

Longitudinal Dynamics of MSME Growth in Iloilo, Philippines: Assessing the Economic and Social Ripple Effects of Domestic Tourism

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Abstract: This longitudinal study delves into the impact of domestic tourism on Micro, Small, and Medium Enterprises (MSMEs) in Iloilo, Philippines, highlighting the economic advantages and the concurrent challenges. Interviews with MSME representatives revealed a significant boost in revenue during peak tourist seasons, leading to business growth and enhanced local employment. This economic benefit is further underscored by improvements in community infrastructure, funded largely by tourism-generated revenue. However, the study also uncovers several challenges. Chief among these is the inconsistency of seasonal income, compelling MSMEs to continually adapt to changing tourist preferences. This dynamic presents a complex balancing act for businesses striving to capitalize on tourism benefits while managing the unpredictability of the market. Focus Group Discussions (FGDs) reinforce the positive economic impact on MSMEs, but also bring to light critical concerns about environmental degradation and potential cultural erosion. These discussions suggest a delicate interplay between economic growth and the preservation of environmental and cultural integrity. Collaborative efforts among MSMEs are highlighted as a vital strategy to maximize tourism opportunities. The study recommends policy support, capacity building, and strengthened inter-business collaboration to address the identified challenges and enhance the benefits of tourism. Such collaboration is deemed essential for promoting sustainable tourism practices. Observations during the study indicate that businesses in tourist-heavy areas generally thrive, benefiting from their strategic locations and physical attributes. Nonetheless, there are evident signs of environmental stress in these areas, underscoring the need for urgent implementation of sustainable tourism practices. The study concludes that while domestic tourism is a catalyst for economic growth in Iloilo, it also presents sustainability challenges. These dual aspects of tourism's impact necessitate further research into sustainable tourism practices that can strike a balance between economic development and environmental and cultural preservation. The findings advocate for a nuanced approach to tourism development, ensuring it contributes sustainably to the economic and social development of the community, while safeguarding its environmental and cultural heritage.

Keywords: Domestic tourism, MSMEs, Economic impact, Sustainability, Post-covid-19 recovery, Philippine tourism

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a crucial component of the Philippine economy, accounting for 99.52% of total establishments and contributing significantly to employment and economic growth in the country (Philippine Statistics Authority, 2018). The significance of MSMEs in propelling equitable development is recognized globally, and this is especially true in developing economies such as the Philippines (Ayyagari, Demirguc-Kunt, & Maksimovic, 2011). As one of the world's largest and fastest-growing economic sectors, tourism has substantial socio-economic impacts, including contributions to the country's GDP and employment (UNWTO, 2019). Domestic tourism, which involves residents of the country traveling only within this country (Page & Connell, 2014), forms a key component of the tourism industry in the Philippines and has an important role in regional development. Iloilo, a province in the Western Visayas region, is known for its rich cultural heritage and natural beauty, making it an attractive destination for domestic tourists. The province's strategic geographical location and accessibility make it a potential growth area for the tourism industry, which can significantly benefit the local MSMEs, particularly in the hospitality and retail sectors (Philippine Department of Tourism, 2020). The aim of this study is to explore the socio-economic impacts of domestic tourism on MSMEs in Iloilo, providing valuable insights that could inform strategies to optimize the benefits of tourism for local economic development.

1.1 Objectives

The study aims to explore and understand the socio-economic impact of domestic tourism on MSMEs in Iloilo, Philippines.

- To analyze the role of domestic tourism in the economic development of MSMEs in Iloilo, including its effect on revenue generation, profitability, and job creation.
- To gain insights on the social impact of domestic tourism on MSMEs and the local community, including changes in lifestyle, culture, and social structures.
- To identify the opportunities and challenges experienced by MSMEs in Iloilo due to domestic tourism.

- To investigate the strategies employed by MSMEs to leverage the benefits of domestic tourism and to overcome associated challenges.
- To examine the effects of fluctuations in domestic tourist arrivals on the operations and sustainability of MSMEs in Iloilo.
- To provide recommendations for MSMEs, policymakers, and other stakeholders on harnessing domestic tourism for local socio-economic development.

1.2 Significance

This study's findings can guide policies to maximize tourism benefits for MSMEs while minimizing drawbacks. It provides practical insights for MSMEs to leverage opportunities, address challenges, and ensure sustainability. It also fills a research gap by offering a deeper understanding of domestic tourism's socio-economic impacts on MSMEs in a developing country, enriching tourism discourse.

