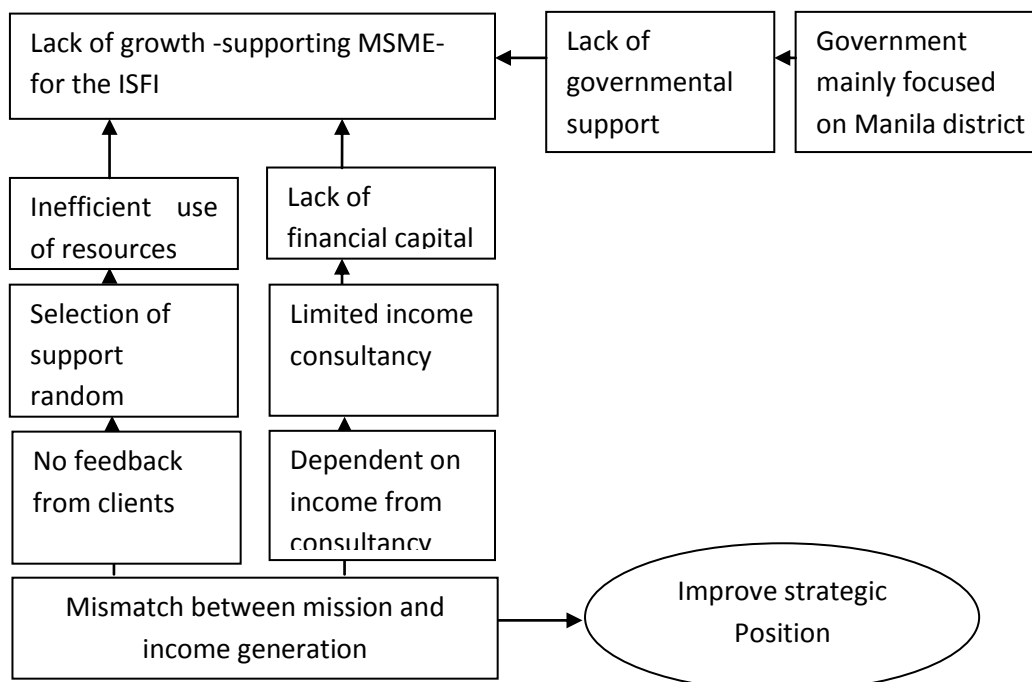


Figure 4: Problem bundle ISFI

First of all, the factor “Lack of growth for the ISFI” is caused by three factors: lack of governmental support, lack of financial capital and inefficient use of resources. The ISFI does not receive much governmental support because the government mainly focuses their support on the north of the Philippines. This lack of governmental support is an external factor and thus hard to influence from the ISFI’s position. Therefore this factor will be rejected as topic for this research. Secondly, lack of financial capital has two reasons. Limited income from consultancy service constrains the ISFI realizing its mission, starting new development initiatives. Further, this development support is offered without participation fee and therefore will not generate any income. Finally, inefficient use of resources is caused because the ISFI is not applying any selection procedure; the selection of clients in need is random. This is caused because the ISFI does not have clear results from previous projects or clients. The ISFI will start a development initiative without much research to the underlying causes of this problem. Therefore, clients will receive support even if they do not need it. The both streams, lack of financial capital and lack of resources, have a correlating effect; the one cannot be resolved without resolving the other. Currently, the ISFI has difficulties matching time and money spends on their mission (development initiatives) and time spends acquiring the financial capital needed. If it chooses to take on more consultancy work, there will be less time spend on development initiatives. If the ISFI starts more development projects it will cause financial shortage. Balancing a mission and funding is what defines the not-for-profit organization and separates it from for-profit companies. This balance can be achieved through strategic planning. This entails the development of policies and plans, such as the allocation of financial capital and resources, designed to achieve the organization's mission objectives.

1.4 The core problem

The last paragraph described how a core problem is derived from the action problem. This paragraph consists of a description of the core problem. First there will be an explanation about the identification of this core problem and after this the core problem will be discussed. The whole paragraph is based on the four aspects that characterize a good core problem: the problem is really a problem, it is a cause and no effect (it is at the end of the problem bundle), it is something which can be influenced, and tackling this problem would mean a big step on the road to a solution (Heerkens, 2004).

One of the characteristics of a core problem is that it causes other problems and that it is no effect of another problem. Because of that, there are just two potential core problems left at the end of the bundle. However, governmental influence is hard to influence as this is an external problem.

The mismatch between organizational mission and income generation/resource allocation is a good core problem because it suits to all criteria. Solving this will have substantial influence on the action problem. Further, the problem is really a problem because it can be identified and can have a possible solution. The research will continue with phase three of the model: the problem analysis. In this part the knowledge problems will be described.

1.5 Research questions

Earlier this chapter we described an action problem. In order to solve the action problem it is important to generate corresponding research questions. In this chapter all the research questions that arise from the action problem will be discussed.

The main research question for this thesis is: **“what changes in their strategic position can the ISFI apply to balance their income generation effort and development initiatives?”**

Sub research questions

Sub research questions are answered to find a solution for the main research question. The ISFI's strategic position can be split up in two categories: the internal strategic position and the external strategic position. The internal strategic position includes the ISFI strengths and weaknesses. These strengths and weaknesses depend upon their impact on the organization's objective. This research focuses on the organizations objective to execute development initiatives supporting MSME. On the other hand, the external strategic position includes macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. These factors are hard to influence by the organization. However, these factors play an important role in identifying opportunities and threats for the ISFI's future.

Before developing possible changes to the ISFI's strategic position it is needed to gain insights in the ISFI's current position. The following question is answered to describe the ISFI current strategic position:

1. What strengths and weaknesses (internal factors) can be identified from the ISFI's strategic position which influence the ISFI's daily activities?

However, the internal position alone is not significant to develop possible changes in the ISFI's strategic position. The next question will be answered to identify the ISFI's opportunities and threats. These factors give an indication of possible future growth.

2. What opportunities and threats (external factors) can be identified from the ISFI's strategic position which influence the ISFI's daily activities?

Both questions are combined to develop a match between the ISFI's internal strategic position and the possibilities from the ISFI's external strategic position.

The final sub question will identify the demand that the ISFI's clients have. The clients are one of the ISFI's main stakeholders. Their input will lead as baseline to changes made to the ISFI's strategic position.

3. What demand for development initiatives can be identified from the ISFI's clients?

1.6 Societal and scientific relevance

Micro, small and medium enterprises are often seen as one of the major contributors to a countries growth. In the Philippines, 98% of all companies are MSMEs. However, there is a big difference between the northern islands which accommodate fast growing economic cities, for example Manila or Makati city, and the southern islands which contain more rural areas and underdeveloped economic industries. To these industries barriers of growth will be a serious problem for the potentially fast growing firms that will provide the largest part of future employment growth and be the seeds of the successful large firms of the future economy.

Barriers to growth could be removed by supportive governmental institutions or NPO's. However, because these institutes have limited resources (human capital, time, and money) it is important for NPO's to work efficient with those resources and support the MSME in an effective way. This thesis will advice how a nonprofit organization (the ISFI) can improve their support to SME. Therefore, there will be no real scientific relevance.

1.7 Report outline

In order to answer the earlier mentioned main question and sub questions, this thesis continues with a theoretical framework in chapter two. The chapter will focus on the models used to analyze the current position of the ISFI and will explain how the results for the opportunities and threats will be identified (PESTEL analysis technique, porter five forces model). Furthermore, it will explain the model used to identify the strengths and weaknesses of the ISFI by using the value shop model and the ISFI's Strategic capabilities. The chapter will conclude by describing the SWOT and a confrontation matrix model applied to analyze the strategic opportunities for the ISFI to support MSMEs growth.

In chapter 3 the methodology will be presented which will be used to obtain the results to the different models mentioned earlier. In chapter 4 the results of the questionnaire and interviews will be presented and will be analyzed. Chapter 5 will discuss the limitations of the used scientific literature and the data collection. Chapter 6 will show the conclusions of this research and show the possibilities for the ISFI to improve their supporting service to MSMEs. Finally, recommendations on supporting MSMEs will be stated and some suggestions for future research will be given.

2. Scientific framework

The following chapter will describe the literature and theories used to research the problems introduced in the first chapter. The research problem of this report deals with management on a strategic level. First, the relation between the operational mismatch identified in chapter one and strategy will be explained. Further, the model applied to identify the ISFI's: strength, weaknesses, opportunities (SWOT model) will be described. Finally, we will review the models used to identify the external and internal SWOT factors.

2.1. Strategy

As indicated in the previous chapter, the main question of this research copes with the ISFI's strategy and its mission. Johnson, Scholes and Whittington (2008) describe in literature that strategic management deals with ambiguous and non-routine situations. Hamel and Strategos (1996) state that the strategy-making process involves capturing both soft insights (i.e. personal experiences) and hard data (i.e. market research) and synthesizing that learning into a vision of the direction that the business should pursue. Strategic management is often depicted as a linear process with three stages, being: planning, implementation and controlling (Andreasen & Kotler, 2003). The first stage, planning, involves planning on several organizational levels (corporate, division, business and product). Planning is followed by the implementation process. Controlling, in turn, consists of measuring results of the implementation, diagnosing these results and taking corrective actions. The process of controlling subsequently links back to implementing and planning, creating an iterative process. A model to this approach is the framework by Johnson (2008). This framework contains three elements, namely the strategic position which corresponds with strategic controlling. Strategic choices can be regarded as the strategic planning activity. Finally, putting the strategy into action carries out the implementation of strategy.

The shape of the framework emphasizes that strategic management should not be seen as a linear process. Instead, the three elements are interlinked because in reality strategic management often does not follow a predefined path. Intended strategy tends to differ from realized strategy, as in this case for the ISFI, for instance as a result of a changing environment or a resistance to change from inside the organization (Mintzberg & Waters, 1985). The arrows between the three elements represent the notion that the elements "inform each other" (Johnson, et al., 2008). The earlier described strategy framework was originally developed for developed countries and for-profit organizations. Literature correctly identified the need for competent strategic management concepts that are able to fit into the unique nonprofit environments. (Courtney, 2002; Stone, Bigelow, & Crittenden, 1999). Koteen (1997), notes that good strategic management is essential for NPO's and that the current strategy frameworks do not capture the complexity of these organizations. However, Bryson and Young (1988; 2001), declare that Johnson's strategy framework, used in developed countries and for-profit organizations, can also be used in the case of NPO's in emerging countries. As they point out that strategic planning is of great importance for a NPO's strategy. Kong (2008), indicates that NPO's can use the general strategy framework but have to be cautious when applying underlying models used to analyze internal and external factors effecting the organization. The same idea about strategic planning is described by Andreasen and Kotler (2003). Their theory points out the application of strategic position and strategic planning. First, the strategic position has to be identified within the non-profit organization. This starts with identifying and understanding the organization's overall mission and culture. Secondly, by assessing an internal analysis, strengths and weaknesses are identified. Also, an analysis of the organization's external environment is made, with key aspects of the industry and the macro environment the company is active in. Subsequently, in the strategic choices stage, a specific strategy based on the information provided earlier will be developed.

The goal of this research is to identify possible changes in the ISFI's strategic position to effectively execute their mission. As the framework indicates, strategic choices are related to the current strategic position of the company and to the element of implementation. However, this research does not include the latter element of implementation; this report will focus mostly on the strategic choices of the ISFI and will be related to strategic position. The next paragraphs will explain the analytics models used to gain insight in the current strategic position and the strategic choices for the ISFI.

2.2. Strategic position

The strategic position describes the current influence that a business environment or the organization's strategic capabilities, have on the strategy (Johnson, et al., 2008). The environment refers to the context, in macro and meso and micro level, in which the organization operates. The environment will present the organization's opportunities and threats. The strategic capabilities of an organization are determined by their competences and resources and can lead to strength and weaknesses in relation to the competition. Another important factor in the strategic position of an organization is the influence of stakeholders. Demands of these stakeholders with regard to the purposes of the organization reflect upon the strategic position. The insights gained from the analysis of the environment and the strategic capabilities indicate the main issues affecting the organization. These key issues will be the guide for new strategic choices.

