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Navigating Challenges and Struggles of Micro-Entrepreneurs: A Phenomenological Study in Micro-Businesses

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Abstract

This phenomenological study examined the lived experiences of 19 purposively selected micro-entrepreneurs operating in a rural barangay in Mankayan, Benguet, Philippines, focusing on the challenges they faced, how these challenges affected their businesses, and the strategies they used to cope. Participants were included if they personally owned and managed their enterprise and could provide informed consent; adequacy of the sample was supported through information power and thematic saturation. Data were collected through semi-structured interviews conducted in participants' preferred language, including English, Filipino, Ilocano, or Kankanaey, and analyzed using reflexive thematic analysis involving familiarization, coding, and iterative theme development. Five interrelated challenges emerged: capital and financial difficulties, physical and health-related conditions, online and local competition, rodent-related product losses, and demand changes linked to inflation. These challenges constrained business growth, reduced income, increased the risk of closure, and contributed to the loss of customers to competitors. In response, owners practiced financial discipline through budgeting, capital rotation, and stricter control and collection of customer credit; pursued market adaptation through social-media promotion and product adjustment; and relied on relational resilience built on support networks, customer-centered service, cleanliness, and persistence. The findings indicate that resilience among rural micro-entrepreneurs is both a practical skill grounded in financial management and a relational capacity sustained through trust and community ties. These results extend existing literature by illustrating how customer credit, weather, pest infestation, health disruptions, online competition, and inflation converge within the daily operations of small, owner-managed enterprises in underserved communities. The study recommends that local government units and enterprise-support programs prioritize accessible financing referrals, financial-literacy training, digital-marketing assistance, sanitation and pest-control education, and disaster-responsive business continuity planning to strengthen the resilience of micro-enterprises in similar rural settings.

Keywords: micro-entrepreneurs, micro-businesses, phenomenology, business resilience, Philippines

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) dominate the Philippine business landscape. Official 2023 statistics classify a microenterprise as an establishment with one to nine workers or assets of up to PHP 3 million and show that MSMEs comprised 99.63% of establishments (Department of Trade and Industry [DTI], 2024). International evidence likewise emphasizes SMEs’ central role in employment, productivity, and inclusive growth (Organisation for Economic Co-operation and Development [OECD], 2023).

Micro-enterprises typically operate with narrow cash buffers and limited bargaining power. Financing constraints arise from information asymmetry, limited collateral, and the high transaction costs of serving small firms (Bakhtiari et al., 2020). Working-capital difficulties, restricted credit access, cost-efficiency pressures, and owner financial-literacy gaps remain important MSME concerns (Nareswari et al., 2023). Philippine evidence links budgeting practices with profitability (Fortuna, 2021), while crisis research shows that small firms adjust resource allocation and rely on relationships to preserve liquidity (Marjerison & Kim, 2022).

Competition and technological change add pressure. Social-media adoption can improve market reach and performance when firms possess appropriate capabilities (Ahmad et al., 2018; Ainin et al., 2015). Business strategy and innovation can strengthen competitive advantage (Farida & Setiawan, 2022), while website and social-media quality can improve brand awareness and purchasing outcomes (Nurhadi et al., 2023). However, rural entrepreneurs may face weak connectivity, limited digital skills, and competition from online sellers. Restrictive procedures may also make entry and operation more difficult for Philippine firms (World Bank, 2018).

Price movements directly affect small retailers because input-cost increases are difficult to pass on to price-sensitive customers. The Philippine Statistics Authority (2024) reported that Cordillera inflation reached 1.4% in October 2024, with food and non-alcoholic beverages driving much of the acceleration. Organizational resilience therefore depends on firms' capacities to anticipate, cope, and adapt (Duchek, 2020), although crisis planning among SMEs is often uneven (Herbane, 2019).

Prior literature frequently aggregates microenterprises with larger SMEs or uses survey-based measures. Less is known about the lived experiences of rural micro-business owners in northern Philippine communities, including how customer credit, weather, pests, health, online competition, and inflation interact in daily operations. This study asked: (1) What challenges do micro-business owners encounter? (2) How do these challenges affect their businesses? and (3) What strategies do they use to overcome them?