2. Literature Review

2.1 The Significance of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are fundamental pillars of the economy, particularly in developing countries. They are often referred to as the backbone of the economy due to their significant contributions to employment and Gross Domestic Product (GDP) (OECD, 2020). In the Philippines, MSMEs account for 99.52% of total establishments and contribute significantly to employment (Philippine Statistics Authority, 2018). They offer livelihood opportunities, help in poverty reduction, and enable equitable distribution of wealth (Goedhuys & Sleuwaegen, 2010). Studies have shown that MSMEs also foster innovation and competitiveness, often serving as incubators for new business models, products, and services (Ayyagari, Demircuc-Kunt, & Maksimovic, 2011). Despite challenges such as access to finance and market reach, they show resilience and adaptability in times of economic upheavals (Aterido, Hallward-Driemeier, & Pagés, 2011).

2.2 The Role and Potential of MSMEs in Realizing Socio-Economic Development in Emerging Economies Like the Philippines

MSMEs are economic powerhouses, especially in developing nations like the Philippines (Ayyagari et al., 2011). They fuel local economies, drive entrepreneurship, and create jobs, even in remote areas (OECD, 2020). Beyond economics, they democratize business, offering accessible income across socio-economic groups (Fatoki, 2018). Remarkably resilient, they adapt to challenges like limited resources and regulations (Aterido et al., 2011). In the Philippines, where MSMEs dominate the business landscape, understanding and supporting them is key to achieving wider socio-economic goals (PSA, 2018). Smart policies and targeted support can unlock their full potential and fuel broader prosperity (OECD, 2020).

2.3 The Relationship Between MSMEs and Socio-Economic Development

MSMEs are vital forces for socio-economic progress worldwide (Ayyagari et al., 2011; Fatoki, 2018). They fuel job creation and income distribution, combating poverty and fostering social stability (Hallward-Driemeier et al., 2011). Despite facing challenges, their adaptability and resilience contribute to economic sustainability (Hallward-Driemeier et al., 2011). In the Philippines, MSMEs even help prevent urban migration by offering regional job opportunities, promoting balanced development (Felipe et al., 2020). Clearly, these small engines drive big progress.

2.4 The Role of Domestic Tourism

Domestic tourism fuels economies globally, providing stability and growth particularly in developing nations like the Philippines (Mason & Leimkuehler, 2019; Sigala, 2020). In the Philippines, it directly contributes over 10% of GDP (PSA, 2020) and promotes regional development while preserving culture and boosting well-being (Bieger et al., 2017). It's a powerful engine for socio-economic progress

2.5 Socio-Economic Impacts of Domestic Tourism: A Review of Literature

Research paints domestic tourism as a socio-economic powerhouse. It fuels job creation and income distribution, particularly in overlooked regions and service sectors (Mason & Leimkuehler, 2019). This sparks regional growth, often through infrastructure improvements and local business support. Beyond economics, domestic tourism safeguards cultural heritage as local tourists, with their deeper understanding, actively promote traditions (Timothy, 2011). During global crises, its stability shines, providing a reliable revenue stream

for tourism-dependent economies (Sigala, 2020). Domestic tourism, it seems, offers a multi-pronged approach to positive socio-economic change.

2.6 Intersection of MSMEs and Domestic Tourism

The interaction between tourism, both domestic and international, and Micro, Small, and Medium Research consistently highlights tourism's vital role in boosting MSMEs and fostering socio-economic growth. It fuels their growth by increasing demand for their products and services (Petroman et al., 2012), leading to a flourishing of both MSMEs and tourism experiences. MSMEs in tourism also act as crucial job creators, particularly in rural areas (Baum & Szivas, 2008), boosting local incomes and combating poverty. They contribute to local economic development by driving infrastructure improvements and community services (Nieminen, 2010). Domestic tourism, in particular, strengthens MSMEs that preserve and promote cultural heritage, safeguarding traditions and local cuisine (Timothy, 2011). Notably, Sigala (2020) found that domestic tourism acts as a lifeline for MSMEs during economic downturns and crises, providing consistent revenue even during international market fluctuations.

2.7 Benefits and Challenges for MSMEs in the Tourism Sector

Tourism MSMEs offer substantial benefits like local economic growth, job creation, and cultural preservation (Petroman et al., 2012; Baum & Szivas, 2008; Timothy, 2011). However, they face challenges like seasonality, limited capital access, regulatory hurdles, and stiff competition (Butler, 2001; Beck et al., 2005; Thomas, 2000; Page, 2007). Recognizing both sides is crucial for policymakers and stakeholders to effectively support and develop these businesses.

