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# Grants vs. Economic Status: The Civil Society Organizations (CSOs) Experience

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**Abstract**
Utilizing the descriptive-comparative-correlational designs, this study gathered information on the profile of CSOs, officers, and members as well challenges encountered in implementing the grants received from sponsors. The study revealed that the characteristics of the respondents and the CSOs were diverse, which can be a vital factor in successfully running the CSOs' business enterprise. Some provisions in the CSOs' Constitutions and By-Laws were marginally applied, which posed major challenges for the organizations, such as the inability to recover availed grants within the required period. Some determinants of the business management capability had to do with the type or area expertise of the CSOs and profile. The CSOs economic status in terms of income was poor. Indicators of CSOs profitability such as type of organization, municipality, grants received, years of establishment, and the number of members were considered vital in the flourishing of the CSOs enterprise before and after implementing the grants. The degree of implementation and economic status before and after the grants highly influenced the financial management strategies of the CSOs. Lastly, the CSOs faced diverse challenges, which were considered vital factors that influence the business performance of the CSOs in Mountain Province.
**Keywords:** Business Management, Civil Society Organizations (CSOs), Economic Status, Grants

## Introduction

A nation's economy descends without the third sector or civil sector. It is so because the pillar of a well-functioning state comprises the public, private, and civil sectors (Vandyck, 2019). CSOs are charitable groups formed to help each other improve their financial condition (Akindele et al., 2017). They represent diverse ties and interests such as associations or organizations of women, farmers, livelihood, community-based, environmental and indigenous groups, faith-based, cooperatives, and the like (Asian Development Bank, 2013). When these CSOs have enhanced their economic status, Agenda 1 and 2 (poverty and hunger reduction) of the Sustainable Development Goals (SDGs) could be realized.

In the Philippines, the government sector provides grants to CSOs to use as capital in a business enterprise venture or entrepreneurship (DSWD-Memorandum Circular 22, 2019). Thus, the CSOs start and run their business enterprise maximizing the potentials of indigenous knowledge and raw materials in income generation. The components of these grants are partnership building, enterprise development, and monitoring and evaluation (M&E).

Implementing these grants is participatory between the government, private sector, and CSOs (Awa, 2017). Thus, each party has its respective obligations stipulated in their Agreement/Understanding. Such commitments are cascaded in the CSO's Constitution and By-Laws (CBL). The responsibility of CSOs is to manage the enterprise to include human resources, production, marketing, finance, and challenges (if there are). The government's return of investment from these grants is an improved economic status of the CSOs.

### *Grants Afforded to CSOs*

Grants are the lifeblood of CSOs from non-governmental and or private sponsors. These grants are assistance given to communities to maximize their local resources and develop projects to answer their needs. The data of grants worldwide shows that Afghanistan has a Sustainable Livelihood Program (SLP) for CSOs to start entrepreneurial ventures (Gray & Montgomery, 2013).

In the Philippines, numerous grants are given to CSOs through key national government agencies (NGAs) and government-owned and controlled corporations (GOCCs) for entrepreneurial endeavors. These grants to CSOs are preferred because it is considered more sustainable and has the chance of better financial rewards. An example of a grant is the Department of Labor and Employment (DOLE)- Integrated Livelihood Program (ILP) which aims to assist CSOs in starting, sustaining, and managing their business in the form of raw materials (e.g., equipment, tools, and jigs) (DOLE- Department Order No. 137, 2014).

The shared goal of these grants is to provide each community with a sustainable source of income through micro-enterprises or entrepreneurship. Like in Nepal, their micro-enterprises contribute to CSO members' socio-economic transformation (Bajracharya & Joshi, 2012). Thus, once the CSOs receive the grants, they assume these enterprises' business administration and management regardless of their background. Business administration runs the organization's people, time, and resources; thus, it requires understanding on entrepreneurship, human resource, marketing, finance, logistics, and the like. On the other hand, business management focuses on planning, organizing, leading, and analyzing business activities.

### *Economic Status of CSOs*

Poverty inflicts one country to another swiftly but departs slowly, starving millions of people living below the poverty line. After the global goals to end poverty and protect people and the planet was set by the United Nations (UN), 820 million people globally still lived in poverty (Egal, 2019). However, the United Nations Conference on Trade and Development (UNCTAD) (2018) reported that some member nations realize the global goals by assisting their CSOs through grants.