2.2.1. Environment

In this paragraph we will discuss the macro environmental factors influencing the organization. These factors are almost uncontrollable for the organization (Bryson, 1988). However, the influences need to be taken in account because they are important for the functioning of an organization. Johnson (2008) indicates that a PESTEL-analysis is a method often used to analyze the macro environment. There are various versions of this framework. Grant (1991), provides the PEST model leaving out environmental and legal factors and Barney and Hesterly (2008) add international events to the PESTEL model. The model provides a comprehensive list of influences on the possible success or failure of particular strategies (Anheier, 2005; Johnson, et al., 2008). This technique will divide the macro environment in: political, economic, social, technology, environmental and legal categories. Political factors include aspects of the wider policy and regulatory environment in which the organization operates. These include areas such as: tax policies, trade restrictions, labor or environmental laws and political stability. Secondly, economic factors refer to the long-term prospects for the economy as a whole, as well as in the field where the organization operates. Factors included are: economic growth rate, interest rates and inflation rates. These factors have impact on the business decision making but can also be used as a benchmark performance measurement to compare the company's results against the nation's figures. The next factor, social aspects, includes the cultural aspects such as: education level, population growth rate and age distribution. Technological factors refer to technological developments and innovations in the broad sense. For example: R&D activity, access to new technology and cost of technology. They can determine barriers to technology or explain low efficiency levels. Furthermore, technological changes can lower costs, improve quality and lead to innovations. Moreover, environmental factors concern the growing awareness of the potential impacts of climate change and are affecting how companies operate and offer their products. Finally, the legal category consists mainly of influence and restrictions from a country's laws. (Anheier, 2005)

An advantage of the PEST model is that the factors are often used to analyze opportunities and threats in a SWOT analysis. (Bryson, 1988) Further, Myers and Sacks (2003) state that the model is applicable by nonprofit organizations in emerging countries. However, disadvantages of the PEST-analysis can also be identified. First of all, rapid changes in society make it difficult to anticipate on developments that could affect an organization. (Johnson, et al., 2008). Also, it could be difficult to

identify possible influence. For example, political decision making can have influence on a company's decision making but is hard to predict. (Johnson, et al., 2008). Bryson (1988), Myers and Sacks (2003) recommend that the PESTEL model could be improved by combining it with an industry specific analysis.

Porter's (1980, 2008) five forces model is such an industry specific framework. An industry can be defined as a group of competitors who are producing close substitutes. Within an industry, companies will be working with the same kind of products or services and are therefore competing with each other. To survive, companies need to distinguish themselves from others. (Stalk, 2003). Industry features are, opposite to the macro environment, much closer involved in the decision making of a company. Porter's analysis is particularly useful with helping managers understand competitive market dynamics through mapping the role of suppliers, customers, competitors, substitutes, and barriers to entry for new market entrants. The framework helps organizations identify their current and potential competitive advantage, their current business strategy, and what might need to change in order for the organization to improve its strategy (Lindenberg, 2001). The first force is the threat of entry. Profitable markets attract new entrants, which erodes profitability. This force is dependent on the obstacles to entry within an industry. Barriers to entry will make it hard for new entrants to enter the market. An example of a barrier to entry is a large capital investment in machinery needed to produce. Another important barrier to entry can be legalization or other governmental forces that are an obstacle before starting a business in a specific industry. The second force is the threat of substitutes. Substitution can be on a product-by-product basis, but can also be substitution of need, as a result of new products or services rendering existing goods obsolete. The presence of substitute products can lower industry attractiveness and profitability. The third and the fourth force are the power of buyers and suppliers. This factor indicates how easy it is for buyers/supplier to drive prices down or up. Thus, they determine the attractiveness of an industry. For example, if there are only a few buyers or suppliers their power will be bigger and they have a great influence on the price of the products. If there is a concentration of buyers or suppliers, this has a constraining effect on the strategic freedom of a company. Price sensitivity or the costs of switching buyers/suppliers are important elements of risk in this respect. The fifth force is competitive rivalry, which is determined by organizations in the industry selling similar products. The key driver is the number and capability of competitors in the market. Many competitors, offering undifferentiated products or services, will reduce market attractiveness. Elements of importance in this regard are industry growth rates, the structure of industry, strategic goals of companies and exit barriers of an industry (Porter, 1980, 2008).

Porter's model was developed to be applied by for-profit organizations in large industries and mainly in developed countries. However, literature argues that Porter's framework has a number of features that are potentially useful in NPO strategy development (Bryson, 1988). NPOs do function in a market situation. They do compete for scarce donor resources and they are subject to the power of suppliers, substitutes, clients, and new entrants. They do adopt niche or more general strategies. Using Porter's framework does help NPOs to analyze their multi-organizational dynamic context (Lindenberg, 2001). Further, Tuckman (1998) indicates that Porter's model can be used in understanding competition in markets involving competition between nonprofit and for-profit. Rivalry and substitutes or new entries also exist in the non-profit market and can therefore be taken into account. A problem for nonprofit organizations is that power of buyers and the power of suppliers can have multiple actors. For example, donors might be thought of as either suppliers or consumers. According to Lindenberg (2001) this can be resolved by applying the model to twice for the same actor.

2.2.2. Strategic capabilities

The goal of identifying strategic capabilities is to gain insight into the ISFI's internal strategic position. This paragraph will elucidate different models that will analyze internal affects on the company's performance. Mckinsey's 7S-model by Pascale and Athos (1981), is a model used to analyze the company's internal performance. However, it is often applied to large organizations with multiple management levels. (Waterman, Peters, & Phillips, 1980) .

A model suitable to examine smaller organizations is the value chain concept. This model describes the activities within an organization that create a product or service (Porter & Millar, 1985). A value chain analysis can be used to decompose an organization into strategically important activities. A distinction is made between primary activities and support activities. The primary activities (inbound logistics, operations, outbound logistics, marketing and service) are seen as a sequential long-linked chain that results in the transformation of inputs into products or services. The support activities are linked to each group of primary activities (HRM, technology development, etc.). While the primary activities are directly aimed at creating value to the customer, the support activities are instead directed at improving the performance of the primary activities. This framework provides insight into the strategic capabilities of an organization (strengths and weaknesses). This is done by separating the value creation process into discrete activities that contribute to the organization's relative cost position and create a basis for differentiation (Stabell & Fjeldstad, 1998). Nevertheless, the typology used in the value chain framework by Porter is derived from traditional manufacturing companies, and is less suited for the analysis of organizations in service industries (Stabell & Fjeldstad, 1998). The value shop concept developed by Thompson (1967), describes the value creation within service organizations. Contrary to the long-linked activities of the value chain, the value shop is considered solving customer problems. Instead of performing a fixed set of activities to produce a standard product, the value shop schedules activities and allocates resources in a way to serve the needs of the client's problem. A main characteristic of the relationship between the value shop and the customer is information asymmetry. Although many problems can be solved using standardized solutions, the value creation process of the value shop is configured to deal with unique cases. The interactivity between activities is cyclical or spiraling, rather than sequential. (Boardman, Shapiro, & Vining, 2004). As earlier mentioned, the ISFI is a service based organization in which serving the client's needs is the most important activities. Therefore, the value creation process of NPO's is considered to have characteristics of value shop concept. All the elements can have a significant influence on customer satisfaction which also correlates with the organization's performance. A technique that often goes together with the value configuration models is benchmarking. Benchmarking involves assessing an organization's strategic capability in relative terms to competitors (industry benchmarking) or compared to the company's performance in previous years (historical benchmarking) (Duncan, Ginter, & Swayne, 1998).

2.2.3. Influence of stakeholders

Stakeholders also have an influence on the strategic position of an organization. A stakeholder analysis can provide insight into the influence of the different stakeholders which influence the organization's purposes and strategies. Stakeholder mapping described by Mendelow (1991) identifies in which extent stakeholders affect the activities of an organization, depending on the relationship between the stakeholder and the organization. Mendelow's model provides a way of mapping stakeholders based on the power to affect the organization and their interest in doing so. It identifies the responses which management needs to make to the stakeholders in the different quadrants. However, this research will not include a stakeholder analysis due to a limited time frame.

2.3. Strategic choices

Strategic choices indicate options for developing future strategy. The next paragraphs will describe how these strategic choices are made. As well will be explained how a SWOT model can be used to generate suitable strategic options.

2.3.1. Identifying key issues

Key issues from the organizations environment and strategic capability (strategic position) can be summarized in a SWOT analysis. This analysis will be used to identify the: strengths, weaknesses, opportunities en threats concerning the organization. A SWOT analysis is a very effective way of identifying the strengths and weaknesses as well as opportunities and threats an organization faces (Anheier, 2005). Using the SWOT framework helps an organization direct its attention and focus its activities into areas with greater opportunities while being aware of its limitations and external threats (Andreasen & Kotler, 2003). More importantly, the framework is simple to adopt and there is very little specialized skill needed involved in facilitating the strategy formulation process (Kong, 2008). This is particularly essential for NPOs because these organizations often operate under financial constraint as a result of the public sector reform movement (Zack, 2005). However, much depends on the care of which decision makers integrate their analyses of internal and external factors (Kearns, 1992). Besides the SWOT matrix it is useful to create a confrontation matrix in which internal aspects (strengths and weaknesses) will be associated with external aspects (opportunities and threats). (Andreasen & Kotler, 2003; Pickton & Wright, 1998). By using this confrontation matrix the interfaces between internal and external aspects will be obtained which is important to define a strategy. The TOWS matrix (Wehrich, 1982) is used to identify and pair various factors, with the intention of stimulating a new strategic initiative. Strengths or weaknesses are paired with opportunities or threats so that there are four different pairs that can be made.

<i>TOWS matrix</i>	Strengths	Weaknesses
Opportunities	<i>SO strategies</i> Uses strengths to take advantage of opportunities	<i>WO strategies</i> Overcome weaknesses by taking advantage of opportunities
Threats	<i>ST strategies</i> Use strength to avoid threats	<i>WT strategies</i> Minimize weaknesses and avoid threats

Table 1 - application of the TOWS matrix

First of all, pairing strength and opportunity could lead to expansion. If a strength factor amplifies with a threat issue, this strength could be used to defend the organization. Further, if a weakness and an opportunity amplify, this can be used to find possibilities to improve the weaknesses of the organization. Finally, a threat paired with a weakness results in an unstable situation that needs to be resolved (Proctor, 2010). With the results from the confrontation matrix we will formulate possible new strategies for the ISFI. To formulate a strategy on a corporate level, a commonly used model is the Boston consultancy matrix (1970). This model identifies relative market share and market growth as two important factors when classifying types of businesses. There are, however, several issues with this model. It is often difficult to determine what constitutes a high level of market growth or market share (Higgins, 1985). The model also does not account for the possibility of economies of scope, for instance as a result of the shared use of resources by different types of businesses (Wind & Douglas, 1981).

As indicated by Courtney (2002), Ansoff's product-market growth matrix is applicable for nonprofit organizations. The matrix provides a model to identify potential development directions of strategic management (Ansoff & McDonnell, 1988). Table 1 shows the possible directions based upon the product and market combinations. The directions presented in the table should not be seen as individual areas because in practice they can overlap each other. The risk of strategic decisions is the lowest in the upper left corner and the highest risk is in the lower right corner.

