



The Economic Significance of One Town One Product (OTOP) Program in the Province of Ilocos Sur

Jocelyn L. Absolor; Cherie B. Orpia; Maria Teresa T. Garcia; Orlando A. Batara

Graduate School, Ilocos Sur Polytechnic State College, Santa Maria, Ilocos Sur, Philippines

E-mail: jocelynabsolor@gmail.com; cherie.orpia@gmail.com; mttg@gmail.com; orlandobatara@gmail.com

<http://dx.doi.org/10.47814/ijssrr.v5i12.654>

Abstract

The engagement of the people in the locality on product development does not only help the economy to boom, but it also brings out people's ingenuity, character, culture, and uniqueness. The producers of OTOP in the province of Ilocos Sur are on their way to becoming known through their products. This study aimed to determine the economic significance of OTOP in the province of Ilocos Sur in terms of employment, quality of life, improved technology, and improved quality of products. It further determined the profile of the manufacturers, the extent of assistance programs provided by agencies, and the relationship between the profile of the manufacturers and the economic impact of OTOP. This is a descriptive study with 160 producers randomly selected from Ilocos Sur's 32 towns. Results indicate that most of the manufacturers are adult females. Most of them have reached high school level, have attended one seminar only, and are affiliated with only one organization. Not all manufacturers are provided with assistance programs. Employment and improved quality products are registered to have the highest economic impact. Age, educational attainment, seminars, and membership in an organization display a bearing on the contribution of the program to their economy.

Keywords: *One Town One Product (OTOP); Economy; Assistance Programs; Philippines*

Introduction

People's involvement in product development not only promotes economic growth but also highlights individuals' originality, creativity, and character. Manufacturers continue to enhance their goods in an effort to draw customers and increase the commodity's sales.

The province's history demonstrates that its residents are mostly involved in farming, raising food crops, primarily rice, corn, vegetables, root crops, and fruits. In addition to growing food, people in the province also grow non-food crops like cotton, tobacco, and tiger grass. The cottage industries, which include loom weaving, furniture production, jewelry production, ceramic production, blacksmithing, and food processing, have gained enormous popularity and are now sold across the country.

Agribusiness is the main industry in Ilocos Sur. Agriculture is a human endeavor, as people grow crops like fruit trees, rice, and corn. In the agricultural sector, these are dominant crops. Camote and cassava are considered subsistence crops, along with sugar cane and onions.

History indicates that people were compelled to shift to manufacturing and trade because of the rapidly expanding population, declining soil fertility and lengthy gap between planting and harvesting seasons. Many Ilocanos travel to the Cagayan Valley, the Central Plains and Mindanao to sell Ilocano woven textile. (Council, 1993)

Weaving is the most extensive handicraft, once bolstered by the installation of the NDC Textile Mills in Narvacan, Ilocos Sur which supplied the weavers with yarn. To the present, Abel Iloco has become one of the main products of the province. Other industries that are sustained by manufacturers in the province that continue to evolve are burnay and slipper making in Vigan, furniture, cabinet, and statue making in San Vicente, mortar and pestle making in San Esteban, and bolo making in Santa. These products are being exhibited and sold during the Kannawidan Festival. This festival celebrates abundant culture and traditions apart from its separation from Ilocos Norte.

Through this kind of activity, people in the province have become aware of the different products produced by every town in Ilocos Sur as part of the full implementation of the OTOP program of the government. The ingenuity and creativity of the products has attracted local consumers and even foreign consumers. These products primarily used indigenous materials. And this characteristic is evident on the products being produced by the manufacturers.

One Town, One Product (OTOP) Philippines has become a very popular program that was effectively implemented by the Department of Trade and Industry (DTI) and Local Government Unit (LGU) in every province was born. This is described as a priority stimulus program for Micro, Small and Medium-scale enterprises (MSMEs). The program primarily enables localities and communities to determine, develop, support, and promote products or services that are rooted in its local culture, community resource, creativity, connection, and competitive advantage. As their own 'pride-of-place,' these are offerings where they can be the best at or best renowned for. It endeavors to capacitate our 'OTOPpreneurs' to innovate and produce market-ready products and services (Industry, 2022)

OTOP is an international program that originated from Japan's One Village, One Product. Its various versions and iterations in numerous countries are proofs that it is a viable branding and stimulus program for MSMEs. Here in the Philippines, it has been in existence since 2002. This was further powered through the promulgation of Executive Order 176 by then President Gloria Macapagal-Arroyo in February 2003. After a decade and a half of combined gains and challenges, OTOP remains to be a strategic tool that provides an ecosystem of assistance from local government units, national government agencies, and the private sector. It is now transitioning to a convergent effort to its next phase of execution in the form of OTOP Next Gen (Industry, 2022)

As the Philippines' provinces have implemented and practiced the One Town One Product (OTOP) initiative, it has encouraged locals to consider their most practical local resources. This material's abundance for mass production is the main factor to take into account. The product itself must take care to maintain and conserve the environment and natural resources and must encourage local knowledge, tourism, the arts, or good culture, tradition, and learning. People's creativity and craftsmanship should be shown in these things. When a product possesses certain qualities, it has the potential to gain local, national, and even international reputation.