Economic status is the level classification of an individual based on their income. For example, in Nigeria, the income of people who belongs to the low class is below USD5760, of which 60% of the total population live below the poverty line (Githaiga et al., 2019). In the Philippines, based on the income cluster as of 2018 for a family of 5, poor individuals have less than P131,484.00 (USD2,630) annually and 16.6 % live below the poverty line (Philippine Statistics Authority, 2019). In the Cordillera Administrative Region (CAR), Mountain Province has the highest poverty incidence (17.2%) among the provinces as of 2018 (PSA-CAR, 2020). Such situation qualifies them to receive grants from the government through their CSO/s.

With the received grants from the government, it is hoped that the CSO's income will increase to surpass the poverty line.

For CSOs, Pomeroy et al (2017) found that grants awarded to fishing communities in the Philippines did not increase the beneficiaries' income. However, the Asian Development Bank (2013) presented that because of income opportunities for CSOs, the poverty incidence shrank in Mindanao, Bicol, Eastern Visayas, and the MIMAROPA Region.

***Challenges in the Implementation of Grants***

The Yamauchi, et al (2011) mentioned that some of the difficulties of grants in Japan are lack of sustainability of the fund and limited performance evaluation of CSOs to improve the economy. Likewise, CSOs in Southern Europe faced weak administration and management capabilities in finance-related aspects (De Weijer & Kilnes, 2012).

In the Philippines, grants are co-terminus with the administration; thus, priority projects are duplicated and fragmented (Rivera et al., 2013). As a result, CSO's repayment of seed capital funds is low (Acosta and Avalos, 2018), and no income increases (Lombardini, 2015). Furthermore, the grants for CSOs in the fishing communities focused on production without emphasizing the aspects of the value chain like financial, business management, and marketing (Pomeroy et al., 2017). In Mountain Province, some farmer's organizations' net losses were caused by inadequate familiarity with business administration. Also, they are still learning their business enterprise's marketing and financial aspects. In such case, the Asian Development Bank (2013b) stated that CSOs fail when finances are mishandled.

Many studies have been conducted on CSOs, their character, and public participation, but there is still a dearth of literature and empirical evidence in grants' business administration/management. The manner in which grants are allocated to CSOs is an entrepreneurial endeavor, so it is critical to verify if the goal, which is to provide a sustainable source of income, is being met.

Thus, this study determined the grants' level of implementation in the enterprise operations based on the terms and conditions in the Constitution and By-Laws (CBL). The level of economic status before and after implementation was also measured. Similarly, the significant difference in the level of implementation of grants when grouped by domains and CSOs profile were compared. Moreover, the correlation between implementation level and economic status before and after the grants were determined. Lastly, intervention program to address the challenges CSOs experience in the implementation of grants was proposed.

**Methodology**

The descriptive-comparative and correlational designs were used in the study. The survey questionnaire and guide questions were researcher-made based on the items lifted from the CSOs' Constitution and By-Laws. The 2018 Family Income and Expenditure Survey was used to determine the respondents' economic status (PSA, 2019). The research was conducted in the Western Mountain Province, Philippines, with 387 respondents from 26 accredited CSOs. They had received grant/s of at least P200,000.00 (USD4000) for business-related enterprise/s and had been operating for at least three years.

Frequency and percent statistics were used to describe the respondents' profiles. The degree of grant implementation on the terms and conditions stipulated in the CBL and the level of CSO economic standing before and after the grants used a four (4) point Likert scale which were calculated by mean scores, weighted means, and standard deviations. The F and T tests were used to compare the degree of implementation when the variables were grouped. The multiple analysis of variance test (MANOVA) was used to analyze the level of CSOs' economic status before and after the grants when grouped by identified variables.

Pearson r correlation was used to demonstrate a correlation between grant implementation and economic status before and after the grants. The replies were publicly coded to identify the issues faced by CSOs in managing grants provided to them. The study's key findings were considered when developing the proposed intervention program. All values in the Philippine peso used USD1= PhP50.00 conversion rate.