	Present products	New products
Present markets	Protect/Build	Product development
New markets	Market development	Diversification

Table 2 - The product-market growth matrix

2.3.2. Evaluating strategic options

In order to evaluate strategic options, Ambrosini (1998) suggest three success criteria; the first is suitability; a strategic option should align the environment in which an organization is operating. Thus, an option should be evaluated in light of the strategic position of the company. The next criterion is acceptability, which refers to the expected performance outcomes of a strategy, for example in terms of risk and return. Finally, feasibility is concerned with the practicalities of the strategic option. A strategic option can be considered feasible when an organization has access to the needed resources and competences to put the strategy into use. (Ambrosini, Johnson, & Scholes, 1998)

2.4. Research model

The model on strategic position and strategic choices by Johnson (2008) is used as the main framework for this research. The framework highlights the iterative nature of strategic management. This research will advice the ISFI on potential changes in its strategic position in order to match its mission and will therefore not focus on the implementation of process or putting strategy into action. The ISFI's strategic position is investigated by exploring the organization's environment and strategic capability. To analyze the external environment, the PESTEL framework and Porter's five forces model are used. Further, to identify the strategic capability (internal influences) for the ISFI, the value shop concept is applied. This concept is preferred over the 7S model, because the value shop model is specifically suited for the analysis of firm-level competitive strengths and weaknesses. Moreover, the 7S model provided a too broad perspective in which strategy is only one part of the seven elements. Furthermore, because the ISFI is an organization with only a few full time employees and one CEO -who is having a great influence on the strategic decisions- a stakeholder analysis was not included in this research because of the limited time in which to complete this thesis.

The information on the strategic position of the ISFI is used to guide the process of developing a new strategy. The findings on the strategic position for the ISFI resulted in a conformation matrix in which the key issues were summarized. These issues were applied in Ansoff's product-market growth matrix to generate possible strategic options. The BCG-matrix is not used in this report because this model is mainly relevant in the context of corporate level portfolio management. Bearing in mind that the ISFI has only limited products (services), this model was not appropriate. Finally, the Strategic options were evaluated based on the success criteria - suitability, acceptability and feasibility- described by Ambrosini (1998).

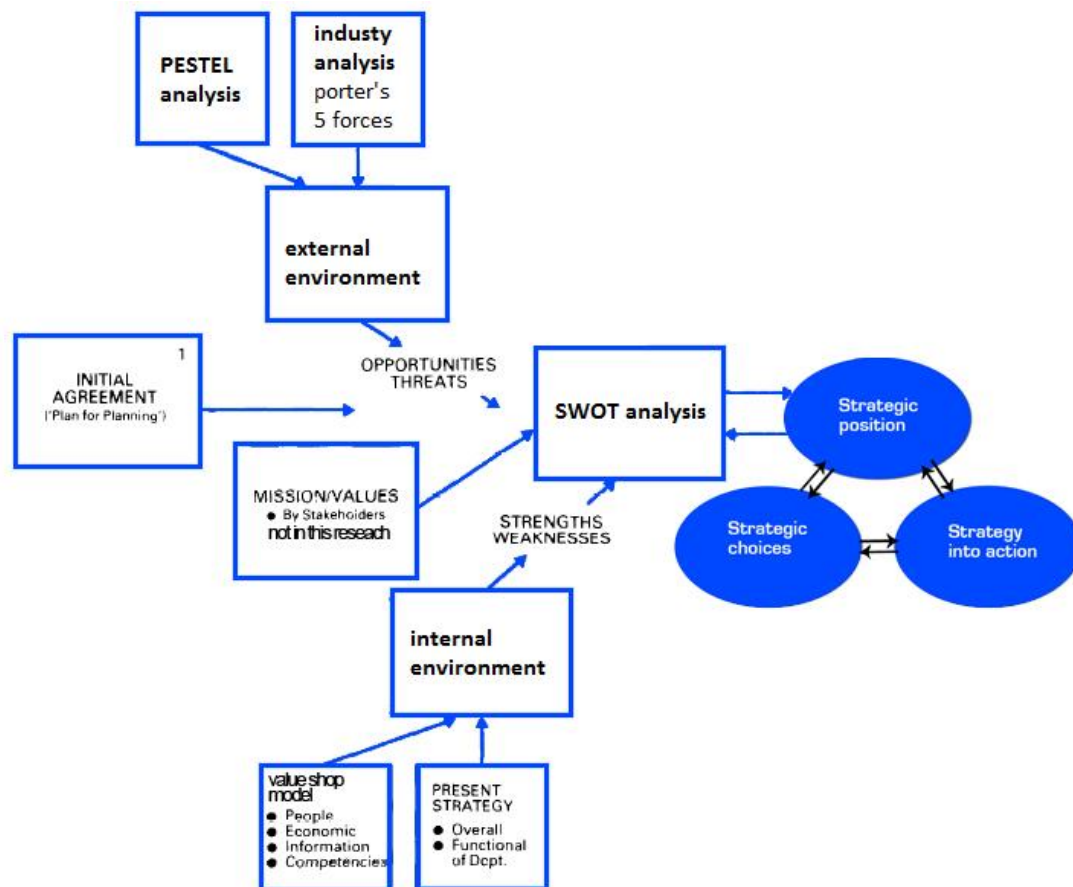


Figure 4 - Strategic framework

3. Research design and methodology

This applied research is a descriptive cross-sectional study, because the main purpose of this study is to describe a situation. The observations are made to study what was happening at a single moment in time (Babbie, 2007). This chapter elaborates on the methodology used to conduct this research.

The first section starts with the description of the research group, followed by the research design and instruments in section 3.2. The collection of the data is described in section 3.3 and section 3.4 explains the procedures used. This chapter ends with the limitations which are described in section 3.5.

3.1 Research population

The research population is the total set of cases from which a sample is taken (Saunders, Lewis, & Thornhill, 2009). The total population consists of all the clients of the ISFI at the time of this research. These are twenty-one micro and small companies in the food and beverages industry in Davao city region. From these companies, a sample of eighteen companies was chosen to fill out the questionnaire. They were selected based on product and location. First of all, the products manufactured by the micro and small companies had to be either manufactures of food products or beverages. (ISIC Rev.4 code C.10/11, unstats 2011). Further, companies were selected on location. Companies located in Padada (Davao del Sur) or on the Island of Samal are not included in the questionnaire as it would take too much time to visit these places. The total number of respondents is 18. All the companies participating in the questionnaire are ISFI client for three years. Furthermore, all the businesses are located within the bounds of Davao city area. Among the participating companies, twelve are specified as micro enterprise with a maximum of nine employees. The other six companies are indicated as a small company, with no more than nineteen workers. The questionnaire includes some questions on company characteristics of the respondents business. The results of these questions are summarized in the table below.

Characteristics	Class	frequency	Percent
<i>business age</i>	0 till 5 years	3	17%
	6 till 10 years	6	33%
	11 till 15 years	5	28%
	16 till 20 years	4	22%
	Total	18	100%
<i># employees</i>	0 till 9 (micro)	12	67%
	10 till 20 (small)	6	33%
	Total	18	100%
<i>registered business</i>	Yes	14	78%
	No	4	22%
	Total	18	100%
<i>exporting products</i>	Yes	0	0%
	No	18	100%
	Total	18	100%

Table 3 – characteristics respondents

3.2 Research design and instruments

Several methods are used to analyze whether or not the ISFI's current strategic position needs to be changed. The execution of the current ISFI strategy and internal/external factors shaping this strategy are described by interviews with the ISFI's CEO (Joy Cabo). Also including observations made during these interviews. Testing the desired state and possibilities to growth are measured by targeting the ISFI's clients using a questionnaire and by observations and conversations. This is a mixed method research which uses quantitative and qualitative data collection and data analysis at the same time, but does analyze the quantitative data in a quantitative way and the qualitative data in a qualitative way (Saunders, et al., 2009).

Two important factors to take into account are reliability and validity. Reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings. (Easterby-Smith, Thorpe, & Lowe, 2002). In chapter 4, boxplots and graphs will show the conversion from raw data to conclusions made from the questionnaire. The questionnaire has been added in the appendix to give more insights about the survey presented to the respondents.

Internal validity in relation to questionnaires therefore refers to the ability of the questionnaire to measure what you intend it to measure (Robson, 2002). To limit possible threats to internal validity, the questionnaire is pre tested with the staff of the ISFI to make sure that the questions are anticipated in the right way and that the results measure what they should measure

External validity is whether questionnaire findings may be equally applicable to other research settings, such as other organizations; the generalizability of this case study is low, because it only includes the selected eighteen clients of the ISFI at the time of this research.

3.2.1 Qualitative interviewing

The main method for the exploration of ISFI practices are semi-structured interviews. These are qualitative interviews, in which the main topics of the interviews are known but the order in which the interview is held can vary. Questions can be added when this seems to be appropriate (Saunders, et al., 2009). The opportunity to ask additional questions is desired in this situation, because it gives the opportunity to build upon the responses of the interviewees.. This adds significance and depth to the data obtained from these interviews (Saunders, et al., 2009). The interviews were held in the period from May until July 2011. All the interviews were held with the CEO of the ISFI. During this period the ISFI was working on some big projects, therefore, most conversations were held within a limited timeframe. The questions in the interviews are in line with the theory discussed in the previous chapter. The interviews topics were about the strategic position and strategic choices of the ISFI, including the barriers to growth involving their clients in the food and beverage industry. The topics discussed the current strategy of the ISFI and future expectations. Further, interviews with the CEO dealt with the main activities of the ISFI, and their contribution to the value creation process. Questions were posed as open as possible, in order to avoid subtle biases in the questioning. However, from the notes made during the interview, the interviewer has selected the most reliable answers according to his own perception. This happened if after the interviews it became clear that the CEO gave opposite answers to similar question. The interviewer then selected the answers that were most in line with answers to the overall interview statements.

3.2.2 Quantitative research

A questionnaire provides the possibility to measure a large population in just a short time span (Babbie, 2007). The research population for this questionnaire is described in section 3.1. This questionnaire consists of mostly closed-ended questions, because the respondents are uniform in their answers and because answers on closed-end questions are more easily to process (Babbie, 2007). The questionnaire consists of some general questions (e.g. years in business, education level, number of employees), questions about the use of technology (e.g. use of machinery), access to

finance, barriers to growth and the demand for possible services supplied by the ISFI. The items are measured by two methods. One method is using lists; here the respondent is offered a list of items, any of which may be selected. The second method is using categories, where only one response can be selected from a given set of categories (Saunders, et al., 2009). Barriers to growth are an important part of the survey these questions are measured in a 5-point Likert scale (very low – very high, obstacle) which allows the respondents to indicate how strongly they indicated the subject as barrier to growth for their business. Further, business owners have to indicate the priority of resolving this barrier to growth in a 5-point Likert scale (very low – very high, priority).

3.3 Data collection and data analysis

As mentioned in section 3.2 data collection will begin with qualitative interviewing of the ISFI's CEO. This qualitative data is collected and analyzed in order to generate a good understanding of the current and desired strategic position of the ISFI. The results from this interview and questionnaires have resulted in strengths weaknesses, opportunities and threats analysis matrix. This matrix compares and grades the factors on importance and correlating effects. This process is described in the next chapter where the confrontation matrix is constructed.

Further, eighteen clients of the ISFI are asked to fill out a questionnaire. This quantitative research data is collected and analyzed to indicate the possible demand for new services offered by the ISFI. The quantitative data collected from the questionnaire on barriers to growth and demand for new ISFI services are entered into SPSS (a statistical program for social science, in order to analyze the data). The interviews and the results from the questionnaire are supplemented by observations. The results from the questionnaire, interviews and observations will be described and analyzed in the next chapter.

3.4 Research procedures

The semi-structured interviews about the current and desired strategic position of the ISFI have been conducted with the ISFI's CEO (Joy Cabo). These interviews were held in English and there were no language barrier problems. However, the questionnaire filled out by micro and small business owners had some problems due to the language barrier. To overcome this barrier, employees of the ISFI helped to conduct the surveys and translated the words which the entrepreneurs did not understand. This made it possible to complete the survey; however, there is the possibility of misunderstanding and misinterpretation (Saunders, et al., 2009). First of all, the questionnaire has been tested by the ISFI staff to indicate possible errors or misunderstandings. The final version is approved by the ISFI's CEO before handing out the questionnaires to their clients. The questionnaires were delivered to the eighteen business owners who filled out the questionnaire the moment they received it. After the questionnaire was completed the participants had the time to ask questions or give remarks about the questionnaire. The English version of the questionnaire is included in appendix c. Also, there are observations and conversations during the three months stay at the ISFI. There is no formal procedure to process these general observations and conversations.

