

Status and Challenges of Tourism-Based Livelihood of Small Enterprises in Ilocos Sur: Basis for Strategic Plan

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ABSTRACT

This study assessed the status, benefits, and challenges of tourism-based livelihood among small enterprises in Ilocos Sur and developed a strategic plan to support their sustainable growth. Using a quantitative descriptive research design, data were gathered from 119 managers or owners of small tourism enterprises through a validated researcher-made survey questionnaire. The instrument measured enterprise profile, implementation of tourism-based livelihood practices, perceived benefits, and challenges related to resource generation, market access, and sustainability. Findings showed that accommodation enterprises (38%) and souvenir shops (34%) were the dominant business types, while most enterprises operated as sole proprietorships (61%), had been in operation for four to six years (65%), and employed mostly local residents. Tourism-based livelihood practices were

generally mostly implemented, with strong regulatory compliance, market engagement, and community engagement, but relatively weaker government support and operational standardization. Benefits were often experienced in revenue generation, socio-economic contribution, and investment generation. However, enterprises continued to face challenges in securing financial and marketing resources, competing with larger tourism ventures, sustaining tourist demand, adopting technology, and balancing economic growth with environmental protection. Based on these findings, a strategic plan was proposed, focusing on operational efficiency, year-round marketing, financial partnerships, eco-friendly practices, and stronger collaboration with government and private stakeholders. The study contributes practical directions for strengthening small tourism enterprises as engines of local livelihood, cultural promotion, and sustainable tourism development in Ilocos Sur.

Keywords: *small enterprise; tourism-based livelihood; strategic planning; sustainable tourism; Ilocos Sur; local economic development*

INTRODUCTION

Tourism is widely recognized as an economic driver that creates opportunities for employment, income generation, investment, cultural promotion, and community development. In local destinations, tourism growth is often felt most directly by small enterprises that provide accommodation, food, souvenirs, transport assistance, travel services, and other visitor-oriented products. In Ilocos Sur, the tourism sector is closely linked with heritage, local culture, food, crafts, and community-based economic activities, making small enterprises an important component of the provincial tourism economy.

Despite these opportunities, small tourism enterprises remain vulnerable to challenges that affect their stability and long-term growth. These include seasonal tourist arrivals, limited capital, competition from larger establishments, restricted market access, limited participation in digital platforms, compliance demands, environmental risks, and changing tourist preferences. These concerns became more visible after disruptions such as the COVID-19 pandemic, which exposed the limited crisis preparedness and adaptive capacity of many tourism-dependent businesses.

Existing literature emphasizes that tourism can stimulate local economic growth by increasing employment and spending (Page & Connell, 2020), but it can also expose small enterprises to market instability and operational pressures (Hall, 2022). Sustainable tourism requires community engagement, effective planning, regulatory support, and environmental responsibility (Buckley, 2020; Tosun, 2020). However, there remains a need for localized research that directly examines how small enterprises in Ilocos Sur implement tourism-based livelihood practices, what benefits they gain, what challenges they face, and what strategic directions can strengthen their competitiveness and sustainability.

This study addressed this need by examining the status and challenges of tourism-based livelihood among small enterprises in Ilocos Sur. Specifically, it described enterprise profiles, assessed the implementation of tourism-based livelihood practices, determined perceived benefits, identified key challenges, and proposed a strategic plan based on the findings. The study is significant for small enterprise owners, local communities, tourism organizations, government agencies, investors, and researchers seeking evidence-based approaches for strengthening local tourism livelihoods.

Literature Review

Tourism, Small Enterprises, and Local Economic Development

Tourism contributes to local economic development by generating employment, stimulating income, expanding investment, and increasing demand for local goods and services. Page and Connell (2020) emphasized that tourism supports small economies through job creation and local spending. In tourism destinations, small enterprises serve as essential service providers because they link visitors with accommodation, food, crafts, community experiences, and local culture.

Small tourism enterprises also face constraints connected with seasonality, limited resources, and market competition. Hall (2022) noted that tourism can expand the customer base of small businesses, but it also exposes them to irregular demand and competitive pressure. Williams and Ponsford (2020) similarly observed that seasonality affects income stability, staffing, operations, and long-term planning. These findings are relevant to Ilocos Sur, where tourism demand may vary across festivals, heritage visits, holiday seasons, and local events.

Best Practices for Tourism-Based Livelihoods

Sustainable tourism-based livelihood requires a combination of community engagement, product diversification, capacity building, technology adoption, and responsible tourism practices. Tosun (2020) emphasized the importance of community participation in tourism development because local involvement helps ensure that tourism benefits are distributed more equitably. Perkins and Thorns (2022) also argued that community engagement strengthens ownership, acceptance, and sustainability of tourism initiatives.