## Results and Discussions

### *Profile of CSOs, Officers, and Members*

Food processing was being ventured by 61% of the CSOs, followed by animal and fish production (31%) and handicraft (8%), as seen in Table 1. The type of enterprise shows that the CSOs are in an agricultural region. The grants received by CSOs are either cash or in-kind (e.g., machines, animals, and feeds). 69% of the CSOs received grants of ₱1.5 Million or below, while 31% received above ₱1.5M. The highest grants received by the CSOs are the coffee processing machines and handlooms. 77% were operating ten years or below. The CSOs who operated for 11 years or above (23%) can be attributed to the continuous grants awarded to them for accumulating their total assets.

The respondents' levels of education were diverse (Table 1), and only 25% had brief exposure to business-related courses, activities, and training. The guidelines on membership eligibility focused on the physical, mental, and emotional capacities to manage the enterprise. This suggests that education is not prioritized in selecting members.

***Table 1***

*Profile of CSOs*

| Profile Characteristics | Frequency | Percentage |
|---|---|---|
| **1. Civil Society Organization** | | |
| a. Type of CSO's enterprise **(N=26)** | | |
| a.1. Food Processing | 16 | 61 |
| a.2. Animal and Fish Production | 8 | 31 |
| a.3. Handicraft | 2 | 8 |
| Total | 26 | 100 |
| b. Grant/s received | | |
| b.1. Below ₱500,000.00 | 13 | 50 |
| b.2. ₱500,001.00-₱1.5 Million | 5 | 19 |
| b.3. Above ₱1.5 Million | 8 | 31 |
| Total | 26 | 100 |
| c. Years of establishment | | |
| c.1. Below 5 years | 12 | 46 |
| c.2. 6-10 years | 8 | 31 |
| c.3. Above 10 years | 6 | 23 |
| Total | 26 | 100 |
| **2.Officers and Members (N=387)** | | |
| a. Educational attainment | | |
| a.1. Elementary, high school and vocational undergraduate and graduate | | |
| a. Educational attainment | | |
| a.1. Elementary, high school, and vocational undergraduate and graduate | 212 | 55 |
| a.2. College undergraduate and graduate | 168 | 43 |
| a.3. Post baccalaureate | 7 | 2 |
| Total | 387 | 100 |

(Source: calculated by author)

***Level of Implementation of Grants on the Terms and Conditions in the CBL***

The overall implementation level of grants on the terms and conditions in the CBL is moderately implemented (Table 2). Specifically, the receipt of grants and fund utilization are moderately implemented. Notably, the CSOs utilized the grants within the prescribed timeline as stipulated in their CBL. This confirms the willingness of respondents to use the grants awarded to them for their business enterprises. Hence, agreement on future CSO grant utilization should be clearly stated in their CBL.

However, timely recovery of grants was slightly implemented. Only 10% recovered the grant, 60% had partial recoveries, while 30% did not recover any amount. Therefore, it appears that most CSOs incurred net losses to the grants awarded. The result is the same as Orbeta et al. (2020) study of CSOs in NCR, Region IV-B, VI, X, and XII: only 6.6% regained their grants, 57.2% partial, and 36.1% did not recover any amount. Also, in Ghana, women recipients of subsistence enterprises grants did not recover their grants because they had no gain (Fafchamps et al., 2014). The accounts manifest that the grant's aim which is economic stability, is still dawdling. Thus, recoup approaches tailored to suit the background of CSOs are necessary.

Regarding marketing, 55% of the products were not packaged and labeled. The respondents appear not to follow the requirements of the *Consumer Act of the Philippines,* which requires that products must be labeled accordingly. This implies that the respondents miss the benefits of packaging and labeling. Similarly, Parilla (2013); Cuyangoan (2019) revealed that microbusiness owners and women-farmer entrepreneurs do not practice marketing practices such as designing and packaging their products, which is a factor in their low sales. Product packaging is essential for CSOs because it creates brand recognition and is a key to the high product value. A *center for labeling and packaging* may assist the CSOs with their packaging materials, and their labels could be generated through a system.