The local chief executives of each city or municipality take the initiative in locating, developing, and promoting a specific good or service that has, or has the potential to have, a competitive advantage in

order to assist the townspeople producers of OTOP. The value chain of the provincial or regional cluster includes such goods and services related to self-development. (Ulrich & D., 2007)

The Ilocos Sur government like any provinces in the Philippines, implements the 17-year-old One Town One Product (OTOP) program of the Department of Trade and Industry (DTI). The program enables localities to determine, develop, support, and promote products or services that are rooted in its local culture, community resource, creativity, connection, and competitive advantage. All in all, there are 34 must-buy products coming from each town.

In conjunction with this study, Silinevica I (2016) pushed the notion that new product development is one of the crucial elements for development and competitive advantage in any nation. However, the findings of their study show that Latvia has a low performance in terms of innovation compared to other European countries because of a lack of innovative businesses, a lack of investments in research and development, and a lack of coordination between the sectors of science, higher education, and industry.

In the same vein, (Ulrich & D., 2007) indicate that successful product development results in products that can be produced and sold profitably, yet profitability is often difficult to assess quickly and directly. Five dimensions, all of which ultimately relate to profit, are commonly used to assess the performance of a product development offer. These dimensions include product quality, product cost, development time, development cost and development capability.

Examining the social effects of government agencies' involvement in the growth of OTOP businesses in 17 Thai provinces, the findings indicated that the Thai government runs a program for OTOP manufacturers. This curriculum covers instruction to improve theoretical and practical understanding as well as product development, enhancing the products' quality and marketing. Additionally, they offer monitoring to keep producers motivated and uphold manufacturing standards of quality (Rujiprak & Limprasert, 2020)

The purpose of the study is to investigate how the One Town One Product (OTOP) initiative has affected the local economy in Ilocos Sur.

Objectives

The purpose of this study generally aimed to describe the impact brought about by the OTOP program on economic and aspect in the province of Ilocos Sur. Specifically, it determined the following:

- Demographic profile of the OTOP manufacturers/developers
- extent of assistance programs provided to the OTOP manufacturers/developers
- Economic impact of OTOP in the province of Ilocos Sur in terms of:
 - a. employment generated,
 - b. improved living conditions and quality of life,
 - c. improved technology, and
 - d. improved quality of products?
- Significant relationship between the profile of manufacturers/developers and economic impact of OTOP

Framework of the Study

This study is anchored on the following theory and concepts. As this study deals on the economic significance of the OTOP program, the following concepts on product development were considered.

The theory of (Perkins & Zimmerman, 1995) advances the theory of empowerment. This theory suggests that empowerment is a combination of personal strengths, initiative, and natural helping systems to bring about change. This theory can be applied to community development by empowering the people within the community to develop their own community. The theory can adapt to other disciplines like Sociology.

In the case of this study, the theory is relevant in the sense that manufacturers through their product development play the role of a community developer, thus, they help empower the community.

The underlying concept of product development by (Ullman, 2009) and (Ulrich & D., 2007) is the creation of products with new or different characteristics that offer new or additional benefits to the customer. Product development may involve modification of an existing product or its presentation or formulation of an entirely new product that satisfies a newly defined customer want or market niche.

New Product Development as defined by Staton et al. means original products, product improvements, product modification and new brands that the firm develops through its own research and development efforts.

The use of the term development to refer to national economic growth emerged in the United States beginning in the 1940s and in association with a key American foreign policy concern: how to shape the future of the newly independent states in ways that would ensure that they would not be drawn into the communist Soviet bloc. Motivated by this concern, the United States enlisted its social scientists to study and devise ways of promoting capitalist economic development and political stability in what was termed the developing world. Development theory refers to the research and writing that resulted from this effort (Halperin, 2022).

(Kotler & Armstrong, 2012) with their concepts, forward several reasons justifying why many new products fail, while there are clear instructions about how a new product development can be successful. Accordingly, the first reason is overestimating market size which will cause to overproduction resulting in profit loss. The second reason is poor design of a new product that will not be attractive as much as for potential customers. The third reason is producing it for the wrong segment of market such as selling a luxury product in an economically struggling region. The fourth reason is releasing new product to the market at a wrong time, for example, producing a high-tech product for the use of people at the time of an economic bottleneck when people hesitate spending money for products not necessary for daily needs. The fifth reason is pricing it wrongly, too expensive or too cheap which both will lead to loss in profit. The sixth reason is poor advertisement which will prevent a new product being known by the right customers.

Literature Review

The study of (Bughao, 2019) aimed to determine the impact of the One Town One Product (OTOP) Program on Business Environment in selected areas in Cavite. The result shows that OTOP program has a high impact in the external environment due to a great contribution to the economic condition in different areas for the reason that it gives employment and generates income; while, in the internal environment, marketing got a high rank because they provided trainings for each entrepreneur, support their product designs, labeling, and product promotions.

The article of (Cervantes, 2021) emphasizes the institutionalization of OTOP Philippines as the government's stimulus program to encourage the growth of micro, small, and medium enterprises (MSMEs) in the countryside through the development of indigenous raw materials, utilization of local

skills and talents, and featuring of local traditions and cultures across the country through House Bill 9350.

This House Bill under the authorship of Magsasaka Party list Representative Argel Josep Cabatbat mandates the Department of Trade and Industry to provide a package of assistance for MSMEs to help them develop innovative and more complex products with significant improvement in the areas of quality, product development, design, packaging, compliance with standards, marketability, production capability, and brand development.

Since its implementation in 2004, the OTOP program has proven its ability to aid and develop the MSMEs generate jobs, increase domestic sales and exports, and equip the business skills of entrepreneurs while showcasing Filipino culture, tradition, and creativity.

