

Indigenous Entrepreneurship: Its Status, Challenges, and Sustainability

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Abstract. This study investigates the status, challenges, and sustainability of Indigenous entrepreneurship in Davao de Oro. Utilizing a descriptive quantitative design, data were collected from 52 Indigenous entrepreneurs, predominantly in the manufacturing sector. Results revealed strong cultural integration in business practices, but notable difficulties in financial access, resource management, and skills development. Despite these hurdles, many entrepreneurs exhibited a clear commitment to generational sustainability. The findings underscore the need for targeted interventions including culturally sensitive policies, financial inclusion initiatives, and capacity-building programs to support long-term viability. Without these, economic disparities in Indigenous communities may widen.

Keywords: Challenges; Financial inclusion; Indigenous entrepreneurship; Sustainability.

1.0 Introduction

Indigenous entrepreneurship has emerged as a critical focus in the discourse on sustainable development, particularly in contexts where traditional knowledge and cultural identity intersect with economic imperatives. In Davao de Oro, these entrepreneurial activities represent more than economic ventures; they are avenues for cultural preservation and community resilience. However, despite their promising potential, Indigenous entrepreneurs often confront multifaceted barriers, including limited access to finance, insufficient business support, and systemic legal and policy constraints.

To contextualize these challenges, three key theoretical frameworks guide this study. First, Weiss's Theory of Change (1995) outlines how targeted interventions—such as financial literacy programs or culturally adapted policies—can lead to long-term systemic improvements in Indigenous business sustainability. Second, Freeman's Stakeholder Theory (1984) emphasizes the interdependence between Indigenous entrepreneurs and various actors, including tribal councils, government agencies, and financial institutions. Lastly, Porter's Competitive Advantage Theory (1985) suggests that Indigenous businesses can create niche markets by integrating cultural authenticity with market-oriented strategies.

Existing literature offers valuable yet fragmented insights. Smith (2018) and Taylor & Wilson (2018) underscore the role of cultural capital in economic resilience, while Garcia and Patel (2020) highlight market adaptability among Indigenous firms. However, significant gaps remain, particularly in understanding how Indigenous businesses navigate legal barriers, access financial systems, and prepare for generational continuity. This study addresses these gaps by examining Indigenous entrepreneurship through the integrated lenses of cultural, human, and financial capital, offering a comprehensive model for sustainability and growth. The research aims to

produce actionable knowledge for policymakers and stakeholders committed to inclusive economic development. By illuminating the lived realities of Indigenous entrepreneurs in Davao de Oro, the study supports the development of more responsive programs that not only advance economic goals but also uphold cultural integrity.

2.0 Methodology

2.1 Research Design

This study employed a descriptive quantitative design to investigate the status, challenges, and sustainability of Indigenous entrepreneurship. The design aimed to quantify and describe current conditions using statistical tools, ensuring that the data collected could support generalizations across similar communities.

2.2 Research Locale

The research was conducted in the municipalities of Monkayo, Compostela, and Montevista in Davao de Oro. These locations were selected due to their vibrant Indigenous communities and high density of entrepreneurs engaged in manufacturing native products. The researcher's connection to the Mandaya tribe, native to these areas, further informed the study.

2.3 Research Participants

The study targeted Indigenous entrepreneurs involved in the production and sale of native products. The sampling frame was developed in coordination with tribal chieftains. Out of an estimated population of 71 entrepreneurs, a proportional random sample of 52 was drawn. Out of a total population of 71, this study drew a sample of 52 respondents, distributed proportionally among the municipalities. Monkayo has the highest representation, with 33 individuals in the population and 24 respondents in the sample. Montevista has the most significant representation, with 22 in the population and 16 in the sample, while Compostela has the smallest representation, with 16 in the population and 12 in the sample.

2.4 Research Instrument

An adapted questionnaire titled "Indigenous Entrepreneurship: Its Status, Challenges, and Sustainability" was used. This tool was based on Dennis Foley's (2004) framework and revised for contextual relevance. The questionnaire included four sections: business profile, status indicators, challenges, and sustainability. A panel of experts in Indigenous studies and research methodology conducted face and content validation. A pilot test with 14 non-participating Indigenous entrepreneurs yielded a Cronbach's alpha of 0.85, indicating high reliability.