3.5 Limitations of the research design and methodology

Conducting the research as described above, has some important limitations. First of all, the sample of eighteen entrepreneurs is small for quantitative research. However, because this research is restricted to clients of the ISFI this could not be changed. Further, not using a formal pretest for the questionnaire leaves space for errors in the questionnaire. Instead of a pretest, the questionnaire was checked by staff members of the ISFI. During these steps some errors have been discovered. Another limitation is the language problem in the survey, although the formal business language in the Philippines is English, some entrepreneurs had difficulties understanding all the words. This can sometimes cause misinterpretation of the questions or the answers. Misinterpretation can appear in the interviews and the questionnaire due to cultural differences. Finally, the generalizability of this case study is low, because it only includes the selected eighteen clients of the ISFI at the time of this research.

4. Findings

This chapter will describe the research results. The first paragraphs will start with the results from the quantitative research. The later paragraphs of this research will display the results from the qualitative research. The final paragraph will state the confrontation matrix where internal and external factors are compared and rated.

4.1 Questionnaire

The chapter starts with a reliability analysis on the questionnaire before going on with the characteristics of the respondents and the results on the different barriers to growth and demand for the ISFI's service derived from the questionnaire.

4.1.1 Findings representation

The respondents are asked to give answers on to two types of questions. Firstly, the respondents were asked to answer, on a five point likert-scale, questions about the barriers to growth and the priority to overcome these barriers. Secondly the respondents were asked about their demand towards the ISFI's services and whether they would pay for these services.

The results on the barriers to growth and the priority of overcoming those barriers are shown in a boxplot. A boxplot is a graphic representation of the five number summary (minimum, first quartile, median, third quartile and maximum), showing the dispersion of the collected data, which allows a comparison of distributions (Moore & McCabe, 2001); in this case an overview of the barriers to growth and their corresponding priority. According to Moore and McCabe (2011) a graph is the best method to get a general picture of the dispersion. The median is used as the centre instead of the mean, because this measure is resistant for the influence of some extreme observations. In addition, the median does not react heavily on changes in some observations (Moore & McCabe, 2011).

The graphs about the several concepts are shown below, starting with the barriers to growth measured by the questionnaire. Further, the results on the priority factors measured by the questionnaire are described. Finally, an overview of the respondents' needs to overcome these barriers is given. A comparison will be made between the respondents' needs indicated and the factors qualified as barriers to growth.

4.2 Results from the questionnaire

The boxplot shows the different categories of barriers to growth. Respondents have indicated in what degree the barrier to growth is an obstacle to their business. The full boxplots can be seen in appendix B.

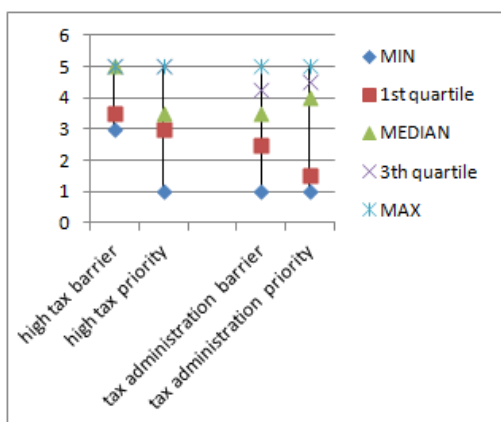


Figure 5 - Boxplot tax barrier and priority

Categories with a high median can be seen as a barrier to growth. High tax rate is indicated by four entrepreneurs as a major barrier to growth (Figure 5). This can also be seen in the priority scale where again four respondents indicate that this barrier has the highest priority to be solved. Also related to tax rates is the tax administration which is indicated by two respondents as a major barrier to growth and by three respondents as big barrier to growth. This barrier goes together with a high priority of overcoming this barrier.

Figure 6 shows the customs regulation barrier and the barrier to export. Over fifty percent of the results indicated both as big barriers to growth. The same holds for the priority to overcome the export barrier, where fifty percent of the respondents indicated high priority. However, seventy-five percent of the respondents have indicated that the priority to overcome the customs regulations barrier is low.

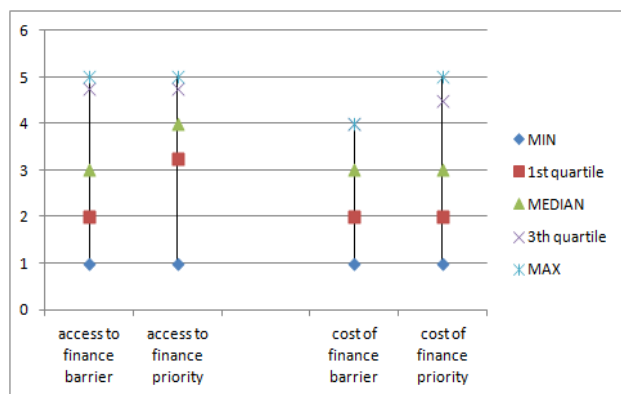


Figure 7 - Boxplot finance barrier and priority

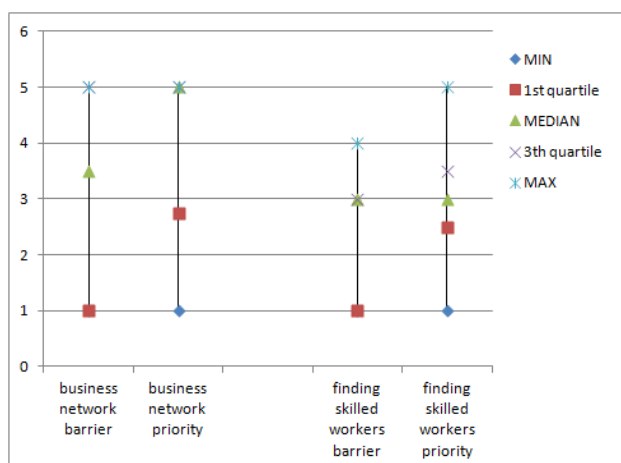


Figure 8 - Boxplot business network and employees' barrier and priority

even no obstacle. Almost all of these barrier categories are prioritized low. However, Lack of internet access, lack of electricity and business licensing are stated as high priority even though they are not major barriers to growth for micro and small companies.

Another set of questions in the survey are list and category questions. Respondents are asked what service they would like to receive from the ISFI to improve their business, under the condition that this that they had to pay for this service. Business owners could choose from fifteen different supporting services the ISFI could supply. Ten out of eighteen respondents answered thirteen statements positive. From this we can conclude that entrepreneurs are open to paying for the ISFI's services. However, this does not make it more clear what services the entrepreneurs need. Therefore, we can look at the services indicated by most respondents as not needed. About 40% of the respondents indicate that they do not need help with conflict mediation. Further, 33% of the respondents indicate that help with management and staff training is unnecessary. Finally, support with internationalization is uncertain for 72% of the respondents as they indicate that they are not sure whether this would help grow their business.

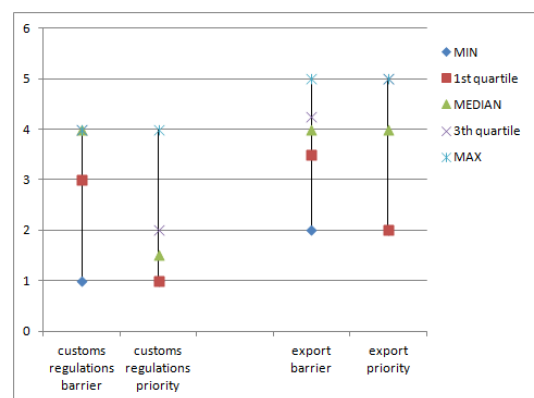


Figure 6 - Boxplot export barrier and priority

Financial barriers (figure 7) are also seen as a problem by the respondents. Over fifty percent of the answers indicate high to major access to finance barriers and fifty percent of the results show medium to high cost of finance barrier. Moreover, seven respondents have indicated that priority to overcome the access to finance barrier is medium-high to high. However, the cost of finance priority scores lower, with only three respondents highly prioritizing this category.

Respondents have stated that both: lacking a business network and the inability to find skilled workers are medium obstacle for their businesses. However, lacking a business network is indicated as top priority while the inability to find skilled employees in not prioritized highly. Finally, lack of Internet access, lack of electricity, lack of available land, business licensing, macroeconomic movements, corruption, crime, anti-competitive practices and contract violation growth are categorized as a small obstacle or

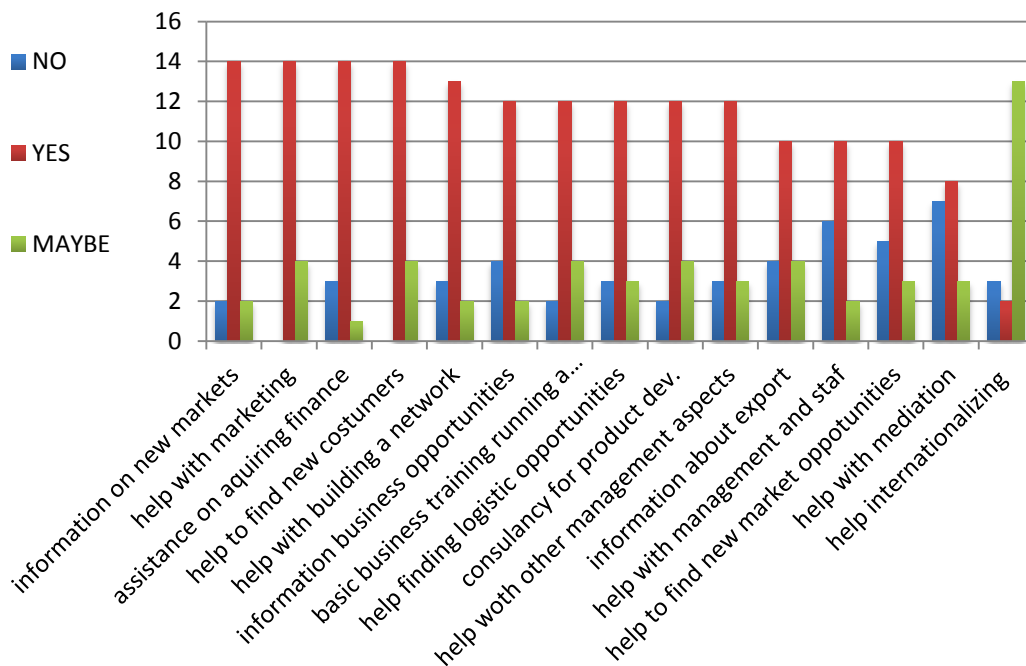


Figure 9 - results to the question: "What service would you like to receive from the ISFI to improve your business?"

The last question of the survey is linked to the previous questions about demand for the ISFI's services. Respondents had to answer whether they would pay for, the in previous questions mentioned, service provided by the ISFI. As seen below, all the respondents are willing to pay for the ISFI services. 35,7% of the respondents are willing to pay only for the services from non-profit organizations but not for governmental support. Almost 30% are willing to pay for the services if they can see the direct benefits from this support. 10% would be willing to pay if it directly increases their profit. The remaining results are depending on the level of the participation fee (which has not been researched in this questionnaire).

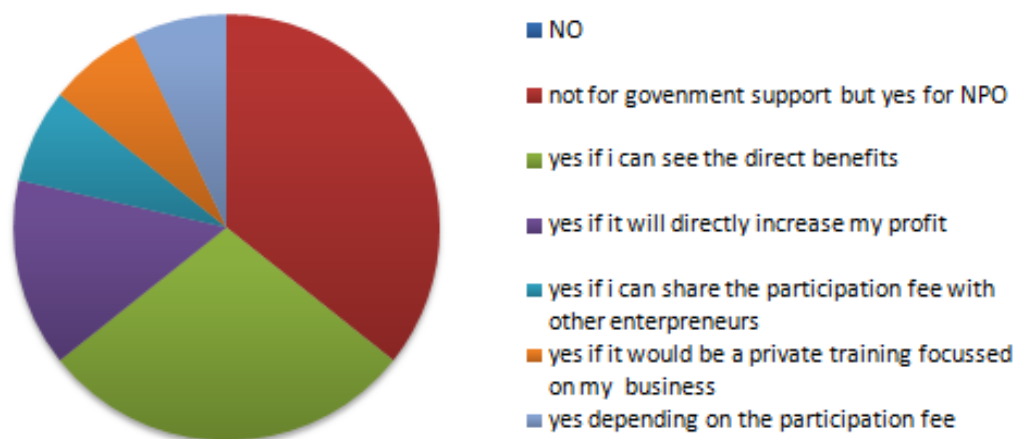


Figure 10 - Results to the question: "Are you willing to pay for the ISFI's services?"