METHODS

Research design

A qualitative phenomenological design was used to describe the shared meanings of participants lived experiences. Analysis followed reflexive thematic guidance involving familiarization, coding, development and review of candidate themes, and definition of the final thematic structure (Braun & Clarke, 2019, 2021).

Participants and sampling

Purposive sampling recruited 19 micro-business owners from several sitios of a rural barangay in Mankayan, Benguet. Participants were included if they owned and personally managed a micro-business in the community, had direct experience of daily operations, voluntarily agreed to participate, and could provide informed consent. Employees who did not own or manage the enterprise, owners outside the community, and individuals who did not consent were excluded. No restriction was imposed on sex, educational attainment, religion, or ethnicity. The focused aim, specific sample, and recurring patterns supported adequacy through information power and thematic saturation principles (Guest et al., 2020; Malterud et al., 2016; Saunders et al., 2018).

Instrument

A semi-structured interview guide asked about major challenges, effects on operations and growth, competition, support systems, customer preferences, and coping strategies. Follow-up probes clarified examples and meanings. The research adviser reviewed the guide for alignment, clarity, language, and relevance; recommended revisions were incorporated before data collection. Because the guide elicited narratives rather than scores, internal-consistency reliability and numerical scoring were not applicable. The records did not document a separate pilot test; none is claimed.

Data collection and ethical considerations

Data were collected during School Year 2023–2024 after written permission was obtained from the school principal. Because Lepanto National High School did not have a formally constituted research ethics review committee at the time of the study, ethical clearance was secured instead through an official Letter of Permission to Conduct Research, addressed to and approved by the school principal, with the study procedures, interview guide, and participant-protection measures reviewed by the research adviser, which is cited here as the study's approval reference in lieu of an institutional review board number, consistent with the administrative process available at the school at the time. Participants received an explanation of the purpose, procedures, voluntary nature, and safeguards and provided informed consent. They could decline questions or withdraw without penalty. Audio recordings and photographs were taken only with permission. Names were replaced with codes K1–K19, and research materials were restricted to the team.

Interviews were transcribed in the language used by participants. English, Filipino, Ilocano, and Kankanaey responses were examined in their original wording and translated into English when needed for manuscript presentation. Interpretations and translations were discussed among team members familiar with the languages. Original-language quotations were retained when direct translation could reduce contextual meaning.

Data analysis and trustworthiness

Researchers repeatedly read transcripts, identified meaning units, and generated descriptive codes. Similar codes were clustered into challenge, impact, and strategy themes. Themes were checked against the dataset, refined, and named. Credibility was supported through repeated engagement, comparison of themes with participants' statements, representative quotations, team discussion, and adviser review. Dependability and confirmability were supported by retaining recordings, transcripts, coding notes, and theme-development records. Contextual description supported transferability. No formal member checking or statistical intercoder-reliability test was conducted, and neither is claimed.

RESULTS

Three global domains emerged: challenges, impacts, and strategies. Table 1 summarizes the thematic structure.

Table 1. Thematic Structure of Micro-Entrepreneurs' Experiences

Domain	Theme	Representative meaning
Challenges	Capital and financial difficulties	Insufficient capital, borrowing, and unpaid customer credit
Challenges	Physical and health conditions	Weather-related sales decline and owner illness
Challenges	Online and local competition	Connectivity problems, price comparison, and nearby or online competitors
Challenges	Rodent infestation	Damaged or contaminated stocks
Challenges	Demand changes and inflation	Rising inputs and price-sensitive demand
Impacts	Growth constraints	Limited replenishment, diversification, and expansion
Impacts	Income loss and closure risk	Profit reduction and capital erosion
Impacts	Customer loss	Customers shift to competitors
Strategies	Financial discipline	Budgeting, capital rotation, credit limits, and collection
Strategies	Market adaptation	Social-media promotion and product adjustment
Strategies	Relational resilience	Support networks, service, cleanliness, and persistence