2.8 Case Studies and Regional Specificities

Boracay, a famous Philippine Island renowned for its white-sand beaches and dynamic nightlife, is an exemplar of the impact of domestic tourism on MSMEs. Canares, Llanes, and Alenton (2016) illustrated that Boracay's MSMEs, encompassing local restaurants, souvenir shops, and petite tour operators, have significantly contributed to the island's tourism economy. However, these MSMEs also grappled with concerns related to environmental sustainability, business formalization, and competition with larger businesses.

Cuevas (2012) presented a case study on Palawan, coined as the Philippines' "Last Ecological Frontier," highlighting the contribution of MSMEs in the province's ecotourism sector. Rural communities' MSMEs leveraged Palawan's unique ecological and cultural assets to provide distinctive tourism experiences. Despite encountering several challenges like seasonality and access to capital, these enterprises have considerably contributed to local economic growth and sustainable development.

In a similar context, Sukartiko's study (2017) on Bali, Indonesia, a locale famed for its arts and crafts, elucidates the impact of domestic tourism on handicraft MSMEs. The rise in domestic tourism significantly escalated the sales of local handicrafts, resulting in augmented incomes for artisans and positive secondary impacts on the local economy. However, issues related to product standardization, skills development, and market access were also underscored.

2.9 Gaps in the Literature

Current research on the relationship between tourism and MSMEs in Iloilo exhibits several notable gaps. Most studies lack in-depth focus on Iloilo's specific context, calling for research that explores the region's unique tourism dynamics, challenges, and opportunities. Longitudinal studies tracking the long-term impacts of tourism on Iloilo MSMEs are also scarce, leaving potential long-term effects and trends underexplored. Additionally, the existing literature leans heavily towards quantitative methodologies, often overlooking qualitative insights that capture the lived experiences and narratives of MSME proprietors in Iloilo. Finally, policy implications derived from these findings are often inadequately discussed, highlighting a need for future research to identify and propose strategies that can foster the growth and sustainability of MSMEs within Iloilo's tourism framework.

3. Methodology

3.1 Research Approach

The qualitative research approach adopted in this study was pivotal in capturing the intricate dynamics of MSMEs within Iloilo's tourism sector. This approach was chosen for its ability to delve deeply into the subjective experiences and perspectives of the participants, providing depth and understanding that quantitative methods might overlook. It offered the flexibility to adapt to emerging themes and insights, a crucial aspect when

exploring complex social phenomena. By focusing on qualitative methods such as in-depth interviews and document analysis, the study was able to gather rich narratives and contextual information. This approach allowed for a nuanced exploration of the socio-cultural and economic contexts influencing MSME operations and strategies, highlighting the narrative richness and human-centered perspectives crucial to understanding the impact of domestic tourism.

3.2 Study Design

The longitudinal design of this research played a critical role in comprehensively understanding the impact of domestic tourism on MSMEs over time. By repeatedly observing and interviewing the same set of participants, the study could track changes and developments in their business operations and strategies. This longitudinal perspective was instrumental in discerning causal relationships and long-term effects, which are often not apparent in cross-sectional studies. It enabled the researchers to observe how MSMEs adapted and responded to the evolving challenges and opportunities presented by the tourism sector, providing a rich, time-extended understanding of the socio-economic changes within Iloilo. This design choice was key to capturing the dynamic and evolving nature of the tourism industry and its sustained impact on local businesses.

3.3 Population and Sampling

The study focused on a selected group of MSME owners, employees, and stakeholders within Iloilo's domestic tourism sector. The sampling strategy was purposive, targeting individuals who had direct and relevant experiences with the impact of tourism on local businesses. The aim was to gather diverse perspectives, encompassing a range of roles within the tourism ecosystem. This approach ensured a comprehensive understanding of the socio-economic dynamics at play, providing a representative cross-section of the MSME community affected by domestic tourism.

Table 1: Participant’s Profile

Participant Type	Ideal Number of Participants	Profile
Interviews (MSMEs)	15	Owners/managers of Micro, Small, and Medium Enterprises (MSMEs)
Focus Group Discussions (FGD)	12	Local residents and tourists

Table 1 shows the profile the interviewee and FGD participants.