Digital transformation and market responsiveness are increasingly important for tourism enterprises. Buhalis and Sinarta (2022) explained that digital tools help small businesses reach wider markets, manage bookings, and respond to customer needs. Gursoy et al. (2023) similarly highlighted the role of digital marketing, e-commerce, and data-driven customer engagement in improving competitiveness. For small enterprises in Ilocos Sur, these practices are important in reaching domestic and international tourists and reducing dependence on walk-in customers.

Challenges in Tourism Development

Tourism development also creates challenges that must be addressed through strategic planning. Environmental degradation, cultural erosion, economic leakage, infrastructure limitations, overcrowding, and unequal benefit distribution may affect destinations and enterprises (Gössling, 2021; Scheyvens, 2022; Smeral, 2021). For small enterprises, these challenges are often magnified because they may lack the capital, technology, and technical support needed to respond effectively.

Policy and governance also shape the success of tourism enterprises. Dredge and Jenkins (2020) emphasized that effective tourism planning requires coordinated policies, stakeholder collaboration, and supportive governance structures. At the enterprise level, regulatory compliance, government support, and access to training

can help small businesses improve quality, operate legally, and compete more effectively. These literature-based insights support the need for a strategic plan grounded in the actual experiences of tourism-based small enterprises.

The reviewed literature suggests that tourism-based livelihood can strengthen small enterprises through income generation, employment, investment, and community development. However, the same sector presents challenges related to resources, market access, sustainability, seasonality, technology, and policy support. Therefore, strategic planning for small tourism enterprises in Ilocos Sur must be grounded in actual enterprise conditions, must integrate community and cultural assets, and must address operational, financial, market, and sustainability concerns.

METHODS

Research Design

The study employed a quantitative descriptive research design. This design was appropriate because the study sought to describe the profile, implementation status, benefits, and challenges of tourism-based livelihood among small enterprises in Ilocos Sur. The design enabled the researcher to gather numerical data and summarize patterns using frequency, percentage, weighted mean, and overall weighted mean.

Research Locale

The study was conducted in Ilocos Sur, a province in Northern Philippines known for cultural heritage, historical tourism, local festivals, food, crafts, and scenic attractions. The province provided an appropriate setting because tourism-based businesses operate across accommodation, food and beverage, souvenir, MICE, and tour-related services.

Participants and Sampling Technique

The respondents were managers or owners of small tourism enterprises in Ilocos Sur. The sample size was determined from a population of 171 enterprises using the Raosoft Sample Size Calculator, resulting in 119 respondents at a 95% confidence level and 5% margin of error. The study initially identified eligible respondents through purposive and convenience sampling based on their involvement in small tourism enterprises, after which respondents were selected through random sampling.

Research Instrument

A researcher-developed survey questionnaire was used. Part I gathered the profile of small tourism enterprises. Part II measured implementation of tourism-based livelihood practices in terms of structure, regulatory compliance, strategies, market, operation, community engagement, and government support. Part III assessed benefits in terms of revenue generation, socio-economic contribution, and investment generation. Part IV examined challenges in terms of resource generation, access to market, and sustainability. The questionnaire used four-point response scales appropriate to each section.

The instrument underwent expert validation by the adviser, language editor, statistician, and subject matter experts. The computed validity rating was 4.39, described as very high. Reliability was established through pilot testing, with a Cronbach's alpha of 0.93, described as excellent, indicating that the questionnaire was consistent and dependable.

Data Gathering Procedure

The researcher first prepared the questionnaire and submitted it for adviser review and expert validation. After revisions, permission was secured from relevant authorities and participants. The questionnaires were administered to the selected respondents, retrieved, checked, organized, and encoded for analysis. Data gathering was conducted from September to November 2024.

Data Analysis

Frequency counts and percentage distributions were used to describe the profile of the enterprises. Weighted mean and overall weighted mean were used to describe implementation, benefits, and challenges. The interpretation

followed the study’s four-point scales: implementation was interpreted from not implemented to fully implemented; benefits from never to always; and challenges from not at all challenging to very challenging.

Ethical Consideration

The study observed ethical research practices. Respondents were informed of the purpose, procedures, risks, and benefits of the study. Participation was voluntary, and respondents were allowed to withdraw at any time. Confidentiality was maintained by anonymizing survey responses, protecting business information, and reporting findings in aggregate form. The researcher also maintained transparency and objectivity in the collection, analysis, and reporting of data.

RESULTS AND DISCUSSION

Profile of Small Tourism Enterprises in Ilocos Sur

Table 1 summarizes the profile of the 119 small tourism enterprises. Accommodation enterprises represented the largest group (38%), followed by souvenir shops (34%) and food and beverage establishments (24%). This indicates that tourism livelihood in Ilocos Sur is largely anchored in essential visitor services and local products. Tour operations and MICE facilities were minimally represented, suggesting an opportunity to diversify tourism products and expand higher-value tourism services.