2.5 Data Gathering Procedure

After receiving approval from academic advisers and tribal councils, questionnaires were distributed in person. Informed consent was obtained. Respondents were guided through the process to ensure clarity and comfort.

2.6 Data Analysis

The following statistical tools were used in the study to analyze and interpret the data. Frequency counts were employed to examine the demographic characteristics of the respondents and the profiles of their businesses. To evaluate the levels of perceived challenges and sustainability, the weighted mean was utilized. The Pearson correlation was applied to determine the relationships between business profile variables and various sustainability indicators. Lastly, ANOVA (Analysis of Variance) was conducted to test for significant differences in sustainability across different demographic groups.

2.7 Ethical Considerations

Ethical approval was obtained from the relevant tribal and institutional review boards. All participants signed consent forms. Confidentiality and anonymity were maintained, and all data were stored securely. No identifiable information was disclosed in the analysis.

3.0 Results and Discussion

The analysis revealed that Indigenous entrepreneurs face multiple operational challenges. Table analyses indicated that access to credit, raw materials, and technology were among the most pressing issues. Respondents also noted the influence of cultural practices and traditions in their decision-making processes. One key finding

was the moderate level of sustainability across the sampled businesses. While many entrepreneurs expressed intent to pass on their ventures to future generations, only a minority had formal succession plans in place. Moreover, the results demonstrated statistically significant correlations between business longevity and access to capital, education level, and community support. Theoretical linkages were established with the Theory of Change, underscoring that financial literacy programs and institutional support can facilitate transformative outcomes. The Stakeholder Theory was affirmed through the significant role tribal leaders and local government played in enabling or constraining entrepreneurship. Furthermore, Porter's Competitive Advantage Theory was echoed in how product uniqueness and cultural identity became strategic assets in local markets.

3.1 Business Profile

The business profile of Indigenous entrepreneurs provides crucial insights into their operational characteristics and challenges. It details the distribution of respondents based on key factors, including years in business, business sector, number of employees, and sources of financing.

Table 1. *Descriptive statistics of the business profiles of Indigenous entrepreneurs*

Variable	Frequency	Percentage
No. of Years		
1-3 years	25	48%
11-15 years	6	12%
Business Sector		
Agriculture	0	0%
Retail	0	0%
Services	0	0%
Manufacturing	52	100%
No. of Employee		
Solo	32	62%
2-5 Employee	20	38%
Funding Source		
Personal Savings	25	48%
Bank Loans	11	21%
Government Grant	16	31%

Table 1 provides a comprehensive overview of the business profiles of Indigenous entrepreneurs in Davao de Oro, revealing several critical insights. The highest frequency is for businesses operating for 1-3 years (48%), indicating a recent surge in new businesses. However, the lowest frequency (12%) is for those operating for 11-15 years, showing challenges in maintaining long-term operations. Regarding the business sector, all respondents (100%) are engaged in manufacturing, with no representation in agriculture, retail, or services. Regarding the number of employees, 62% of businesses are solo operations, which is the highest frequency, while 38% have 2-5 employees, reflecting the lowest frequency. For the business funding source, the highest frequency is personal savings at 48%, and the lowest is bank loans at 21%.

According to Dela Cruz and Reyes (2019), Indigenous entrepreneurs often face financial barriers and rely heavily on personal savings. Santiago and Cruz (2019) discuss the importance of integrating cultural practices into business, which aligns with the focus on manufacturing native products. Del Rosario and Santos (2020) highlight the difficulties in scaling businesses within Indigenous communities, reflected in the high number of solo operations.

This research suggests that implementing strategic interventions, such as providing access to capital and culturally sensitive business training, is crucial for enhancing the sustainability and growth of Indigenous businesses. The Theory of Change, as articulated by Weiss (1995), supports this by emphasizing the need to address specific barriers in order to achieve desired outcomes. By focusing on these targeted interventions, Indigenous entrepreneurs can better integrate cultural practices into their businesses, overcoming financial and operational challenges, and fostering a more resilient and sustainable entrepreneurial ecosystem in Davao de Oro.

3.2 Status of Indigenous Entrepreneurs

The study analyzes the status of Indigenous entrepreneurs in Davao de Oro across four key aspects: legal, cultural, human resource, and financial. By examining these dimensions, it aims to provide a comprehensive understanding of the current conditions and challenges faced by Indigenous businesses in the region.