4.2 Qualitative research

This chapter will describe the research findings, structured around the research questions that were formulated in the first chapter. The first sub question that will be answered in the first section of this chapter is: **“What opportunities and threats (external factors) can be identified from the ISFI’s strategic position which influences the ISFI’s daily activities?”** Thereafter, the second sub question will be answered: **“What strengths and weaknesses (internal factors) can be identified from the ISFI’s strategic position which influence the ISFI’s daily activities?”** These two sections will respectively conclude with the main opportunities and threats, and main strengths and weaknesses that are identified from those analyses.

4.2.1 Environment

This chapter will describe the research findings on the ISFI’s environment. These findings will be identified as opportunities and threats in the SWOT analysis later.

Macro environment

The PESTEL framework is used to analyze in the external forces arising from the political-, economic-, social-, technological-, environmental- and legal environment.

Political

For the last few years, The Philippine government has focused most of its energy on improving urban industries rather than issues dealt with by companies in rural areas. Unfortunately, even in improving urban conditions, the political process is failing because of controversial and corrupt politics, making it harder for the ISFI to collaborate with the government. However, some local governments and NPOs are focusing on the improvement of the rural areas. Furthermore, the government is starting institutions to handle the management, productivity and advancement of the rural areas, for example the Department for trade and industries has got a special team working on the improvement of MSMEs in rural areas. (DTI, 2008)

Economical

Entrepreneurs interviewed complained about limited access to financial resources. The Central Bank of the Philippines is a state owned enterprise. The Bank is not actively encouraging SMEs to take out a loan to invest. Moreover, this central bank is not functioning as an independent bank but is helping to finance the government deficits. Therefore, the central bank was ineffective in advancing the financial markets; it focuses too much on political finance and not helping out SMEs. Furthermore, some companies stated it is too burdensome to apply for a loan because of collateral restrictions. Also, the interest rate on those loans can go up to 25-30% per year

Some of the main macro-economic factors are: GDP per capita (\$2,123), GDP growth rate (7.3%), inflation rate (3.8%) and public debt (47.3% of GDP). The agricultural sector employs close to 32% but contributes to only about 13.8% of GDP. The industrial sector employs around 13.7% of the workforce and accounts for 30% of GDP. Meanwhile the 46.5% of workers involved in the services sector are responsible for 56.2% of GDP. The current unemployment rate is around 7.2%. (IMF, 2010)

The Philippines have set a minimum wage policy of 200 peso (depending on the region an employee works) or approximately \$4.50 every day. However, there are some companies which not follow this rule and pay less to their employees. In some cases companies pay only 100 peso to their workers performing easy manual labor. This may result from the lack of enforcement of the minimum wages in the country. In 2010, 32,9% of the Philippine population lives below the poverty line because of the lack of work or the lack of minimum wages. However, the low wages also stimulate entrepreneurs to start their own business, even if these only yield marginal profits.

Social

The Philippines does have a high literacy rate of 96%. Moreover, some Philippine universities perform at a global level, for example, Ateneo University in which the ISFI is located. However, most entrepreneurs lack managerial and technical know-how because of the inability to access a college level education. However, only the minority, about 20% of the middle and upper class citizens, are able to pay the high tuition fee for higher education. In short, the education level is not the problem; it is the lack to access it by the majority of people. This is also affecting the MSMEs because business owners lack the knowledge to efficiently run their company and sustain their business.

Social

World globalization, where export and import are powerful tools for generating profit, have a direct impact of the local market. The Philippines try to improve the export probabilities for SMEs through a company called the PhilEXIM. This state owned enterprise's objective is to encourage, insure and protect the companies that wish to export their product. Further they provide insurance, financial credits and other services to local businesses. Moreover, they also support organizations by providing managerial and technical assistance to prepare companies for export. However, philEXIM mainly focused on companies in the electronic industry in the north which produce, for example, semiconductors and electronic products.

The ISFI's CEO indicates that the ISFI has a good reputation in Davao city. There are two main reasons for this reputation. Firstly, the ISFI has been in the business for over three decades. Also, they have a large network consisting of senior consultants and university professors which raises the level of training.

Brand building is one of the most important activities for NPOs as they need to acquire new donations or new clients. However, most NPOs do not use the media to promote their services. They mainly acquire new clients through a personal social network.

Partnerships are necessarily for a successful NPO. However, The ISFI's CEO indicates that in Davao city there are only a few NPO's to collaborate with. On the other hand there are some bigger companies - sometimes even trained by the ISFI years ago- which are now in a small or medium enterprises state and are willing to support the new Micro businesses.

Technological

The provision of appropriate technologies and innovations are driving forces to allow MSMEs to upgrade their production system and to develop new products. Firstly, during the survey only 11% of the interviewed companies had access to the internet. Further, The ISFI's CEO says that the ISFI is not capable to supply the MSMEs with more technology because technology is too expensive for the micro enterprises to acquire. Furthermore, The ISFI's CEO indicates that the entrepreneurs are not willing to look at the possibilities to use technology because they are used to operate without machines and do not see the opportunities to expand through technology. Also, most business owners stated in the survey that they associate using more equipment with firing employees. However, this might cause MSMEs to get behind on competitors, both in local and international markets, as they are working less efficient with only manual labor.

Social/environmental

There are also international policies influencing the ISFI, for example, the millennium goals focused on equal rights for man and woman, reduce poverty and empower micro enterprises, have to be integrated into their policies and projects. (IMF, 2010)

Environmental

The best developed industries in the Philippines are located on Luzon, mainly around Manila, because of economical and governmental focus on these areas; they have an edge over other areas in the Philippines. Most commercial NPOs are located in the north because that makes it easier to start partnerships with large enterprises and to have a sustainable business.

Global economic also influences the work of the ISFI. For example, the East-Asian economic crisis in the start of this century and the western economic crisis a few years later have heavily influenced the financial support to NPOs because companies had to downsize their expenses leaving less money available, from foreign companies donating to NPOs, for development initiatives

Legal

Also, all the NPOs require an accreditation from the government every three years, to prevent NPOs from abusing money. Because of this the NPOs need to pay close attention to their cash flows and an efficient use of resources. However, the most NPOs do not have to pay tax to the government, making it more efficient to use resources. Further, most ISFI clients are micro enterprises which are unregistered businesses, who avoid paying taxes. This results in fewer participants for development initiatives such as management training as those companies are scared to get caught.

Porter five forces Model

In this section will describe the results from applying Porter's five force model. Both the ISFI's consultancy business and the development service will be described. Together with issues from the PESTEL analysis this will result in the opportunities and threats in the SWOT matrix.

Threat of new entrants

For both the consultancy service and the development initiatives the threat of new entrants is low as a result of high barriers to entry. Firstly, Starting an NPO with as main service to support micro and small companies is based on a high level of specific knowledge. Furthermore, the business is not for profit and most NPO's are relying on funding from donors organizations. The biggest barrier to start in this business is to cover the costs of the services provided. Most clients do not have the financial possibilities to pay a participation fee. Another option could be to find donors that are willing to supply the NPO with the finance needed to provide a service. However, acquiring these investors will result in an unstable income and will also include a high cost, in time and money, of building and sustaining a reputation among prospective donors.

To start a consultancy service, a high level of knowledge and experience is also required. Further, there are limited potential clients for new business consultancy firms as most companies in the Davao region are micro or small organizations with limited financial capital. Further, larger corporation (often from more advanced areas in the Philippines or international organizations) in search of consultancy, are commonly contracting highly experienced firms such as the ISFI.

Threat of substitutes

The clients benefitting from the support provided by the ISFI can easily substitute this service by other products to improve their company. First of all, governmental organizations provide free support for MSME, by hosting seminars or training about actual MSME issues. Even though these services might be lower quality compared to the service provided by NPOs, these services do not require a participation fee and are therefore heavily attended. Other substitutes are business and management books. Progressive business owners who want to improve their company can easily read about best practices on how to expand their business. Furthermore, there is a television channel especially for small business owners also giving advice on how to overcome barriers to growth and are giving examples of successful businesses. The substitutes mentioned above are not able to provide the same level of knowledge as a training provided by the ISFI but the entrepreneurs rather choose for free/low quality support instead of high quality/paid support.

The consultancy services have less interference from substitutes. Companies in search of a consultancy firm often contact well established organizations as the ISFI. Their expertise is hard to match by possible substitute products.

Power of suppliers

The ISFI's consultants will be seen as the ISFI's suppliers, as they are hired to do the consultancy assignments. The ISFI provides a consultancy services in which the suppliers are the employees employed to do the consultancy work. The ISFI will select the most suitable consultants for a specific assignment. Because this pool of consultants, mainly consisting of university professors or connections in personal networks, is relatively big, their power to demand high wages is lower.

Power of buyers

The power of buyers can also be divided in two different aspects. Firstly, the MSMEs receiving support from the ISFI. Currently, their power is low because the ISFI is working with a "push" service (they provide a general training and entrepreneurs can participate if they want). They can participate in every training for free which does not give them the ability to identify and apply their own needs. With a different approach, for example, a pull system, where the business owners have more influence in the demand of the training or resources supplied the ISFI might be more effectively. Further, The ISFI's consultancy clients will also be seen as the ISFI's buyer, as they hire the consultants and facilitate the financial capital needed for the development initiatives. The power of the organizations that engages with the ISFI's consultancy service is relatively high. This is because the ISFI needs to convince potential clients that their consultancy work is best suiting among the consultancy firms in the area. Organizations are frequently in search of specific knowledge from a consultancy firm. Often, multiple consultancy firms fight for one bid where the organization in need of consultancy can select the best suiting firm. However, the ISFI has build up a strong brand name for the past decades, it is the only NPO connected to the university in the region which is an advantage because a lot of consultant are university professors. However, the number of clients is limited because the main buyers of the consultancy services are from outside the area.

Competitive rivalry

The competitive rivalry within the development initiatives industry is high. There are many companies operating at low profit margins to support small companies because they are rely on funding/donations from other (international) institutions. A strong brand name is the most important aspect in attracting the financial resources needed to perform operations. ISFI's competitive advantage is its connection to the Ateneo University. Clients receiving support have confidence in the ISFI's level of knowledge because of this connection. Clients indicate that the ISFI is honest and sincere in its mission. Furthermore, the organizations has a great track record, supporting different industries for over three decades with experienced employees and the ability to tap consultancy resources with a great know-how. However, it is common for the NPOs in the same industry to collaborate to improve their services and reach out to more people.

The consultancy service encounters less competitive rivalry in their industry. This can also be explained by the ISFI's connection to the university; the ISFI is one of the few consultancies working with university professors who are seen as highest order of intellects.

Conclusion external factors

Overall, the current attractiveness of industry, providing support to MSMEs, is low (from a profitability view). This is because of high competitiveness in the industry and the high power of buyers. In the industry there are many NPOs and governmental organizations providing similar services resulting in high competitiveness. Furthermore, the biggest issue in the industry is the acquiring of financial resources, most NPOs income is based on donations from other institutions or organizations, resulting in low profit margins and limited resources to provide a supporting service.