Table 1. *Profile of Small Tourism Enterprises in Ilocos Sur*

Profile Variable	Dominant Category	Frequency	Percentage
Type of enterprise	Accommodation	45	38%
Ownership structure	Sole proprietorship	72	61%
Years in operation	4-6 years	77	65%
Products/services offered	Goods	46	39%
Affiliation/accreditation	With affiliation/accreditation	83	70%
Trainings/seminars attended	With training/seminar	82	69%
Number of employees	1-10 employees	67	56%
Predominant workforce skill	Hospitality	59	50%
Educational attainment	College degree	74	62%
Local resident employees	76-100% local residents	80	67%

Most enterprises were sole proprietorships, indicating localized ownership and direct managerial control. A majority had been operating for four to six years, suggesting that many businesses were relatively established but still developing. The high proportion of affiliated or accredited enterprises and those with training participation reflects awareness of quality standards. The employment of mostly local residents further shows that small tourism enterprises contribute directly to community livelihood and local economic participation.

Implementation of Tourism-Based Livelihood Practices

Table 2 shows that regulatory compliance obtained the highest grand mean (3.52), described as fully implemented. This suggests strong adherence to registration, permits, health and safety standards, labor regulations, and environmental guidelines. Community engagement was also fully implemented, with a grand mean of 3.40, indicating that enterprises recruit local workers, support community activities, promote local culture, and minimize negative community impacts.

Table 2. *Implementation of Tourism-Based Livelihood Practices*

Dimension	Grand Mean	Verbal Description	Key Interpretation
Structure	3.23	Mostly Implemented	Organizational and decision-making practices were largely in place.
Regulatory compliance	3.52	Fully Implemented	Permits, safety, labor, and environmental requirements were strongly observed.
Strategies	3.24	Mostly Implemented	Pricing and marketing were practiced, but crisis planning needed strengthening.
Market	3.30	Fully Implemented	Enterprises used online platforms and monitored tourist demand.
Operation	3.19	Mostly Implemented	Booking, inventory, facility maintenance, and quality systems were present but could be standardized.
Community engagement	3.40	Fully Implemented	Enterprises recruited locals and promoted local culture.
Government support	3.07	Mostly Implemented	Government promotion, training, information, and collaboration were present but limited.

The lowest grand mean was observed in government support (3.07), although it was still described as mostly implemented. This means that enterprises maintained communication with tourism offices and benefited from promotions and infrastructure, but the support was not yet sufficient or fully maximized. Operational practices also remained mostly implemented, indicating the need to strengthen service standardization, inventory systems, electronic payment systems, and total quality management. These findings support the need for training, policy coordination, and operational capacity-building.

Benefits of Tourism-Based Livelihoods

The benefits of tourism-based livelihoods were often experienced by the enterprises. Table 3 indicates that socio-economic contribution had the highest grand mean (3.17), followed by investment generation (3.16) and revenue generation (3.09). These results show that tourism contributed not only to business income but also to local employment, skills development, infrastructure improvement, and business expansion.

Table 3. *Benefits of Tourism-Based Livelihoods*

Benefit Area	Grand Mean	Verbal Description	Key Findings
Revenue generation	3.09	Often	Tourism increased income, broadened income sources, improved cash flow, and supported reinvestment.
Socio-economic contribution	3.17	Often	Tourism employed locals, developed worker skills, supported year-round jobs, and improved local infrastructure.
Investment generation	3.16	Often	Tourism attracted external investment, encouraged expansion, supported technology adoption, and increased marketing investment.

Tourist activities were reported to increase enterprise income and broaden sources of revenue. However, constant year-round income remained less strong, reflecting the continuing problem of seasonality. Socio-economic benefits were evident through local employment and skill development, while investment-related benefits were observed in expansion, marketing, and technology adoption. These results confirm the role of small tourism enterprises as local livelihood generators and community development actors.

Challenges of Tourism-Based Livelihoods

Table 4 presents the main challenge areas. Resource generation obtained the highest grand mean (3.22), interpreted as challenging. This means that enterprises struggled with financial resources, marketing resources,

labor, equipment, training, technology adoption, and seasonal planning. Access to market (3.15) and sustainability (3.11) were also challenging, showing that small enterprises faced external competition, limited linkages, language barriers, location issues, environmental concerns, and high sustainability costs.