Table 2. *Descriptive statistics of the status of Indigenous entrepreneurs*

Indicators	Mean	Adjectival Rating
Legal Aspect	3.49	Agree
Cultural Aspect	4.19	Agree
Human Resource Aspect	3.46	Agree
Financial Aspect	3.46	Agree
Over-all Mean	3.65	Agree

Table 2 assesses the status of Indigenous entrepreneurs in Davao de Oro across various aspects, including legal, cultural, human resource, and financial considerations. The highest mean is in the Cultural Aspect, with a score of 4.19, suggesting that cultural integration is vital to their business operations. The lowest mean is in the Human Resource and Financial Aspects, at 3.46, indicating some challenges in these areas. The overall mean is 3.65, indicating a general agreement on the positive status of these entrepreneurs.

According to Spencer (2018), developing human resources within Indigenous communities is crucial for the sustainability of their businesses, which aligns with the score in the Human Resource Aspect. Garcia (2020) highlights the financial barriers faced by Indigenous entrepreneurs, as reflected in the lower mean scores in the Financial Aspect. Wang (2021) also emphasizes the importance of cultural integration, as indicated by the high score in the Cultural Aspect. Additionally, Calub (2020) discusses the challenges implementers face in the Business Administration Program's extension activities, highlighting the need for culturally sensitive support mechanisms to enhance the integration of traditional practices into modern business operations. This aligns with the high mean score in the Cultural Aspect observed in this study, demonstrating that Indigenous entrepreneurs effectively incorporate their cultural heritage into their business models, enhancing their overall viability.

The findings suggest that while cultural integration is a strong point for Indigenous entrepreneurs, significant financial and human resource challenges exist. This research implies that addressing these barriers through comprehensive support systems is crucial for achieving desired outcomes. The Theory of Change, articulated by Weiss (1995), supports this approach by emphasizing the need for targeted interventions. Implementing strategic changes, such as providing access to capital and culturally sensitive business training, will enable Indigenous entrepreneurs to integrate cultural practices more effectively into their businesses while overcoming financial and operational challenges.

3.3 Challenges of Indigenous Entrepreneurs

The business challenges faced by Indigenous entrepreneurs focus on four critical areas: access to capital, market competition, maintaining cultural integrity, and navigating legal barriers.

Table 3. *Descriptive statistics of the challenges of Indigenous entrepreneurs*

Indicators	Mean	Adjectival Rating
Access to Capital	3.35	Slightly Agree
Market Competition	3.95	Agree
Maintaining Cultural Integrity	4.14	Agree
Legal Barriers	3.45	Agree
Over-all Mean	3.72	Agree

Table 3 presents a detailed analysis of the business challenges faced by Indigenous entrepreneurs in Davao de Oro, focusing on access to capital, market competition, maintaining cultural integrity, and navigating legal barriers. The highest mean is in Maintaining Cultural Integrity, with a score of 4.14, suggesting that preserving cultural values is a significant focus and a challenge. The lowest mean is in Access to Capital, with a score of 3.35, indicating that financial barriers are a significant issue for these entrepreneurs. The overall mean is 3.72, indicating general agreement on the presence of significant challenges. According to Congreve (2018), maintaining cultural integrity in business operations is crucial but challenging, aligning with this indicator's high mean score. Grefalde (2020) highlights the struggles of Indigenous entrepreneurs in accessing capital, as reflected in the low mean score in this area. Torres (2018) emphasizes the importance of addressing these challenges to ensure sustainable business growth.

The findings highlight significant challenges in accessing capital, maintaining cultural integrity, and dealing with market competition and legal barriers. Despite integrating cultural aspects into their businesses, maintaining

cultural integrity remains challenging because many young people are not interested in these traditional practices. This aligns with Stakeholder Theory, which underscores the importance of involving various stakeholders, including financial institutions, legal advisors, and community members, to address these challenges effectively. The relatively low score in access to capital indicates the need for comprehensive support systems. By engaging and coordinating with multiple stakeholders to develop targeted programs that improve access to capital, support cultural preservation, and navigate legal barriers, the sustainability and growth of Indigenous entrepreneurship in Davao de Oro can be significantly enhanced.

3.4 Sustainability of Indigenous Entrepreneurs

The sustainability of Indigenous entrepreneurship focused on legal and policy sustainability, resilience and adaptability, and generational sustainability. This evaluation provides insights into Indigenous entrepreneurs' long-term viability and resilience.