The rationale of OTOP program in the Philippines primarily supports micro, small and medium enterprises (MSMEs) to manufacture, offer and market distinctive products or services through the use of indigenous raw materials and local skills and talents.

Basically, One-Town One-Product program is being spearheaded by the local chief executives of the different municipalities and towns and the Department of Trade and industry. Aside from spearheading this program the aforementioned authorities also provide support to local manufacturers.

In the study conducted by (Parilla, 2013) whose primary aim was to assess the economic impact of OTOP in the Province of Ilocos Norte revealed that the OTOP businesses have been existing for 16-20 years already which are engaged in manufacturing and of sole proprietorship. It also revealed that that these OTOP businesses are assisted by the Department of Trade and Industry and Department of Science and Technology by providing them seminars and trainings. Strikingly the study revealed that OTOP has a big impact to employment.

(Avio, 2014) with her study, highlights the determination of the effects of the One Town One Product (OTOP) program on the buri weavers. The underlying theory of the program which is competitive advantage, as well as theories on knowledge spillover, specialization, economic geography and comparative advantage, was used to further analyze the situation of the buri weavers, the buri industry, and the program itself. The study also looked into the difference, in terms of the household income, between the participating and non-participating OTOP weavers. Results show that In terms of the program's goals, basically, OTOP had provided additional income and employment for some of the women in Unisan and Mauban. The participating OTOP weavers generally viewed the program as helpful and insightful to their work. (Musumali, 2016) investigated the impact of Micro, Small and Medium Enterprises on job creation in Mansa District of Luapula Province. Results indicate that a total of 3,368 jobs were created out of which the largest number of 1,127 jobs were created in the agriculture sector and the least 194 were in trading. Majority of the jobs created 60 percent were unskilled and a partly 17 percent were skilled. A total of 2,021 (60 percent) of all skills categories were male and 1,347 were female due to skill restrictions of female on certain jobs. The government had instituted interventions in the sector to enhance job creation and reduce unemployment levels. This study has established that micro, small and medium scale enterprises created 3,368 jobs which was 76 percent of all jobs in Mansa.

(Ellson, Romo, Traje, & Sarmiento, 2011) presents in their study that nine commodities are prioritized for development to alleviate poverty. Commodity road maps have been crafted for these commodities which aim to facilitate the achievement of the following goals of the Agricultural Fisheries Modernization Act (AFMA): food security, poverty alleviation, social equity, global competitiveness, and resource sustainability. These were also aimed to create one million jobs in the rural sector. The product-specific program in line with this is the "One-Town, One-Product" or OTOP. One of these commodities is oil palm.

The study of (Ellson, Romo, Traje, & Sarmiento, 2011) presents further forwarded that OTOP has played a great role for local development in Mindanao, Philippines. It has helped to create job opportunities and income generation for the towns. It promotes local wisdom, talent and creativity through realizing regional pride and the rediscovering of indigenous products.

The assessment on the employment opportunities for women, challenges being faced by them at work and future scope and to further explore the working environment of manufacturing sector for women were the concerns of (Jaggi & Babl, 2016). As a result, 96% women brought out various challenges and issues being faced by women working in the Indian Manufacturing environment, posing a great hindrance for them in pursuing career in this sector or to say, any career at all.

Data provide that as of the third quarter of 2008, out of the total of 8,072 new Small and Medium Enterprises, (SMEs), 25,578 were assisted under the One Town-One Product (OTOP) Program. Furthermore, since its inception in 2004, the OTOP has already generated an estimated of PhP7.7 billion in investments and 268,519 jobs and realized earnings worth PhP8.2 billion from domestic sales and US\$340.4 million from exports (MTDP (2004-2010: p. 24).

As the industry became increasingly cognizant of the relevance of new products to company, the number of new product debuts increased considerably in the last few decades. As a result, managing the NPD process has become a challenge for businesses, as it necessitates a significant investment of both financial and human resources and is time-sensitive. The grim reality is that the vast majority of innovative products never reach market, and those that do have a failure rate of 25 to 45 percent (Crawford, 1987; Cooper, 2001).

The study of (Rujiprak & Limprasert, 2020) explored the social impact as a result of the participation of the government agencies in the development of One Tambon One Product (OTOP). The social impact was divided into two namely the impact of OTOP on enterprises and its impact to the community. Results forwarded that Thai government has been implementing a program of technical assistance to OTOP product producers including training, to increase both theoretical and practical knowledge, and product development, increasing the quality of the products and their marketing. Government agencies also provide monitoring to sustain the motivation of producers and to maintain quality standards of production. Apart from this, government agencies also monitor the producers to sustain their motivation and to maintain the quality standards of production.

Methodology

Research Design

This study is quantitative research using the descriptive design. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution.

The demographic profile of the manufacturers, the programs assistance extended to them, the impact of OTOP and the significant associations between demographic profile and the impact were described in the study.

Population and Sampling

The study involved 160 randomly selected manufacturers of the products produced by each town in the province of Ilocos Sur derived using GPower 3.1.9.7 with the following input parameters, $\rho = 0.35$, $\alpha = 0.05$, and a power of 0.95.

Data Gathering Procedure

The researchers used a questionnaire adapted from (Parilla, 2013). The survey questionnaire items intended to measure extent of programs assistance provided to the manufacturers and the impact of OTOP respectively.