From a social perspective, the possibilities to support MSME will increase the attractiveness of the business because there are plenty MSMEs who need to support to overcome the barriers to growth. As development organization there are opportunities to be profitable by providing personal support to the MSMEs. In the conducted survey all companies showed that they were willing to pay for support provide by NPOs, under the condition that it was more focused on a personal obstacle and contained visible direct benefits. By changing to a commercial organization instead of a donation based NPO the organization could be more sustainable and self supplying. The trend in the industry will be that more and more companies will make this switch because it is hard to find new investors/donators to continue their services; NPO's have indicated that it is time consuming to obtain a network with enough donators to supply their needs. However, this system also involves a close connection with the clients as the commercial companies have to identify the needs of profitable support programs to MSMEs.

4.2.2 Strategic capabilities

The ISFI's three primary activities that are considered are the consultancy service and two development initiatives: support MSME's by training and support to MSMEs by providing resources. The activities supporting these activities consist of firm infrastructure and management activities (by staff members). Each of these activities will be described respectively, along with relevant drivers of cost and value. The value shop diagram (figure) shows the characteristics (Stabell & Fjeldstad, 1998).

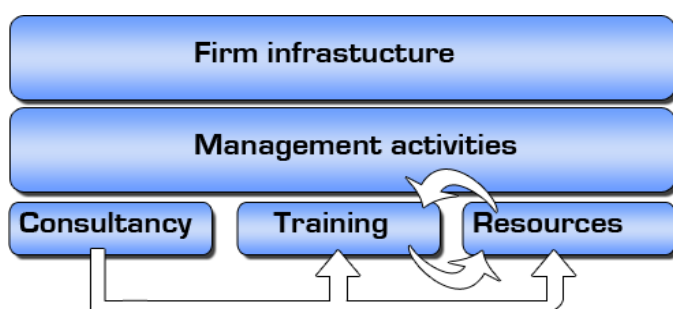


Figure 11 – Value shop diagram (stabell & Fjeldstad, 1998)

The diagram represents the value shop model of the ISFI. Management activities include all the activities other than the consultancy and support work (both providing training and providing resources) e.g. paperwork and building a network. Further, it shows activities related to the firm infrastructure (e.g. office housing). The arrows connecting consultancy to the two other activities states that consultancy has influence on the financial resources needed to start those projects. Training is also connected to resources and vice versa because this serves to illustrate the cyclical interactivity relationship between the two activities (the clients can receive training and resources at the same time)

Consultancy

The ISFI supplies consultancy for two reasons. The main reason is to generate income for the organization, which is used to fund regular support programs. Secondly, this enhances enterprises development projects because the consultancy assignments are mainly about the possibilities to improve MSME. A main skill of the ISFI is the flexibility in operations. For example, the ISFI is accepting different jobs with varying focuses because they work with consultants from the university but also with outside consultancy firms. The demand for the consultancy service, in Mindanao, has been stable over the last years, i.e. an average of 6 consultancy projects are up for bid to firms every year. In the last 5 years, the ISFI was able to acquire at least 3 consultancy engagements per year. For these assignments the company uses 10-15 consultants from outside firms; 50% of the consultants are employees at University Ateneo and 50% from other consultancy firms. If the expertise is not found in University Ateneo the company will fully use outside consultants. The rule of thumb in the

consultancy projects is that 35% is the profit margin which is used to invest in training and resources. The other 65% is used to pay the actual consultancy work i.e. payment of consultants, transportation to the sites, per diem, supplies, salaries of local enumerators/assistants. This means that only 35% can be allocated to the supporting program for MSME.

The ISFI is located on the Ateneo University campus and uses the help of university consultants (mostly professors). However it does not work together with students at the same university. Those students are studying varying topics, for example: management, economics, law or IT which would be useful for the companies the ISFI is supporting. In an interview with the CEO of the ISFI, she stated that: “business owners do not want to work together with students because the business owners do not see the benefits or think that the students do not have any useful knowledge”. However, during interviews with the business owners it was obvious that most had no university education or knowledge. This could easily be provided by the university students. For example, making an analysis on the market opportunities or marketing plans. Currently the business owners are guessing those numbers from their experience but do not use any scientific model or available data.

Training

The money received by the consultancy projects is mainly used to train micro enterprises in all kind of topics. The ISFI selects an issue to deal with and corresponding companies are asked to participate. The CEO states in an interview that the training is a success. Almost all entrepreneurs targeted are joining the training sessions and are pleased with the results, if asked by the ISFI standard questionnaire. The problem is that those questionnaires only ask about the difficulty of the training or whether the entrepreneur would like to receive more training. However, the questionnaire does not look at the use or benefits of the training by the entrepreneurs. In a questionnaire made for this thesis 65% of the entrepreneurs could not think of benefits gained from the ISFI’s training. Further, the main reasons to join the training were either because they did not have to pay a participation fee (90% of the interviewed entrepreneurs answered this) or entrepreneurs did not want to fall behind on their competitors; knowing that they would join the training, they felt as if they had no choice but to sign up as well to receive same information (answered by 60% of the entrepreneurs). Also, because the whole training system is based on a push system, where the entrepreneurs had no input in the training given, the subjects treated in the training were a mismatch with what the entrepreneurs needed (according to 66% of the entrepreneurs). For example, training on export and international marketing was supplied, while the micro enterprises were not even capable of supplying their current local market. Surprisingly, the companies stated in the survey that they are willing to pay for training hosted by the ISFI. 56% of the interviewed entrepreneurs are willing to pay for the current training and 44% of the entrepreneurs were willing to pay if the training would be more focused on direct benefits attained from training. However, in the same questionnaire the entrepreneurs could not answer what specific training they needed to grow their business.

Resources

Training is the most important part in supporting MSME. However, resources are often needed complementary to the training. Resources can be data with information needed by the entrepreneurs to gain knowledge about markets or new products. But resources can also be needed for setting up a business network where micro enterprises are working together on a large order or the rental of store space to promote the company’s products.

Firm infrastructure

The ISFI has a, over 3 decade history in the business. However, they are still a small company with a core staff consisting of one CEO and a four other staff members responsible for their own department. Most employees have been working in the company for over 10 years. The culture is

informal. A sense of mutual interdependence can be observed, especially among support employees. The ISFI culture is process-oriented. One of the most important functions is to acquire consultancy assignments to generate financial resources for other functions in the company. However the core values of the ISFI are linked to the supporting activities; training MSME and providing those MSME with resources needed. Both of the above processes can run at the same time, if the company holds enough financial resources. Action controls are the dominant form of management control system, and there is no emphasis on risk-taking within the organization. Progress of the consultancy work, for instance, is measured by the number of projects completed and total profit. The structure of the organization is very flat, and decision making is centralized at management, however important decisions are even discussed with the board of the University where the ISFI is located. Typically, decisions are made by the CEO, after having consulted the staff employees. The ISFI has a functional structure. This structure is also reflected in the physical layout of the office. The selection, training and motivation of the employees are the responsibility of CEO. The management style within the company can be characterized as informal. For instance there is no company dress code, and communication between the CEO and other employees also seems very informal. The leadership style is mainly supportive. The formal hierarchy is typically not reflected in everyday communications. The CEO having his own office, as opposed to the other employees, can be seen as the main observable aspect of the hierarchy. Both the informal culture and the flat organizational structure can be seen as value drivers, especially considering the cyclical interactivity that is required between the customer service and system management activities. However, the company is quite conservative; changes have to be approved by the CEO, who is not progressive to change the way of operating in the business. Other employees or staff members are also not progressive as they state that the company has a good reputation, and therefore does not have to change. This risk adverse view could damage the company as growth is needed to sustain a business or at least limits the growth opportunities for the company.

Management activities

The staff employees of the ISFI have several different functions. First of all, each staff member is responsible for their own department in the company. Secondly, they also work as team leaders coordinating a team of hired consultants to give training to MSME. This involves a lot of financial management because they are working with a tight budget but also managing deadlines or project meetings. Often multiple staff members are assigned to a big project which makes teamwork extra important. However, almost all the staff members of the ISFI have over 10 years experience working with those projects every day.

Conclusion internal analysis

The ISFI has been in the industry over 30 years, resulting in a good reputation and a lot of experience. Also because of the location near the university and the use of external consultants the level of knowledge within the company is high. However, working with a push system results in an inefficient way of working because the ISFI's clients will receive support that is not needed. Because the ISFI is financially dependent on consultancy work the number of clients they can support varies from a year to year basis. Finally because the management layer is conservative, it will be hard to make big changes that could lead to a brighter future.

4.3 TOWS matrix

Having indicated both the internal and external factors, it is possible to create a confrontation matrix. The confrontation matrix (Wehrich, 1982) is constructed for the analysis of the interactions between the ISFI's internal and external operational environments. In the confrontation matrix, strategy issues are created by systematic analysis of the possible connections between SWOT-factors located in different groups. These strategic issues will then be used to generate the best strategic options for the ISFI. Each column (an external factor) will be rated against the set of internal factors. To rank the

relation between external factors and internal factors, these relations are given by a score between zero and three. This score depends on how well the different issues amplify each other. A score of three is given to the best relating internal and external factor, a score of two to the second best option, and a score of one to the next best option. All other options in the column receive a score of zero. To increase the reliability of the matrix outcome, both the ISFI's CEO and the writer of this research have ranked the different factors individually. Afterwards the scores are added up, resulting that every column is assigned a total of twelve points.

The confrontation matrix could be expended using the SMART method (Edwards, 1971) and assigning weights to the internal factors. Some internal factors are stronger than others. These internal factors are assigned a weight to indicate the relative importance of a factor compared to the other factors. The importance of the SWOT factors can be defined as follows: first, the ISFI's CEO is asked to pick the most important internal factor. One hundred points is given to this most important SWOT factor inside the examined internal SWOT group. The importance of other internal SWOT factors is determined by the ISFI's CEO with respect to the most important factor. This score is divided by the total group score, so that a total of 100 points is allocated for SWOT factors. However, external factors are not assigned a weight because it is difficult to identify their importance.

Analyzing the confrontation matrix can be done in multiple ways. First of all we will identify the most important relations without using the weights. We can see opportunity 1 – weakness 2, opportunity 3 and strength 3, threat 2 – weakness 1 and threat 3 – weakness 1 have the highest scores.

				Opportunities			Threats		
		Weights	Normalized weights	Clients are willing to pay for service	Partnerships with large companies or other NPOs	Use of university students knowledge	Limited funds available for future project	No clear feedback on client's needs	Substitutes for the NPO's services
Strengths	High level of knowledge	80	0,17	3	2		4	2	
	Reputation, company age and experience	100	0,21		4	4	3	2	3
	Located near the university/ use of consultants	70	0,15		2	6	2	3	
Weaknesses	Push system towards clients	80	0,17	4			1	5	5
	Financial dependent on consultancy work	90	0,19	5		2	2		2
	Conservative, hard to change	50	0,11		4				2
		470	1	12	12	12	12	12	12

Table 4 - Confrontation matrix without applying weights to the internal factors.

However, the weights given can be used to the internal strength and weaknesses to identify the strongest strategic issues. Multiplying the weights per factor times to score given to the match

between the internal en external factors will result in a weighted matrix. Per column the most important relation is marked (or two factors if the different is less than 10% of the highest score). The first opportunity shows a Weakness-opportunity relation. This opportunity (clients are willing to pay for a service) can be used to overcome one of the ISFI's weaknesses (financial dependency to consultancy work). The matrix shows multiple strength-opportunity strategies. Firstly, the ISFI's reputation, age and experience can be used to take advantage of the opportunity of partnerships with other NPO's. Also, the ISFI's location makes it possible to profit from the use of university students. The ISFI could also use it strengths come overcome a threat. The ISFI could use its high level of knowledge and reputation, age and experience to avoid the threat of running out of funds. Finally, the issues identified as a threat-weakness relation should be resolved as quickly as possible. The ISFI's weakness of working with a push system, providing services towards their clients has a strong relation with two of the ISFI's threats: non clear feedback on clients needs and substitute of the ISFI's services.