3.4 Data Collection Procedures and Analysis

For data collection, a multi-method approach was adopted. This included conducting in-depth interviews with selected MSME representatives to gain insight into their personal experiences and perceptions. Field observations were another crucial component, where the researcher immersed in the tourism environment to observe firsthand the operations and interactions of MSMEs. A thorough review of relevant documents, such as business records, industry reports, and government policies, complemented these primary data sources. This triangulation of methods ensured a robust and comprehensive data collection process. The thematic analysis was the primary method for data analysis. It began with a deep familiarization with the collected data, followed by a meticulous coding process. Codes were assigned to segments of data that were relevant to the research objectives, capturing a variety of descriptive and interpretive aspects. The researcher then reviewed these codes to identify patterns, similarities, and differences, which led to the emergence of key themes. These themes were continuously refined and developed to form a coherent thematic framework, accurately reflecting the depth and nuances of the data.

3.5 Ethical Considerations

Ethical considerations were paramount in the study, with informed consent obtained to ensure participants understood the purpose and their rights. Confidentiality and anonymity were strictly upheld to protect identities and sensitive information. Any ethical dilemmas or conflicts of interest were addressed, maintaining high standards of integrity and conduct.

4. Findings

Table 2: Presentation of key findings

Method	Key Findings	Discussion in Context of Research Objectives and Literature
Interviews	<p>MSMEs reported a significant increase in revenue during the tourist peak season</p> <p>Many businesses expanded their offerings to cater to tourists, creating more employment opportunities</p> <p>There was a noticeable improvement in community infrastructure, funded by increased local revenues</p>	<p>The increased revenue and employment opportunities reported by MSMEs align with research objectives and are consistent with existing studies that link tourism to local economic development.</p>
Focus Group Discussions (FGD)	<p>Most participants agreed that tourism positively impacts local economies.</p> <p>Some expressed concerns about the environmental impact of tourism and potential cultural erosion.</p> <p>A few participants worried about the rising cost of living due to tourism.</p>	<p>Concerns about environmental degradation, cultural erosion, and rising living costs highlight potential downsides of tourism. These findings point to the need for sustainable tourism strategies, a theme frequently found in contemporary research.</p>
Observations	<p>Businesses in high tourist traffic areas seemed to be thriving.</p> <p>Some areas showed visible signs of environmental stress, particularly waste management issues</p> <p>Tourists showed a strong preference for local products and services, directly benefiting local MSMEs.</p>	<p>The observed improvements in community infrastructure suggest that tourism revenues can significantly benefit local communities, a point supported by several studies in the literature. The preference of tourists for local products underscores the direct benefits of tourism to local MSMEs.</p>

Table 2 shows significant findings extracted from the participants and observed by researchers.

Interviews: During interviews with various Micro, Small, and Medium Enterprises (MSMEs), a recurring theme emerged – the significant boost in revenue during peak tourist seasons. As one interviewee noted, *"We saw a remarkable increase in sales during the tourist rush; it's the peak season that keeps our business thriving."* This sentiment was echoed by many, with businesses seizing the opportunity to expand their offerings, consequently generating more job opportunities within the community. A business owner remarked, *"Expanding our services to cater to tourists not only increased our revenue but also allowed us to hire more locals, contributing to community growth."*

Discussion in Context of Research Objectives and Literature: These findings align perfectly with our research objectives, emphasizing the positive correlation between tourism and local economic development. They also resonate with existing literature, which frequently highlights the economic benefits of tourism for local businesses and employment. As previous studies suggest, tourism serves as a catalyst for economic growth in communities, creating a ripple effect of prosperity.

Focus Group Discussions (FGD): In the focus group discussions, participants unanimously agreed on the positive impact of tourism on local economies. *"Tourism brings in much-needed revenue and employment opportunities,"* expressed one participant, capturing the general sentiment. However, amidst the optimism, concerns about the environmental and cultural repercussions surfaced. *"We must address the environmental impact; otherwise, we're sacrificing our natural heritage for short-term gains,"* emphasized another participant, reflecting the apprehensions shared by some.

Discussion in Context of Research Objectives and Literature: These discussions shed light on the multifaceted nature of tourism's impact. While acknowledging its economic benefits, the concerns raised resonate with the growing discourse on sustainable tourism. It underscores the need for balanced development strategies that

mitigate environmental degradation and preserve cultural authenticity, echoing the calls for sustainable tourism practices advocated in contemporary research.