Table 4. *Challenges of Tourism-Based Livelihoods*

Challenge Area	Grand Mean	Verbal Description	Most Notable Concerns
Resource generation	3.22	Challenging	Financial resources, marketing resources, competent labor, training access, equipment, and technology adoption.
Access to market	3.15	Challenging	Competition from larger tourism ventures, weak linkages with tour operators, online targeting, language barriers, and location issues.
Sustainability	3.11	Challenging	Environmental impacts, climate threats, high cost of sustainability initiatives, seasonality, and long-term viability.

The strongest specific resource-related concern was obtaining marketing and promotional resources, followed by financial resources for tourism-based undertakings. Competition from larger tourism ventures was the most difficult market-related issue. In sustainability, environmental impacts of increased tourist flow and threats from environmental degradation and global warming emerged as continuing concerns. These findings suggest that growth strategies must be paired with financial support, digital marketing, sustainability training, and environmental safeguards.

Strategic Plan for Tourism-Based Livelihoods

Based on the findings, the proposed strategic plan focused on three connected areas: strengthening implementation, maximizing benefits, and responding to challenges. The plan emphasizes structured training, year-round marketing, financial partnerships, and sustainability-focused collaboration.

Table 5. Proposed Strategic Plan for Tourism-Based Livelihoods of Small Enterprises in Ilocos Sur

Key Area	Objective	Strategies	Time Frame	Expected Outcomes
Implementation of tourism-based livelihoods	Enhance sustainability and competitiveness of small tourism enterprises.	Develop structured training programs for operational efficiency and service quality; initiate partnerships with the local tourism office for community-based tourism experiences.	6-12 months	Improved employee skills, better service quality, and stronger community-integrated tourist experiences.
Benefits of tourism-based livelihoods	Strengthen business growth and income stability.	Implement year-round marketing and promotional strategies; establish alliances with financial institutions for funding opportunities.	Ongoing / all year round	Increased visitor numbers during off-peak seasons and improved financial support for business growth.
Challenges of tourism-based livelihoods	Promote innovation, sustainability, and resource access.	Collaborate with government and private entities for subsidies and financing; adopt eco-friendly practices such as waste reduction and sustainable materials.	1-2 years	Improved access to resources for sustainable innovation and stronger reputation as responsible tourism businesses.

The strategic plan responds directly to the findings. Since government support and operations were weaker implementation areas, training and local tourism partnerships are needed. Since year-round income remained a concern, marketing strategies should target off-peak seasons and expand market reach. Since resource generation and sustainability were challenging, financial partnerships, grant access, and eco-friendly practices should be

prioritized. Through these interventions, small tourism enterprises may become more competitive, resilient, and aligned with sustainable tourism development.

CONCLUSION

The study concluded that small tourism enterprises in Ilocos Sur are important contributors to local livelihood and tourism development. They are predominantly accommodation, souvenir, and food and beverage enterprises, commonly organized as sole proprietorships, operated by relatively established owners, and staffed largely by local residents. These characteristics show that tourism-based livelihood is strongly embedded in the local economy.

Tourism-based livelihood practices were generally implemented, particularly in regulatory compliance, market engagement, and community engagement. However, areas such as operational standardization, crisis management, training, technology adoption, and government support require further strengthening. The enterprises experienced benefits in revenue generation, socio-economic contribution, and investment generation, demonstrating that tourism creates opportunities for income, employment, skill development, expansion, and local development.

At the same time, the enterprises faced persistent challenges in resource generation, market access, and sustainability. Financial constraints, promotional limitations, competition from larger ventures, language barriers, environmental concerns, and the cost of sustainability initiatives affected their capacity to grow. The proposed strategic plan therefore provides practical directions for enhancing operational efficiency, strengthening financial and marketing support, promoting eco-friendly practices, and improving collaboration among enterprises, government agencies, and private partners.

Recommendations

1. Small tourism enterprises should participate in regular training programs on customer service, digital marketing, financial management, crisis management, service standardization, and sustainable tourism practices.
2. Local tourism offices and local government units should strengthen support mechanisms for small enterprises by expanding access to tourism promotions, training programs, policy information, infrastructure assistance, and collaborative tourism planning.
3. Enterprise owners should develop year-round marketing strategies, especially for off-peak seasons, by using online platforms, tourism fairs, partnerships with travel agencies, and community-based tourism packages.
4. Financial institutions, government agencies, and private partners should design accessible financing programs that support enterprise expansion, technology adoption, facility improvement, and sustainable tourism innovations.
5. Small enterprises should adopt eco-friendly practices, such as waste reduction, sustainable sourcing, energy-saving measures, and responsible visitor management, to reduce environmental impacts and strengthen their reputation as responsible tourism providers.
6. Future researchers may conduct comparative studies involving other provinces, medium and large tourism enterprises, or longitudinal assessments to examine whether the proposed strategic plan improves enterprise performance over time.

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