Analysis of Data

The following statistical tools that were employed for analysis and interpretation of data:

- Frequency count and percentage. These were employed for the treatment of the socio-demographic profile.
- Mean. This was used to treat the extent of assistance provided to the manufacturers and the impact of One Town One Product (OTOP) in the province of Ilocos Sur.
- Spearman Rank Correlation. Was used to analyze between the profile and the impact of One Town One Product (OTOP).

Ethical Consideration

The involvement of the respondents as sources of information were voluntary. For the determination of the manufacturers who are licensed to operate a request was sent to the Department of Trade and Industry for the list of the registered manufacturers.

Results and Discussion

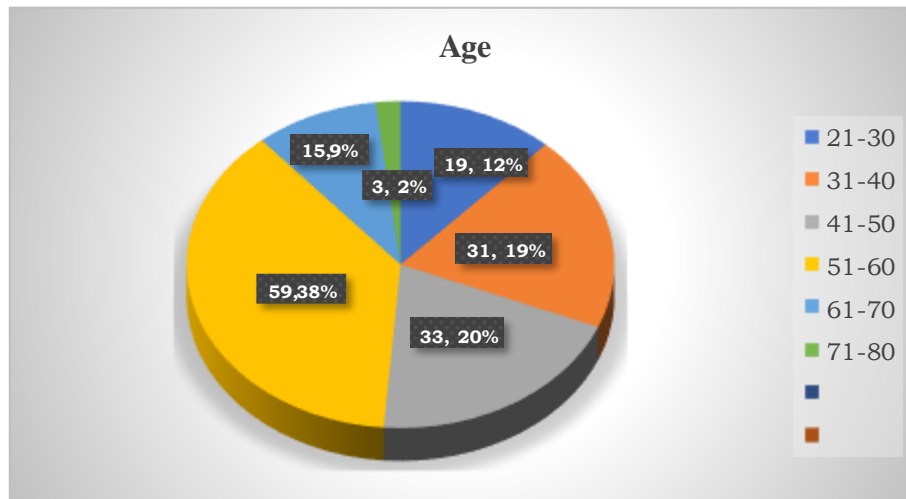


Figure 1. Distribution along Age

The figure exhibits that 38% or 59 of the product developers of One Town One Product (OTOP) in the province who are on the age bracket of 51-60 were dominant in the population sample followed by respondents whose age are on the bracket 41-50 with 20% or 33 of the total population. This result implies that there are more adult and seasoned workers involved in the production of products in the province. This outcome can be ascribed to the stability and maturity needed for company management. Along this result, in the Philippines, 6.2% of the adult population are established business owners and 18.4% are engaged in early-stage entrepreneurship (TEA). The country's TEA rate is far higher than the average for Asia and Oceania (13%). More than half (52%) of Filipino entrepreneurs is in the age group 18-44 years. Eighty –three percent of entrepreneurs are involved in retail trade, hotels, and restaurants

while only 3% are involved in the transformative sector – manufacturing, construction, and transportation. Four percent (4%) are in agriculture, forestry, and fishing. Notably, there are more women (58%) involved in entrepreneurship at the early stage as well as in established business (55%). (Global, 2021)

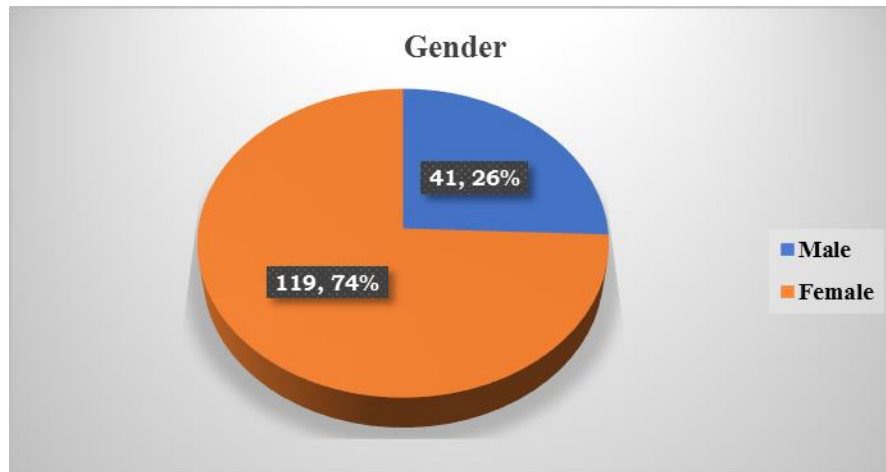


Figure 2. Distribution along Gender

The result shows that there are more female respondents with 74% or 119 while there are only 26% or 41 of the total population who are male. This means that there are more females who are more inclined and interested to venture on product development. This result contradicts (Jaggi & Babl, 2016) whose result of their study indicate that 43% respondents stated that as there are very less number of females in the manufacturing sector, so the women who are working in this sector feel isolated as they find problems in mixing up with the men there. Every person at the work place especially in the manufacturing setup treats her as “woman” rather than a “Colleague” which makes her survival difficult and creates a challenge for her to prove at each opportunity.

In numerous OECD nations, SMEs owned by women are expanding more quickly than the economy as a whole, enabling for the capitalization of the abilities of educated and trained women who might otherwise be prevented from advancing in the corporate world due to the “glass ceiling” (OECD, 2017)

(Dreze & Amartya, 1995) stated that although the cultural restrictions, which women faces are changing but women are not still as free as men to participate in the formal economy. “Women may not be as welcome” in manufacturing isn’t only about perception, but it is found globally in a recent report from the International Trade Union Confederation (ITUC) that women are paid about 18 percent less than men doing the same manufacturing work on average and this is the fourth largest gender pay gap of any industry. Due to lack of sufficient encouragement or prominent names, the demand to pursue a career in this field is lukewarm. According to UNIDO Report, share of women in the total employment in the Indian manufacturing sector remained stagnant at 10.9 per cent between 2000 and 2007.