Observations: In our observations, we noted the tangible effects of tourism on local businesses and communities. Businesses in tourist-heavy areas thrived, buoyed by the steady influx of visitors. However, alongside these successes, signs of environmental strain were evident, particularly in waste management issues. Despite this, tourists displayed a strong preference for local products and services, directly benefiting local MSMEs. *"We always look for authentic local experiences,"* remarked a tourist, highlighting the symbiotic relationship between tourism and local businesses.

Discussion in Context of Research Objectives and Literature: The observed prosperity of businesses in tourist hubs reinforces the potential of tourism to uplift local economies. Yet, the environmental challenges serve as a stark reminder of the need for responsible tourism practices. The preference for local products underscores the economic opportunities tourism presents for MSMEs, aligning with existing literature on the subject.

4.1 Discussion

The findings in this study have meaningful implications that connect back to the research objectives and the existing literature. The economic impact of tourism is clear. The reported increased revenue and employment opportunities for MSMEs align with the initial research objectives and mirror findings in existing studies that link tourism to local economic development. In terms of infrastructure development, the improvements observed within community infrastructures suggest that tourism revenues can greatly benefit local communities. The role of digitalization is also very vital to

This assertion is supported by numerous studies in the existing literature, further solidifying the positive impact of tourism on community development. However, not all impacts are entirely positive. The study also uncovers significant concerns about the environmental and social impacts of tourism. Issues such as environmental degradation, cultural erosion, and the rising cost of living underscore the potential downsides of tourism. These findings highlight the critical need for sustainable tourism strategies, a theme that frequently emerges in contemporary research on the topic. Future studies should aim to explore methods that balance economic development with environmental preservation and cultural preservation. This pursuit would further enrich the discourse on sustainable tourism and its impacts on local communities like those in Iloilo, Philippines.

5. Key Outcomes Aligned With Research Objectives

a. Domestic tourism played a pivotal role in boosting the economic development of MSMEs in Iloilo. The majority of the enterprises experienced an uptick in revenue generation and profitability, especially during the tourist peak seasons. Furthermore, domestic tourism directly influenced the creation of job opportunities, leading to a decrease in unemployment in the local community.

b. The influence of domestic tourism was not solely limited to economic factors; it permeated the socio-cultural fabric of Iloilo as well. The influx of tourists brought about discernible shifts in the lifestyles of the locals. While it fostered a cultural exchange, making the community more cosmopolitan in its outlook, there were subtle hints at potential cultural dilution. Social structures evolved, with MSMEs becoming more central to community activities and decisions.

c. Domestic tourism ushered in numerous opportunities for MSMEs in Iloilo. Businesses could diversify their offerings, catering specifically to tourists, which expanded their customer base. Collaborations among MSMEs also saw a rise, capitalizing on joint ventures and tourism packages. However, with opportunities come challenges. Some MSMEs pointed toward the environmental and infrastructural strain the tourist influx posed. There was also a shared concern about maintaining the authenticity of local culture amidst the rapidly evolving tourism landscape.

d. In response to the surge in domestic tourism, MSMEs in Iloilo adeptly implemented a range of strategies to capitalize on its benefits and address challenges. They diversified their offerings tailored to tourist preferences, fostered collaborative ventures, and emphasized sustainable practices. Efforts were also made to preserve local culture and heritage, invest in staff training, integrate feedback mechanisms for continual improvement, and contribute to enhancing local infrastructure. Collectively, these strategic adaptations underscored the MSMEs' proactive role in harnessing the positive impacts of tourism while ensuring community sustainability and cultural integrity.

e. Fluctuations in domestic tourist arrivals in Iloilo significantly influenced the operations and sustainability of MSMEs in the region. Periods of high tourist influx translated into enhanced revenue streams, enabling MSMEs to expand, invest, and innovate. Conversely, downtrends or unpredictability in tourist numbers often posed operational challenges, pressing MSMEs to adapt to variable demand. Such shifts impacted staffing decisions, inventory management, and financial planning. MSMEs that were heavily reliant on consistent tourist numbers faced higher vulnerabilities, underscoring the imperative for adaptive strategies and diversified revenue sources to ensure long-term sustainability amidst tourism volatility.

f. For MSMEs, it was advised to diversify offerings and create adaptable business models that could withstand the fluctuations in tourist arrivals. Regular training programs and workshops could equip them with skills to tap into evolving tourist preferences. Policymakers were encouraged to develop infrastructure that supports tourism, promotes sustainable practices, and creates favorable policies that boost local MSMEs. Collaborative efforts, like forming local tourism boards or alliances, were suggested to foster a unified marketing approach. For other stakeholders, including community leaders and investors, initiatives for community-based tourism, preserving local culture and ensuring an equitable distribution of tourism benefits were recommended. The emphasis was on creating a cohesive strategy involving all stakeholders to ensure that domestic tourism serves as a sustainable tool for socio-economic development.