				Opportunities			Threats		
		Weights	Normalized weights	Clients are willing to pay for service	Partnerships with large companies or other NPOs	Use of university students knowledge	Limited funds available for future project	No clear feedback on client's needs	Substitutes for the NPO's services
Strengths	High level of knowledge	80	0,17	0,51	0,34		0,68	0,34	
	Reputation, company age and experience	100	0,21		0,85	0,85	0,64	0,43	0,64
	Located near the university/ use of consultants	70	0,15		0,30	0,89	0,30	0,45	
Weaknesses	Push system towards clients	80	0,17	0,68			0,17	0,85	0,85
	Financial dependent on consultancy work	90	0,19	0,96		0,38	0,38		0,38
	Conservative, hard to change	50	0,11		0,43				0,21

Table 5 - Confrontation matrix with the outcome of multiplying the weights times the score.

The confrontation matrix identified two strength-opportunity relations, one weakness-opportunity relation, 1 strength-threat relation and two weakness-threats relations. The strategic options identified in the confrontation matrix will result in strategic choices made to answer the main research question in this thesis.

5. Discussion

This chapter discusses the scientific literature used and the data collected. Various limitations can be noted regarding the methods and theories used in this research. Many observations made in this thesis are from interviews with either staff members of the ISFI and their clients. Participants in these interviews are possibly subject to bias. Answers given in the interviews, for example, can be dishonest or serve higher motives. Answers might be given to justify current strategies of an organization, or to reflect a certain image of the business and its environment that does not reflect the real world. For example, the ISFI clients, who received support, might not want to express negative aspects on support given by the ISFI. It could be that the participants of this research misunderstood the questions asked, either because of a language barrier or because of different cultural perceptions. These cultural differences can also be seen within the ISFI. The organization is very conservative and it is therefore difficult to discuss changes that can be made to their business model. Further, the questionnaire among the entrepreneurs could be structured better, leaving room for more reliable results. Also, the sample of 18 entrepreneurs for the questionnaire is quite small. Results have a low reliability and it is not adequate to base major changes within the ISFI's strategy on these results. Another issue comes with the literature used for this research.

The scientific articles and models used are often adapted from western world models and might not describe the complexness for NPO's in the emerging economies. Several studies mention the same theories and models used for strategy development at nonprofit organizations in developing countries. However, most of these theories and models are derived from for-profit businesses in developed countries. Therefore, the research model (as described in chapter 2) can be a threat for the construct validity (Babbie, 2004). Empirical tests on the SWOT analysis and Porter's five forces model have showed valid results within nonprofit organizations in developing countries. The assumption can be made that this theory is also applicable for the Philippines. Several authors have stated that the PESTEL model and the value shop theory can also be applied to nonprofit organizations in developing countries. However, these theories are not empirically tested in these settings.

6. Conclusion

The previous chapters discussed this research from the research proposal towards the discussion of the results. This chapter describes the conclusions on the research question that can be derived from the previous chapters. Therefore a short conclusion on the sub questions will be formulated, which is followed by the answer on the central question.

6.1 Conclusion on sub questions

This paragraph will give a conclusion on the sub research questions:

- “What opportunities and threats (external factors) can be identified from the ISFI’s strategic position which influences the ISFI’s daily activities?”
- “What strengths and weaknesses (internal factors) can be identified from the ISFI’s strategic position which influence the ISFI’s daily activities?”
- “What demand for development initiatives can be identified from the ISFI’s clients?” will be answered.

The analysis of the ISFI current strategic position has indicated its strengths, weaknesses, opportunities and threats. First of all, the lack of knowledge on their client’s needs is a threat. This does not allow the ISFI to specifically target businesses with training programs that the MSME need to grow. Secondly, the limited funds available restrict the ISFI to extend their business and help more entrepreneurs. However, these two threats are related because if support is not well fitted to the needs of the entrepreneurs the ISFI cannot make any money from their support activities. If the ISFI cannot make any money they cannot help more entrepreneurs. Further, substitutes products are a threat; books and government support are a threat for the ISFI because their training and support is currently in a push system where the business owners can choose to join for free. However, if their support does not match the entrepreneurs’ needs they will look elsewhere for the required support. Further, the government is mainly focused on the Luzon region and their policies are not helping the ISFI to grow. There are also opportunities for the ISFI. First of all, the results from the questionnaire show that clients are willing to pay for support as long as the support is useful for the business owners. Another opportunity for the ISFI is the work with students from Ateneo University. As the ISFI is located on the University campus and has well established connections. An internal analysis suggests that the ISFI’s main strengths are a high level of knowledge available, its location near the university and its network with university professors as consultants, along with the company’s age, experience and reputation. Because the ISFI is working closely together with university professors as consultants, they have a big pool of knowledge to gather information from. As a weakness, the lack of a clear future strategy disturbs the ISFI from growing further and working efficiently. Further, because the ISFI is working with a push system, supporting micro and small businesses, companies receive support that was not required for them. Also, because the ISFI’s development support is financially dependent on money generated by consultancy work, they tend to spend most of the time into consultancy work instead of their core business, supporting MSME’s.

6.2 Conclusion on main research question

In this section an answer will be given on the main research question which was formulated as follows: **“what changes in their strategic position can the ISFI apply to balance their income generation effort and their development initiatives?”** Aspects about the ISFI’s strategic position resulting from the sub-research question are stated in the confrontation matrix in chapter 4. This paragraph will state conclusions from the strategic position in this matrix and will identify strategies to change the ISFI’s strategic position.

6.2.1. Continuation

The first strategic option is to continue business as it is today. This option will consider the current ISFI’s strengths to overcome the future threats. As this option does not require any investments, it can be considered the most risk-free option on the short term. The ISFI’s high level of knowledge and reputation can be utilized to avoid the threats regarding limited funds, conditional that the demand for consultancy stays relatively stable. The ISFI’s age and size will likely give the company an advantage over most other NPO’s. However, in a long term perspective this strategy is unfavorable. As stated earlier, the ISFI is working without a clear strategy and not a clear focus on its clients’ needs which could lead to huge inefficiencies and financial problems.

6.2.2. Diversification

The second strategic option involves the horizontal diversification of services the ISFI offers. This option will relate the ISFI’s current strengths to the future opportunities. A possibility would be to use students from Ateneo University. Those students attain the highest level of education in the Philippines and could help to solve barriers to growth for MSMEs. In combination with their knowledge and location near the University the ISFI could use the students by setting up internship positions. For example, to do research to the clients’ needs, improving their current lack of information. The investment costs required for this strategic option will largely consist of human resource costs. On the long-term this option will help to extend this current business.

6.2.3. Product development

The third strategic option for the ISFI is to develop their current service into a commercial service. This option combines two different areas of the confrontation matrix. Firstly, weaknesses could be improved by opportunities. This means that the clients have to pay a participation fee for training delivered by the ISFI. All the entrepreneurs have stated in the interview that they were willing to pay for ISFI services. Secondly, weakness and threat relations could be resolved. There are plenty of substitutes for the ISFI service. A main problem is the lack of knowledge on the client needs. This could be prevented by changing the push system of services towards clients to a pull system. In this system clients have more input to the demand of services supplied by the ISFI. Before changing to this commercial strategy, more research on the client’s needs is needed. Further, because the ISFI is a conservative organization, it will be hard to make such a big change in strategy. However, if operated effectively, the ISFI will be able to support more companies. Also, the training will be adapted to the clients’ needs and will therefore be more efficient. On a short term, this strategy will be full of risks, influencing the ISFI’s way of working.

7. Recommendations

Following from the conclusion formulated previously, some recommendations can be made for strategic position of the ISFI. These recommendations should help the ISFI to choose a strategic path that will lead their business to a sustainable future.

In the previous chapter several strategic choices were developed. However, these strategic options have to be evaluated under the three success criteria set earlier. First of all, Suitability; a strategic option should align the environment in which an organization is operating. Secondly, acceptability refers to the expected performance outcomes and correlating risk of a strategy. Finally, feasibility is concerned with the practicalities of the strategic option.

The first option requires no investments; however this strategy is not likely to be successful in the long term. This option is only suitable if the ISFI is able to generate more money from the same consultancy assignments in the future. Further, the acceptability for this option is low because it does not meet the desired effect of doubling MSMEs supported by the ISFI.

The second option, employing students, requires some investments in time and money. Nonetheless, considering the ISFI's relation to Ateneo University, therefore the feasibility of this option is high. However, the suitability of this option is medium. The ISFI might be able to advantage from the student's knowledge to improve the ISFI's business. Further, students are cheap labor. However, taken into consideration the costs of management supporting student, the total cost will be relatively high. Also, it could influence the ISFI's reputation if the students will work directly with the clients, because entrepreneurs have a feeling that student results are less reliable than those of the senior consultants. So the students will not be able to lift the ISFI to the level to overcome the problem with limit funds to support MSMEs. Finally, the acceptability for this option is medium because its risk and performance are expected to be medium.

The acceptability of the third option, charging participation fee, is also questionable; the possible growth is high but involves certain risks. Also, suitability is medium; the conservative management view might interfere with change. Further, its feasibility is also questionable. Entrepreneurs have stated in the survey that they would not mind to pay a participation fee for the training. However, if participation fees are too high they could easily substitute the ISFI's support service.

In terms of acceptability, the second option is the most favorable. Although the actual improvement when using students requires more investigation, the associated risks in terms of costs are lower in comparison to the third option. The third option requires a complete change in the organizations way of working, whereas the development of the new services needs a lot of setup work. Given the future of the NPO market and the mission to double support, the ISFI has to adapt its strategy.

Overall, a decision must be with the tradeoff between risk/growth for either the diversification option or product development option.

The ISFI has to decide what strategic option is the best suitable for their business. As indicated by this research, both diversification and product development could be applied. In terms of acceptability, the diversification option is the most favorable. Although the actual improvement when using students requires more investigation, the associated risks in terms of costs are lower in comparison to the product development option. The product development option requires a complete change in the organizations way of working. Thus this incorporates more risk but also a possible higher performance.

8. Limitations and further research

This chapter discusses the limitations regarding the research and the possibilities for future research.

8.1 Limitations

First of all, the research was conducted in a time period of ten weeks. Due to this time constraint the survey was developed without all the knowledge available. After analyzing the results from the questionnaire it became clear that some questions could have been formulated better. Also, some entrepreneurs had difficulties understanding the possible answers. For example, questions were they had to pick the best suiting answer, some respondents picked multiple answers.

Further, this thesis is an applied research specified for the ISFI's strategy development. This has some implications to the generalizability (and thus the external validity) of this research (Babbie, 2004). The results are not generalizable to other companies and probably even not to other clients of the ISFI, because of the specific research group used.

Additional limitations of the research design and methodology are already mentioned in the chapter three and five.

8.2 Future research

Some further research can be particularly useful for the ISFI. When the strategic options of diversification or product development are pursued, further research is needed to select the best suiting strategy for the ISFI. In both situations it is recommended to make a stakeholder analysis to gain insights in the complex environmental situation for the ISFI. If the ISFI decides to use students from the nearby university it has to do more research to what ISFI's services these students can support. With regard to product development, more analysis needs to be done on the possibilities of a commercial supporting service, including cost price analysis and identification on the entrepreneurs needs.

Future research could also be based on the scientific framework used to identify better strategic models for non-profit organizations. Current models used are derived from models and theories used in the developed world. A possibility would be to do more empirical testing on these models in different countries and different companies (both nonprofit and for profit).