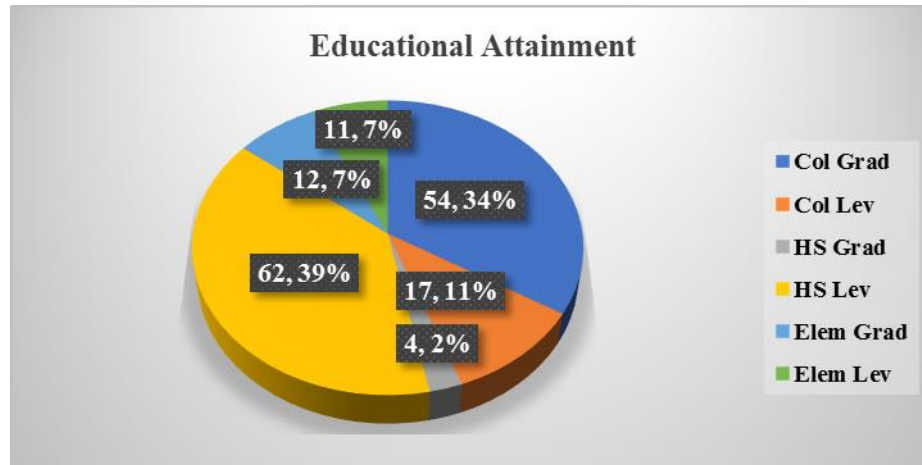


Figure 3. Distribution along Educational Attainment

The profile of the respondents on educational attainment indicates that 39% or 62 of the sample population achieved high school level while there are 34% or 54 of the respondents are college graduate. This result indicates that to be a manufacturer, high educational attainment or qualification is not a requirement. Contrary to this result the following authors found out that higher entrepreneurs' education such as university degree is significantly related to a higher business performance when it is calculated when sales or profitability is concerned and which is also true for sustainability (Van der Sluis, and Van Praag, 2008), also, higher educated entrepreneurs can manage the firm-specific financial risks better (Wang, 2012). According to Kato, Okamuro, and Honjo (2015), a graduate entrepreneur can easily find different sources of capital, by which he/she can invest in research and development that can increase the innovation of a small business from the specific market.

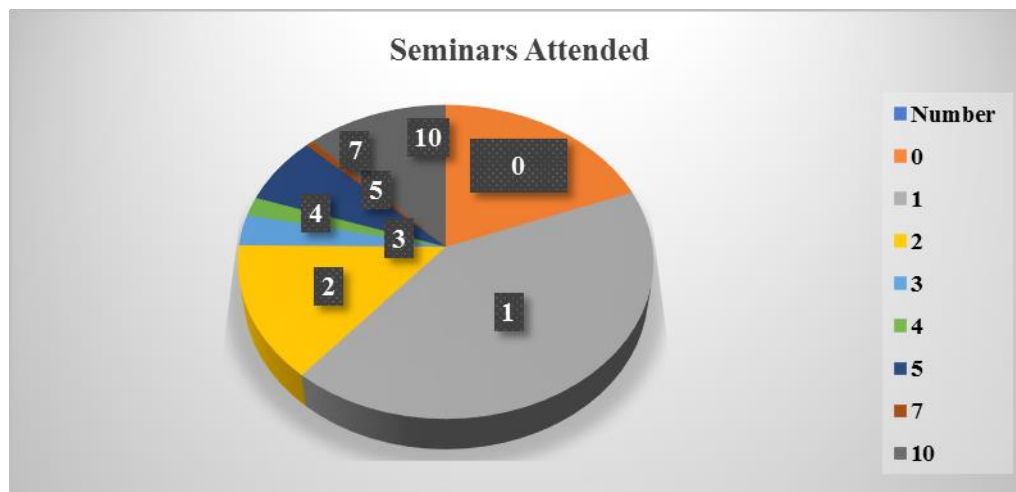


Figure 4. Distribution along Seminars Attended

Profile on Seminars Attended

The result indicates that in terms of seminars attended, 66% of the respondents have only attended one (1) seminar while 30% of the respondents have not been exposed to any seminar. Strikingly, there are 19% manufacturers who have attended ten (10) seminars.

This finding suggests that not all manufacturers are given the opportunity to attend business-related seminars. In response to this finding, a number of G7 governments have worked to improve the "quality" of SME owner/managers by promoting training or by facilitating access to advising and consultancy services. Japan, which has both a highly developed advisory services system and SME colleges (OECD, 2017), offers the most comprehensive help.