Challenges experienced by micro-entrepreneurs

Capital and financial difficulties were pervasive. Participants described inadequate replenishment funds, dependence on loans, and customer debts that remained unpaid. These experiences reflect working-capital and credit-access constraints documented among MSMEs (Bakhtiari et al., 2020; Nareswari et al., 2023). Physical conditions included severe weather and owner illness; because businesses were owner-operated, illness could stop selling. Competition included unreliable mobile signals, nearby stores, online sellers, and frequent price comparison. Rodents caused direct stock losses, while inflation increased costs for sugar, packaging, transportation, and other inputs as customers resisted price increases (Philippine Statistics Authority, 2024).

Impacts of the challenges

Participants described growth constraints, income loss, closure risk, and customer attrition. Limited funds prevented restocking and expansion. Unpaid credit, damaged products, weak demand, and higher costs eroded capital. Competition divided a small customer base and encouraged customers to move toward lower prices or broader selections.

Strategies used to overcome challenges

Owners separated household and business money, rotated capital, used planners, controlled credit, and collected receivables. These practices align with evidence connecting budgeting with profitability and liquidity management (Fortuna, 2021; Marjerison & Kim, 2022). Owners also used social media, reposted canceled orders, varied products, and listened to customers, consistent with evidence on digital marketing and SME performance (Ahmad et al., 2018; Ainin et al., 2015; Nurhadi et al., 2023). Support networks, patience, respectful service, cleanliness, and persistence showed that resilience also depended on trust and relationships.

DISCUSSION

The challenges formed an interconnected system. Limited capital magnified customer debt, inflation, pests, weather, and illness. Similar crisis studies show that small firms face simultaneous demand, liquidity, supply, and workforce shocks but can respond through experimentation and resource recombination (Kuckertz et al., 2020; Liguori & Pittz, 2020). Budgeting was foundational and should be strengthened through simple cashbooks, receivable logs, stock monitoring, and separation of household and business funds (Fortuna, 2021).

Online competition was a threat, while social media was also a low-cost promotional tool. Crisis-related digital transformation involves changes in customer interaction, routines, and business models, not merely technology acquisition (Papadopoulos et al., 2020; Priyono et al., 2020). Owners need connectivity, digital literacy, trustworthy communication, basic product photography, and order tracking. Strategy and innovation can further strengthen competitiveness (Farida & Setiawan, 2022).

Relationships, patience, and customer knowledge illustrate the social character of rural micro-business. Resilience research emphasizes flexibility, improvisation, and adaptive capacity (Williams et al., 2017), while entrepreneurship research highlights innovation and opportunity recognition during crises (Ratten, 2020). Support programs should reduce administrative barriers and provide accessible financing and training (OECD, 2023; World Bank, 2018).

The study involved 19 purposively selected owners in one rural community and is not statistically generalizable. Business type and years of operation were not systematically compared. Multilingual translation may have reduced nuance. Self-reports were not triangulated with financial records, observation, or customer data. Formal member checking was not conducted. Finally, ethical clearance relied on a school-level Letter of Permission rather than an institutional review board, and the journal will determine whether this documented, reference-numbered permission is sufficient for publication.

CONCLUSION

The findings directly answer the three questions. First, owners experienced financial constraints, weather and health disruptions, online and local competition, rodent-related losses, and inflation-linked demand pressure. Second, these challenges constrained growth, reduced profit, increased closure risk, and contributed to customer loss. Third, owners responded through budgeting, capital rotation, credit control and collection, social-media promotion, product adaptation, support networks, customer-centered service, cleanliness, and persistence.

Local agencies should offer low-barrier financial-literacy training, transparent financing referrals, digital-marketing assistance, sanitation and pest-control education, and disaster-sensitive continuity planning. Future research should include multiple communities and combine interviews with observation and financial or inventory records.

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Conflict of interest

The authors declare no conflict of interest.

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