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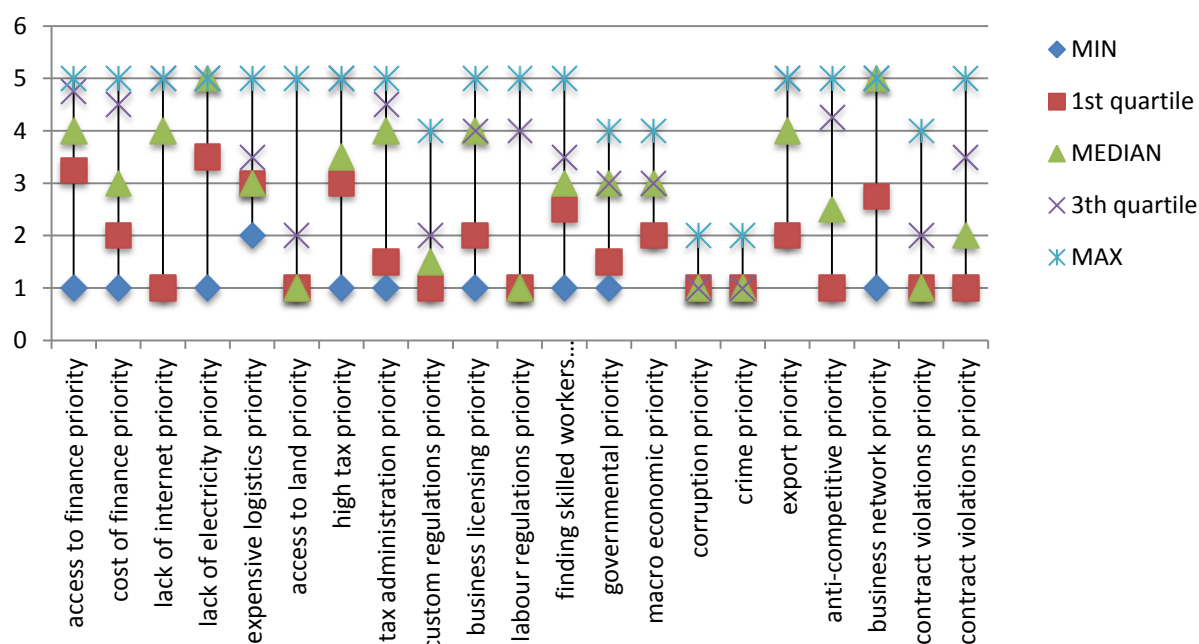
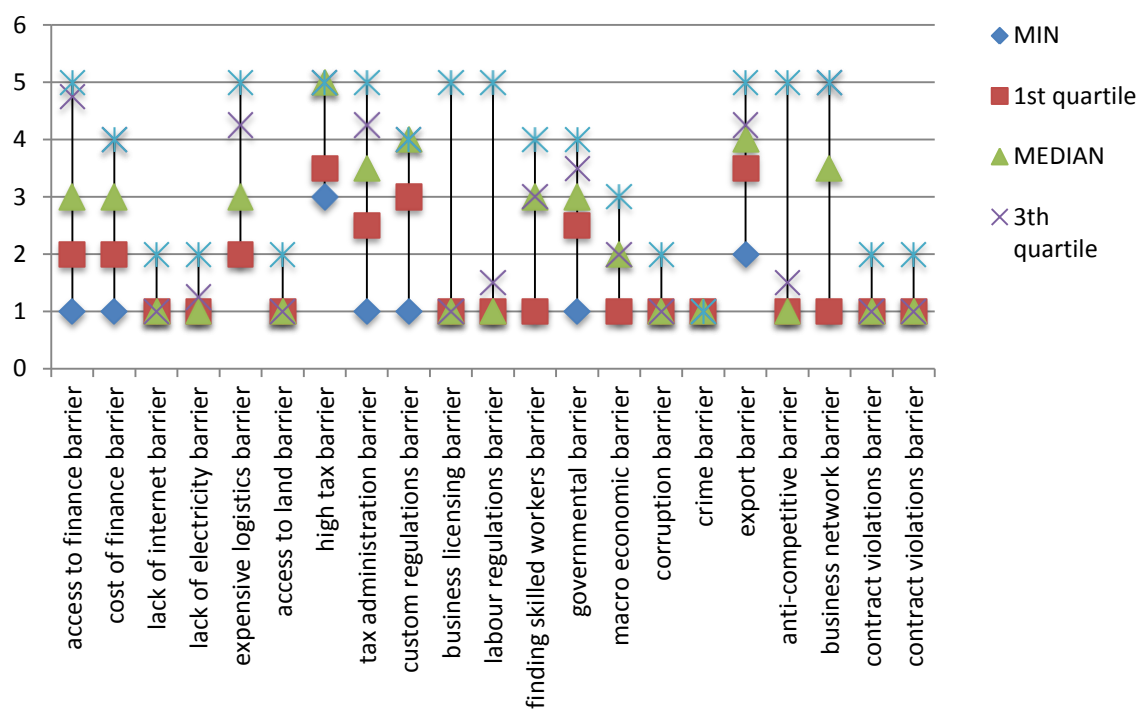
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Appendix A. List of ISFI clients

CV Name	Location/Production Site	Products	Display Area outside of its Production Site
1. RPD Food Products	Tagum, Davao del Norte	Banana chips	<ul style="list-style-type: none"> • 168 Shopping Mall • School (DMSF)
2. Jeya Food Manufacturing	Davao City	Durian jam and candies made from ube, mangosteen and durian	<ul style="list-style-type: none"> • Airport • Fruit stands
3. Baganihan Agri-Ventures Cooperative	Davao City	Strawberry jam	<ul style="list-style-type: none"> • Gaisano Mall
4. Angel's Candle and Scents	Tagum, Davao del Norte	Scented and unscented candles	<ul style="list-style-type: none"> • Gaisano Mall • NCCC Mall
5. Elmar's Porkskin	Davao City	Pork chicharon and fish chicharon	<ul style="list-style-type: none"> • None
6. Apo ni Lola	Davao City	Tart, jam, candies, and bars made from durian, mangosteen, langka and mango	<ul style="list-style-type: none"> • None
7. PV Eco Industrial Farm Ventures	Davao City	Mangosteen preserve	<ul style="list-style-type: none"> • Airport • Dizon Fruit Stand
8. Melgo Instant Ginseng Products	Davao City	Ginseng power	<ul style="list-style-type: none"> • None
9. RER Lumad Designs	Digos, Davao del Sur	Handcrafted bamboo products	<ul style="list-style-type: none"> • None
10. B-Mans Community Cooperative	Digos, Davao del Sur	Semi-processed kaong and vinegar	<ul style="list-style-type: none"> • Processors of kaong such as Fruit Basket, Jonas Food Products and Marietta
11. Almendras District Cooperative	Padada, Davao del Sur	Artificial flowers	<ul style="list-style-type: none"> • None
12. Tawantawan Multi-purpose Cooperative	Davao City	Durian candies	<ul style="list-style-type: none"> • School • Tourist destination such as the Philippine Eagle Foundation and Malagos Garden
13. FEDDAFCI	Davao City	Fresh and flavored milk and milk bars	<ul style="list-style-type: none"> • Schools • NCCC Mall • Gaisano Mall • Other dealers in Tagum
14. Jegna Nata	Davao City	Nata de coco	<ul style="list-style-type: none"> • Dole Philippines

CV Name	Location/Production Site	Products	Display Area outside of its Production Site
15. Peng's Barquillos Maker	Tagum, Davao del Norte	Barquillos (wafer biscuit)	<ul style="list-style-type: none"> • Retail outlet in Tagum
16. Frux Peanut Butter	Davao City	Peanut Butter	<ul style="list-style-type: none"> • Gaisano Mall • NCCC Mall
17. San Isidro Livestock Association	Davao City	Fresh milk, Choco Milk, Milk Bar and Ice Cream	<ul style="list-style-type: none"> • None
18. Island Garden City of Samal – Council of Women	Island Garden City of Samal, Davao del Norte	Romblon bags, slippers and food delicacies	<ul style="list-style-type: none"> • Through a distributor in Aldevinco
19. San Isidro Municipal Council of Women	San Isidro, Davao del Norte	Chocolate tablets	<ul style="list-style-type: none"> • Through a distributor
20. Cebri Food Products	Davao City	Calamansi and Carrot Concentrate (drink)	<ul style="list-style-type: none"> • Gaisano Mall • NCCC Mall
21. Takumi	Davao City	Soya Milk	<ul style="list-style-type: none"> • Victoria Plaza • JS Gaisano • NCCC Mall

Appendix B. Boxplots likert scale questions



Appendix C. Questionnaire

Barriers to growth for MSMEs in Davao

1. General information about your business

Company name:

Year the business started:

Number of employees:

Weekly/Yearly revenue:

Location:

2. Is your business registered?

- ☐ yes (please specify)
- ☐ no

3. Do you export your products?

- ☐ yes (to what countries)
- ☐ no

4. Entrepreneurship and your business

main reason of starting a business:

Your level of education:

How many years are you in this business:

What do you want to achieve within 5 years?

Technology and Resources used in the business

What is the age and state of equipment used?

main reason of not purchasing more equipment:

- ☐ Too expensive
- ☐ Haven't reached production capacity
- ☐ Doesn't suit the production process
- ☐ Provide employment instead
- ☐ Good equipment not available
- ☐ Other (please specify)

What is the most important way your business acquires new equipment, choosing from the list below?

- ☐ Embodied in new machinery and equipment
- ☐ Hired consultants with the technological expertise
- ☐ New license or turnkey operations from international sources
- ☐ New licensing or turnkey operations from domestic sources
- ☐ Developed or adapted within the firm
- ☐ Transferred from the parent company
- ☐ Developed in cooperation with customers
- ☐ Developed in cooperation with suppliers
- ☐ received from a business or industry association
- ☐ received from universities or public institutions
- ☐ Other (please specify) _____

Access to financing

If you have (or have had) a loan: (if none, skip these questions)

What is the interest rate of the loan per month?

What is the period of payback for the loan?

Who provided you the loan?

- ☐ Borrowing from local private investors
- ☐ Borrowing from foreign banks
- ☐ Borrowing from state-owned banks
- ☐ Loans from family/friends
- ☐ informal sources (other than family/friends)
- ☐ Trade credit from suppliers
- ☐ Trade credit from customers
- ☐ Credit cards
- ☐ Leasing arrangement
- ☐ The government (other than state-owned banks)
- ☐ Other (please specify) _____

What is the main use of the loan?

- ☐ Buying Inventory (stock)
- ☐ Pay the Rent
- ☐ Invest in Marketing
- ☐ Paying Employees
- ☐ Invest in Production capacity
- ☐ Paying Debts (to anyone)
- ☐ Invest in Technology
- ☐ Others (please specify) _____

If your firm did not apply for a loan, what were the main reasons?

- ☐ Does not need a loan
- ☐ Application procedures for bank loans are too burdensome
- ☐ Collateral requirements for bank loans are too strict
- ☐ Interest rates are too high
- ☐ Did not think it would be approved
- ☐ Others (Specify) _____

Can you tell me how problematic these different factors are for the operation and growth of your business? (first, rate the degree of the obstacle. In the 2nd column prioritize the need to overcome the obstacle)

	no obstacle					major obstacle					low priority					high priority					No Idea
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	
Access to financing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost of financing (e.g. high interest rate)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of internet acces	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of Electricity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High cost of Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to land	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High Tax rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customs and trade regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business licensing and permits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Labour regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skills and education of available workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Uncertainty about regulatory policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Macroeconomic instability (e.g. inflation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functioning of the judiciary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Street crime, theft and disorder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
problems with exporting goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anti-competitive practices of other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
acquiring a business network/connections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract violations by customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract violations suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Would you like to receive the following support if it was available? (If you have to pay for this support)

	no	yes	maybe
Information or local markets and business opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basic business training, running a business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information on new markets, products or technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help on marketing your product local/regional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help on marketing your product national/international	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information on exporting your product	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with mediation (dispute resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assistance on acquiring finance (credit)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help finding new opportunities for logistics (transport)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consultancy for product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with building a business network	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with management of staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with other management aspects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help to find new market opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help to get new customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are you willing to pay for this support from an NGO or from the government?

- ☐ No
- ☐ Not for government support but yes for NGO's
- ☐ Yes if I can see the direct benefits
- ☐ Yes if I it will directly increase my profit
- ☐ Yes if I can share the participation fee with other entrepreneurs
- ☐ Yes, only if I can share the participation fee with other non competing entrepreneurs
- ☐ Yes if it would be a private training focused on my company
- ☐ Yes but depending on the amount
- ☐ Other reasons (please specify)