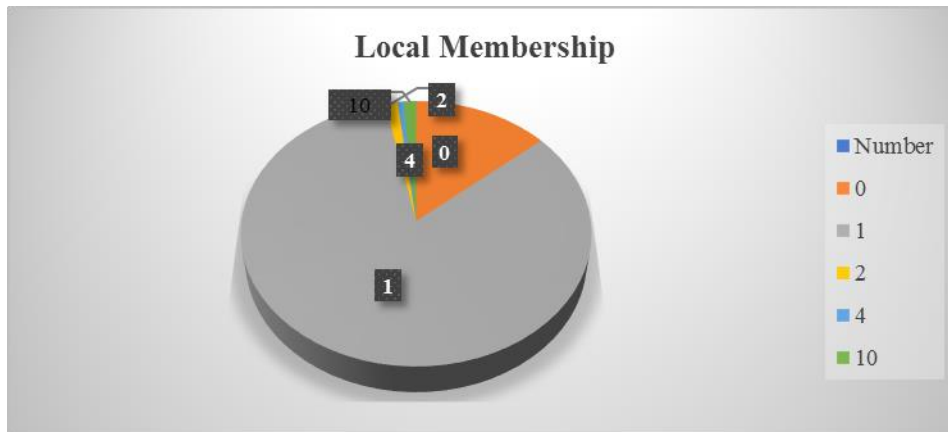


Figure 5. Distribution along Local Membership

The figure reflects that on membership, 83% or 133 of the sample population have one (1) membership to an organization followed by 14% or 22 of the respondents who do not have any affiliation or any membership to any organization. This result implies producers/manufacturers have limited exposure to organizations, or if they do, it is only in the area where their company is located.



Figure 6. Distribution along National Membership

Only one of the SME's has national association, as shown by the figure. This suggests that no organization serves the requirements of the producers. In light of this finding, Stolz and Schrammel's (2014) study came to the conclusion that in this particular instance, it is obvious that some outside assistance was required in order for the Business Management Organization (BMO) to function as a specialized intermediary. Initially, the creation of the concept and business plan required the donor's conceptual backing. The adoption of additional business plan components later required consulting and coaching support.



Figure 7. Distribution along International Membership

The graph shows how closely connected the manufacturers are to international organizations. Only one or one percent of product developers are therefore exposed to multinational organizations. Producers have little affiliations on a local and national level. This outcome can be linked to the fact that no organizations were established specifically for this type of endeavors.

Table 1. Extent of provision of Assistance Programs for the OTOP Businesses in the Province of Ilocos Sur

Assistance Programs	Mean	DR
A. Financial Assistance		
1.Department of Trade and Industry	2.70	F
2.Department of Science ad Technology	2.03	F
3.Non-government Organizations	2.02	F
4.Banks	1.65	P
Average	2.10	F
B. Technical Training Courses		
1.Department of Trade and Industry	3.29	G
2.Department of Science and Technology	2.19	F
3.Non-government Organizations	1.66	P
4.Banks	1.52	P
Average	2.17	F
C. Business Counseling		
1.Product quality/Product development assistance	2.88	G
2.Marketing/Distribution assistance	2.68	G
3.Skills and Entrepreneurial Training	2.67	G
Average	2.74	G
Overall Average	2.34	Fair

Legend:

Statistical Range	Descriptive Rating
3.40-2.61	Good(G)
2.60-1.81	Fair(F)

As the table exhibits, under financial assistance, the Department of Trade and Industry receives the highest mean with 2.70 described as fair while the banks received a mean of 1.65 described as fair as well. This result implies that assistance provision by the government agency just like the DTI is evident but with fair rating only, it suggests that only minimal assistance is provided to them.

On technical training assistance, the Department of Trade and industry receives the highest mean of 3.29 described as Good followed by the Department of Science and Technology with 2.19 described as good also. This result indicates that manufacturers received technical assistance from these government agencies.

On business counselling, result reflects that the item product quality/product development assistance received the highest mean with a 2.88 followed by the item marketing/distribution assistance with a mean of 2.67. Both items are described as good. This result manifests that the manufacturers do not only receive monetary and technical assistance but even counselling. Relative to this finding, Republic Act No. Known as the “Go Negosyo Act” aims to strengthen MSMEs to create job opportunities in the country. Their establishment nationwide brings ease of doing business closer to MSMEs in the regions. These Negosyo centers help entrepreneurs to develop because they contributors to the economy.

Over-all the Extent of Assistance Programs for the OTOP Businesses in the Province of Ilocos Sur has a mean of 2.34 described as fair. This result implies generally that SMEs received minimal assistance from the government agencies. Pertinent to this result it is interesting to note that Germany, Iceland, indicates that Japan and New Zealand dedicated more than 50 per cent of their entire public support programmes to SMEs. In 1993, a total of US\$3.75 billion of public money was paid to help start-ups, the acquisition of equipment, R&D, training and consultancy services, in the form of direct grants, tax concessions, low interest rate loans or loan guarantees (OECD, 2017).

Table 2. Economic Impact of One Town One Product(OTOP)

A. Employment	Mean	DR
1.Jobs were created for family members	4.21	VHI
2.People in the locality are also given jobs	4.26	VHI
3.Employees receive fair and just remuneration from the business	3.80	HI
4.Provisions of stable jobs for employees	3.80	HI
5. The MSMEs under OTOP help generate gainful employment for the family/community in particular and in Ilocos Sur in general	4.16	HI
Average	4.05	HI
B. Quality of Life		
1.Quality clothes and footwear	3.60	HI
2.More saving in the form of bank deposits, insurance protection and pre-need.	2.29	LI
3.Acquisition of lots	2.91	MI
4.Construction of a house	3.33	MI
5.Major improvements to existing house	2.88	MI
6.Purchase of vehicle such as car and jeep	3.49	HI
7.Purchase of appliances like refrigerator microwave oven, electric fan, electric iron, washing machine etc.	3.28	MI
8.Purchase of household furniture like sala set, dining set, chairs, cabinets, bedsheet.	3.60	HI
9.Availment of the services of a doctor or hospital, not only relying on self-medication or herbal medicines for some illnesses.	3.64	HI
10.Elementary/secondary/college education of children.	3.60	HI
11.More/better recreational activities like travel, picnics, outings, parties, club affiliations.	3.84	HI
12.Hence, I can say that MSMEs under OTOP helps contribute to the improvement	3.37	MI