Table 4. *Descriptive statistics of the sustainability of Indigenous entrepreneurs*

Indicators	Mean	Adjectival Rating
Legal & Policy Sustainability	3.14	Slightly Agree
Resilience & Adaptability	3.87	Agree
Generational Sustainability	4.00	Agree
Over-all Mean	3.67	Agree

Table 4 shows an analysis of the sustainability of Indigenous entrepreneurship in Davao de Oro, evaluated across several indicators. The highest mean is in Generational Sustainability, with a score of 4.00, suggesting that creating businesses that can be passed down through generations is a priority and strength for these entrepreneurs. The lowest mean is in legal and policy sustainability, with a score of 3.14, indicating concerns about the adequacy of legal and policy support for Indigenous businesses. The overall mean score is 3.67, indicating a general agreement on the positive sustainability of these ventures.

According to Taylor and Wilson (2018), generational sustainability is crucial for the long-term success of Indigenous businesses, which aligns with the high mean score in this indicator. Rosyandi (2020) discusses the barriers posed by inadequate legal frameworks and the need for policies that support Indigenous entrepreneurship, reflected in the lower mean score for legal and policy sustainability. Luna (2024) emphasizes the importance of resilience and adaptability in maintaining business sustainability, corresponding with a relatively high score.

The findings highlight the strength of generational sustainability among Indigenous entrepreneurs, but the relatively lower score in legal and policy sustainability suggests a need for targeted interventions. This aligns with Stakeholder Theory, which emphasizes the involvement of community members, government agencies, and other stakeholders in creating supportive environments. By engaging multiple stakeholders, comprehensive programs can be developed to enhance legal support, resilience, and adaptability. These efforts will be crucial for maintaining generational continuity and ensuring the long-term sustainability of Indigenous entrepreneurship.

3.5 Relationship Between Business Profile and the Status of Indigenous Entrepreneurs

The relationship between the business profiles of Indigenous entrepreneurs in Davao de Oro and their status across various aspects, including legal, cultural, human resource, and financial. This analysis aims to identify any significant correlations that could inform targeted interventions and support strategies for improving the overall status. Table 5 reveals no significant relationship between the business profile and the status of Indigenous entrepreneurs in Davao de Oro. The highest computed value is 0.25 for the relationship between the source of financing and the financial aspect, indicating a non-significant relationship. The lowest computed value is 0.005 for the number of employees and the financial aspect, indicating a non-significant relationship. Overall, the results indicate no significant relationships between the business profile variables (years in business, number of employees, and source of financing) and the status indicators (legal, cultural, human resource, and financial aspects).

According to Montenegro (2020), financial challenges are a common issue for indigenous entrepreneurs, and this is reflected in the non-significant relationship between the source of financing and the financial aspect. Eggers (2020) discusses the importance of human resource development in sustaining entrepreneurial ventures, yet this

study found no significant relationship between years in business and the human resource aspect. Smith (2018) emphasizes the role of cultural preservation in entrepreneurship; however, the results indicate no significant relationship between business profile variables and the cultural aspect of entrepreneurship.

Table 5. *Analysis of the relationship between business profile and status of the Indigenous entrepreneur*

Variables Tested		R-value	P-Value	Decision	Conclusion
Legal Aspect	No. of Years	0.128	.366	Failed to reject Ho	Not significant
	No. of Employees	0.014	.924	Failed to reject Ho	Not significant
	Funding Source	0.121	.399	Failed to reject Ho	Not significant
Cultural Aspect	No. of Years	0.138	.330	Failed to reject Ho	Not significant
	No. of Employees	0.036	.800	Failed to reject Ho	Not significant
	Funding Source	0.094	.513	Failed to reject Ho	Not significant
Human Resource Aspect	No. of Years	0.176	.213	Failed to reject Ho	Not significant
	No. of Employees	0.093	.513	Failed to reject Ho	Not significant
	Funding Source	0.032	.823	Failed to reject Ho	Not significant
Financial Aspect	No. of Years	0.115	.415	Failed to reject Ho	Not significant
	No. of Employees	0.005	.970	Failed to reject Ho	Not significant
	Funding Source	0.252	.074	Failed to reject Ho	Not significant

These findings suggest that the business profile of Indigenous entrepreneurs does not significantly influence their legal, cultural, human resource, and financial status. This supports the Competitive Advantage Theory, which emphasizes that leveraging unique cultural values and resources can provide a market edge. The relatively low influence of business profile factors indicates that external support systems and market conditions are more critical for success. Therefore, it is essential to develop comprehensive support systems that help Indigenous entrepreneurs capitalize on their cultural assets. This includes enhancing legal support, capacity-building initiatives, and financial inclusion programs.