6. Conclusion and Recommendations

Iloilo's domestic tourism landscape presents a double-edged sword for its Micro, Small, and Medium Enterprises (MSMEs). While the industry injects vibrancy into local economies through increased revenue and jobs, it also raises concerns about environmental degradation, cultural erosion, and rising living costs. This study's findings urge a mindful approach, balancing economic gain with sustainable practices. MSMEs stand to benefit greatly from tourism, but they must embrace their role in promoting responsible practices. Policymakers should craft regulations that safeguard local environments and cultures while fostering tourism's economic benefits. Tourism boards, too, have a crucial role in advocating for sustainable tourism that uplifts local communities and preserves their unique spirit. Further research is essential to delve deeper into sustainable tourism practices and their impact on MSMEs and local communities. By exploring effective policy interventions that promote a balanced tourism sector, Iloilo can ensure its economic prosperity while remaining a cherished destination for generations to come. Furthermore, in today's digital age, the digitization or enhancing of digital presence emerges as an additional dimension for MSMEs to consider. Establishing a robust online presence can amplify visibility, attract a broader audience, and streamline business operations. It serves as a complementary strategy to traditional approaches, facilitating accessibility for tourists while minimizing the environmental footprint associated with physical infrastructure.

Table 3: Recommendations for socio-economic development

Recommendation	Persons Responsible	Timeline	Expected Results
Promotion of Local Culture & Heritage	Department of Tourism, Local Government Units	12 months	Increased attractions, preservation
Infrastructure Development	Local Government Units, Public Works and highways	24 months	Enhanced experience, increased tourism
Capacity Building for MSMEs	Department of Trade & Industry	6 months	Enhanced capabilities, sustainability
Environmental Sustainability	Department of Environment & Natural Resources., MSMEs	Ongoing	Preservation, increased eco-tourism
Collaborative Tourism Initiatives	Department of Tourism, MSMEs	6 months	Increased packages, revenue distribution
Diversification of Tourist Attractions	Department of Tourism	12 months	Varied segments, increased footfalls
Feedback Mechanisms	Department of Tourism, MSMEs	3 months	Continuous improvement
Policy & Regulatory Support	Local Government Units	6 months	Growth and support for MSMEs
Digital Presence	MSME Assoc., Department of Information and Technology	6 months	Increased bookings, visibility

Table 3. indicates the recommendations drawn from the findings of this study that will form basis for enhancing the economic development.

7. Implications of the Findings

The findings emphasize the role of domestic tourism in boosting local economies and signaling to policymakers the importance of supporting this sector. The concerns around environmental stress and cultural erosion highlight the need for policies promoting sustainable tourism practices, such as enforcing regulations on waste management, encouraging eco-friendly accommodations, and incentivizing initiatives that preserve cultural heritage, ensuring long-term benefits for both the economy and the local community. The study's findings can inform MSMEs on strategies to maximize the benefits of tourism, such as adapting their offerings to meet tourist preferences or collaborating with other businesses to leverage tourism opportunities. By shedding light on the impact of tourism on local infrastructure and employment, the study can foster greater community understanding and support for tourism and related initiatives.

Adopting modern trends, like the integration of digitalization as a crucial strategy to further enhance economic benefits of MSMEs and domestic tourism. Digitalization can transform how MSMEs operate and interact with the tourism industry by enabling them to optimize their services, expand their reach, and create a seamless customer experience. Through digital tools such as online marketplaces, booking platforms, and social media, MSMEs can showcase their products and services to a broader audience, including tourists who prioritize convenience and accessibility. For example, MSMEs offering local crafts or culinary experiences can use e-commerce and social media to attract tourists, promote offerings, engage customers, and build loyalty.

The study opens up avenues for further research, particularly around sustainable tourism practices and their effective implementation at the local level. Tourism boards and stakeholders can use these insights to design more effective strategies for promoting domestic tourism while mitigating its potential negative impacts.

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