of the living standards or quality of life of the people of Ilocos Sur.		
Average	3.36	HI
C.Improved Technology		
1.The OTP program helped my business grow financially.	4.01	HI
2.I was able to improve on my business skills and technical know-how because of the OTOP assistance program.	4.04	HI
Average	4.02	HI
D. Improved Quality Products		
Adequacy of Products/Services		
1.Products/Services are available when needed.	4.06	HI
2.Products/Services at the shelf/service providers meet the daily demands of customers.	4.19	HI
Average	4.13	HI
Appropriateness		
1.The quality of the product/service fits the desire of the customers	4.23	VHI
2.The uses of the product /service respond to the needs of the customers	4.30	VHI
3.The price of product/service is within the reach of customers	4.21	VHI
Average	4.25	VHI
Timeliness of the Product/Service		
1. The delivery of the product/Service is always on time	4.30	VHI
2. Delays,errors and wastages are at a minimal level.	4.19	HI
Average	4.25	VHI
Progressiveness		
1.Product/Service is constantly innovated to meet the changing needs of the customers.	4.31	VHI
Equity		
1.The product/service is environment friendly	4.46	VHI
2.There is a provision fro credit especially to customers who are deprived and underserved	4.23	VHI
Average	4.34	VHI
Continuity		
1.Inventory of products and service is enough for certain period of time	4.29	VHI
2.There are no delays of delivery of products and services due to lack of supply	4.14	HI
Average	4.21	VHI
Demeanor		
1.Employees are friendly and accommodating.	4.49	VHI
2.Employees are knowledgeable of the product/service they are selling.	4.52	VHI
Employees give full assistance to customers.	4.56	VHI
Average	4.53	VHI
Overall Average	4.15	HI

Legend:

Statistical Range	Descriptive
5.00 - 4.21	Very High Impact(VHI)
4.20 - 3.41	High Impact (HI)
3.40-2.61	Moderate Impact(MI)
2.60 - 1.81	Low Impact (LI)
1.81 -1.00	No Impact (NI)

On Employment

The impact of One Town One Product (OTOP) on employment indicates that people in the locality are given jobs with a mean of 4.26 followed by the item jobs were created for the family members which were both described as very high impact. The lowest means however were received by the items employees receive fair and just remuneration from the business and provisions of stable jobs for employees with means of 3.80. Result implies how SMEs create job opportunities for the local and for the family members where the products are manufactured.

This result affirms the result of the study conducted by (Musumali, 2016) whose result indicate that A total of 3,368 jobs were created out of which the largest number of 1,127 jobs were created in the agriculture sector and the least 194 were in trading. Majority of the jobs created 60 percent were unskilled and a partly 17 percent were skilled. A total of 2,021 (60 percent) of all skills categories were male and 1,347 were female due to skill restrictions of female on certain jobs. The government had instituted interventions in the sector to enhance job creation and reduce unemployment levels. This study has established that micro, small and medium scale enterprises created 3,368 jobs which was 76 percent of all jobs in Mansa.

Also, the result of the study of (Rujiprak & Limprasert, 2020) indicate that the more successful OTOP entrepreneurs the higher tendency to involve most or all of the community households in the enterprise. Residents are involved in collecting the raw materials, processing the materials, helping to craft these materials into products, and packaging and distributing completed products. Since profits are shared with group members, this helps to raise the incomes of the entire community.

On Quality of Life

On quality of life, it appeared as a result that More/better recreational activities like travel, picnics, outings, parties, club affiliations received the highest mean with 3.44 described as high impact while the lowest mean was received by the item Acquisition of lots with a mean of 2.91 described as low impact. The result implies that apart from meeting their immediate needs through their business producers are enjoying special activities like recreational privileges while property that requires a higher budget is not met. This could be attributed to the fact that their business is not all but gain but sustenance of human resources and quality of the product. Overall, for the quality of life it received a high impact.

On Improved Technology

This dimension on the other hand received an overall mean of 4.02 described as high impact. Contributing to this result, the item I was able to improve on my business skills and technical know-how because of the OTOP assistance program received the highest mean of 4.04 while the item The OTOP program helped my business grow financially has a mean of 4.01 described as high impact. The implies that improvement of technology happens through the assistance of the government agencies that are mandated to assist these SMSEs operation. Along this result, the study of (Rujiprak & Limprasert, 2020) found that OTOP entrepreneurs were constantly trying to learn new techniques and ways to improve while retaining the original appeal of their community-based products.

On Improved Quality

On improved quality products, Equity came highest with an average of 4.34 and under this the item the product/service is constantly innovated to meet the changing needs of the customers has a mean of 4.46 described as high impact while the item Employees give full assistance to customers under Demeanor receives a mean of 4.56. This result implies the continuous sustenance of the product to cater the demands of the consumers. As emphasized by (Petrella, 1996) ddeveloping great products is hard.

Few companies are highly successful more than half the time and this is a significant challenge for a product development team. Some of the characteristics that make product development challenging are trade-offs, dynamics, details, time pressure, and creation. Others include satisfaction of societal and individual needs, team diversity and team spirit.