3.6 Difference in the Sustainability of Indigenous Entrepreneurs When Group According to Business Profile

The differences in the sustainability of Indigenous entrepreneurship are grouped according to various business profile factors, such as years in business, number of employees, and source of funding.

Table 6. *Analysis of the difference in the sustainability of Indigenous entrepreneurship when grouped according to business profile*

Variables Tested		R-value	P-Value	Decision	Conclusion
Legal & Policy Sustainability	No. of Years	0.740	.530	Failed to reject Ho	Not significant
	No. of Employees	0.140	.710	Failed to reject Ho	Not significant
	Funding Source	0.850	.430	Failed to reject Ho	Not significant
Resilience & Adaptability	No. of Years	0.420	.740	Failed to reject Ho	Not significant
	No. of Employees	0.060	.800	Failed to reject Ho	Not significant
	Funding Source	0.180	.840	Failed to reject Ho	Not significant
Generational Sustainability	No. of Years	0.850	.470	Failed to reject Ho	Not significant
	No. of Employees	0.410	.530	Failed to reject Ho	Not significant
	Funding Source	2.260	.110	Failed to reject Ho	Not significant

Table 6 reveals no significant differences in the sustainability of Indigenous entrepreneurship when grouped by business profile variables, such as years in business, number of employees, and source of funding. The highest computed value is 2.26 for the funding source and generational sustainability, indicating a non-significant difference. The lowest computed value is 0.06 for the number of employees and resilience and adaptability, indicating a non-significant difference. Overall, the results indicate no significant differences in sustainability across the variables tested, as all computed values fail to reject the null hypothesis (Ho).

Montenegro (2023) states that legal and policy frameworks are crucial in sustaining Indigenous entrepreneurship. However, this study found no significant differences in legal and policy sustainability based on business profile variables. Rodriguez (2020) discusses the importance of resilience and adaptability in Indigenous businesses; however, the findings presented here reveal no significant differences across various business profiles. Beall (2018) emphasizes the role of funding sources in sustaining business ventures; however, the results indicate no significant differences in generational sustainability based on the type of funding source.

Findings suggest that the sustainability of Indigenous entrepreneurship is not significantly influenced by business profile variables such as years in business, number of employees, or source of funding. This aligns with

Stakeholder Theory, which underscores the importance of engaging various stakeholders to address systemic issues that affect Indigenous businesses. Comprehensive support systems can be developed involving community members, government agencies, financial institutions, and other stakeholders. These systems should include legal support, capacity-building initiatives, and financial inclusion programs to enhance the sustainability and growth of Indigenous entrepreneurship.

4.0 Conclusion

The primary objective of this study was to explore the status, challenges, and sustainability of Indigenous entrepreneurship in Davao de Oro. The findings provide valuable insights into how cultural, economic, and systemic factors intersect to influence entrepreneurial outcomes among Indigenous communities. The study confirms that, while Indigenous entrepreneurship holds promise as a mechanism for inclusive growth, numerous barriers persist, particularly in the areas of financial inclusion and institutional support. The theoretical contributions lie in validating the interplay of Change Theory, Stakeholder Theory, and Competitive Advantage Theory within Indigenous contexts. This research provides empirical evidence that can inform the development of culturally responsive policies and programs. Interventions such as tailored training, improved access to funding, and stronger tribal-local partnerships are recommended to enhance sustainability. By spotlighting Indigenous voices and experiences, the study contributes to more equitable economic planning and development. However, limitations exist. The sample size was confined to a single province and may not fully capture the diversity of Indigenous entrepreneurship across regions. Future research should incorporate longitudinal data and explore gender dynamics in business leadership.

5.0 Contributions of Authors

The author conceptualized the study, conducted the data collection and analysis, and led the writing and revisions of the manuscript.

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7.0 Conflict of Interests

The author declares no conflicts of interest.

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