Taken as a whole, the over all economic significance of One Town One Product (OTOP) in the province of Ilocos Sur is high. High impact were displayed on employment Improved Quality Products. These results elaborate the creation of employment and sustenance of the quality of the product despite limited training and membership in organizations. These findings are in consonance with the results obtained in the study of (Kraisanti, 2016) which indicate that a key factor behind the success of an OTOP product is the skill of the producer in systematic production and marketing of the product.

Table 3. Relationship between Profile and Economic Significance of OTOP

Profile	Economic Significance			
	Employment generated	Improved living conditions and quality of life	Improved technology	Improved quality of products
Age	0.072	0.053	-0.037	0.186*
Sex	-0.088	0.033	-0.008	-0.008
Educational Attainment	0.012	0.089	0.162*	0.114
Seminar	0.173*	0.036	0.089	0.108
Membership	0.181*	0.023	0.116	0.158*

*Significant at 0.05

As reflected in Table 3, there is positive association between the profile and aspects of economic contribution. Age is significantly related to the improved quality of products. This finding suggests that producers tend to pay more attention to product quality as they get older. Educational attainment is related to the improved technology. This indicates that producers with higher educational attainment are more proficient and productive in their use of technology. Seminar attended and membership in organization show relationship on the employment generated. This result means that the more seminars they attend and more membership in organization allows them to be more knowledgeable of the business and eventually creates more opportunity for them and for other people through provision of employment.

Conclusion and Recommendation

Most of the manufacturers are adult, female, most of them reached high school level, have attended one seminar only and affiliated to only one. Improved quality products registered to have the highest impact. Age, educational attainment, seminar and membership in an organization display bearing on economic impact. Assistance initiatives are not made available to every manufacturer.

Based from the results, it is recommended that the government may provide more assistance programs for these developers for them to generate more employment in the community to where the producers reside and income as well. Involved government agencies shall continue monitor their production to establish standard quality in their production.

Acknowledgement

Sincerest acknowledgement is extended to Dr. Gilbert R. Arce , the President of the college for his immense support to the faculty researchers. To Dr. Remely A. Sanidad Vice-President for Planning, Information, Research and Extension for continuously guiding the researchers. Lastly, to the respondents who were very cooperative during the data gathering.

References

- Avio, K. (2014). An Economic Analysis of the One Town One Product (OTOP) Philippines: The case of Buri Products in Quezon Province. Quezon: Undergraduate Thesis. Retrieved from <https://www.ukdr.uplb.edu.ph/etd-undergrad/2690>.
- Bughao, A. (2019). The Impact of One Town One Product on Business Environment in Selected Areas in Cavite. *Ascendens Asia Journal of Multidisciplinary*, 3(4), 24.
- Cervantes, F. (2021, January 5). One Town, one product' bill gets final House nod. p. 11. Retrieved from <https://www.pna.gov.ph/articles/1142619>.
- Council, N. R. (1993). *Sustainable Agriculture and the Environment in the Humid Tropics*. Washington, D.C.: The National Academic Press.
- Dreze, J., & Amartya, S. (1995). *India: Economic Development and Social Opportunity*. 1995: Press Delhi.
- Ellson, A., Romo, G., Traje, A., & Sarmiento, J. (2011). Analysis of One Town, One Product Model as a Tool for Poverty Alleviation in Sultan Kudarat, Philippines. *Research in Agriculture and Applied Economics*.
- Global, G. (2021). *Global Entrepreneurship Monitor*. London: Witchwood Production House.
- Halperin, S. (2022). *Development Theory*. England: Encyclopedia Britannica.
- Industry, D. o. (2022). OTOP Philippines One Town One Product. <https://www.dti.gov.ph/negosyo/otop-ph/>.
- Jaggi, S., & Babl, S. a. (2016). Women vs Men in Manufacturing in Manufacturing Sector. *International Journal of Management and Social Sciences*, 4. Retrieved from <https://dx.doi.org/10.21013/jmss.v3.n2>.
- Kotler, P., & Armstrong, G. (2012). *Principles of Marketing*. New Jersey: Pearson Prentic Hall.
- Kraisanti, K. &. (2016). Current demand and expectations of OTOP Production and Distribution on electronic market. *RMUTT Global Business and Economics Review*, 11(1), 31-42.
- Musumali, H. (2016). *The impact of micro, small and medium enterprises on job creation*. Munchen: GRIN Verlag. Retrieved from <https://www.grin.com/document/985729>.
- OECD. (2017). *SME's: Employment, Innovation and Growth*. Paris: The Washington Workshop.
- Parilla, E. (2013). Economic Promotion Through One Town One Product. *International Journal of Academic Research in Business and Social Sciences*, 3(7), 3. Retrieved from <http://dx.doi.org/10.6007/IJARBS/v3-i7/75>.

- Perkins, D. D., & Zimmerman, M. A. (1995, October). Empowerment Theory, research and application. . American Journal of Community Psychology, 23(5), 569.
- Petrella, R. (1996). Globalisation and Internalization: The Dynamics of the Emerging World Order. Routledge, London: R.Boyer and D. Drache (eds). States Against Machine.
- Rujiprak, V., & Limprasert. (2020, April-June). Social Impact of participating in OTOP Product development to improve product quality. ABAC Journal, 40(2), 74-87.
- Silinevica I, I. M. (2016). Research of the New Product Development Process. National Economy Research, 116.
- Ullman, D. (2009). The mechanical design process. New York: McGraw-Hill.
- Ulrich, K., & D., E. (2007). Product Design and Development. New York: McGraw Hill.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).