Table 2
*Level of Implementation of Grants on the Terms and Conditions in the CBL*

| Domains | Mean | SD | Qualitative Description |
|---|---|---|---|
| 1. Receipt of Grants and Fund Utilization | 2.77 | .75 | Moderately Implemented |
| 2. Financial resources | 2.65 | .84 | Moderately Implemented |
| 3. Operation of the business enterprise | 2.64 | .87 | Moderately Implemented |
| 1. Marketing of the enterprise: packaged, labeled, priced, and promoted the products and coordinated a distribution channel where the products are sold virtually or in stores. | 3.10 | 0.82 | Moderately Implemented |
| 2. Organized a logistics management committee to look into the flow of raw materials, suppliers and customers. | 2.72 | 0.86 | Moderately Implemented |
| 3. The officers and members underwent training on organizational management (e.g., planning, organizing, and leading) and financial management. | 2.47 | 0.82 | Slightly Implemented |
| 4. The officers and members are doing their social responsibility. | 2.48 | 0.91 | Slightly Implemented |
| 5. Imposed fines, sanctions, and disciplinary actions. | 2.58 | 1.00 | Moderately Implemented |
| 4. Incentive and Profit-Sharing Scheme | 2.63 | .89 | Moderately Implemented |

(Source: calculated by author)

The respondents set their product's price based on their competitors even when the production costs are high. Since the respondents' grants are the same and their products are similar, they appear to compete not only with each other's prices but also with the lower prices of well-known companies. As a result, their sales are low. In Afghanistan, Gray and Montgomery (2013) found that CSOs fail because the pricing was not considered seriously. On that account, when CSOs focus on improving the quality and value of their products, it allows them to use different pricing strategies (e.g., value-based pricing).

CSO's promotional strategies are social media, personal selling, text messaging, and sales promotion. Customers also change with the digital age, driving firms to shift from traditional marketing to digital marketing. The study revealed that only 10% of the CSOs use social media to promote. Hence, the CSOs may have missed the edge of promoting on social media, given that 54% of consumer buying decisions are influenced by social media (Lovett & Staelin, 2016). In a study of online marketing strategies for increasing sales revenues of small retail businesses, respondents said that in using social media to advertise, their sales increased by 25% (Lockett, 2018). Therewith, to attract customers from broad market segments, CSOs' strategic promotion mix must be bolstered through e-commerce. A platform in which CSOs can sell their products directly to customers with the interplay of e-payment and express delivery channels.

Direct channels (door-to-door, marketing centers) (60%), stores (30%), and the internet (10%) are the respondents' distribution channels. The data show that their distribution system has yet to be established. This system is critical for the CSOs' products because the number of sales depends on it. Likewise, a strong distribution channel enables better access to global markets and a broader market for their product. Then, when a centralized distribution channel is established, the CSOs will produce to cater to their market share, not produce, and then look for a market share.

Only 31% of the CSOs had a logistics management committee responsible for raw materials, suppliers, and customers. Thus, there are instances when CSOs stop production when there are no raw materials. With this situation, it may suggest that inventory stability is not ascertained. The CSOs should understand that when their products are not conveniently accessible by customers when they need them, they seek substitute products. Singh (2016); Kanagavalli and Azeez (2019) highlight that when there is functional logistics management, the CSOs inventory of products is maintained. Wherefore, with inclusive logistics management by the CSOs, the right products with the right price are delivered at the exact place and right profit.

Training on business management (e.g., planning and financial) were slightly implemented. Planning activities to craft operational plans looks to be less prioritized. It signifies that business operations are not based on a strategic operational plan. The situation is the same with the CSOs in Solomon Island where only a few conducts strategic planning (UNDP, 2015). Karel et al (2013) stressed that business enterprises with detailed strategic documents have 80% better performance than those without a plan. Strategic planning identifies the strengths, weaknesses, opportunities, and threats (SWOT) of CSOs' business operations. When CSOs recognize these SWOT, they capitalize on them for wise decision-making.

The respondents attended financial management training, but there is a limited investment and profit management training. As a result, 80% of their income was deposited in their account, earning the regular interest/dividend or cash on hand with no interest. It seems they are not maximizing opportunities to invest their income for better returns. Thus, when CSOs undergo product diversification sessions, they will learn to choose and manage their income. Diversification is venturing into a wide range of products to spread the risk.

The respondents slightly implemented their corporate social responsibility (CSR) to the community, such as donations in kind; however, 15% of the CSOs offered services by sharing their best practices in production with emerging organizations. This denotes that the respondents may be incognizant of the gains of giving back to the community as a marketing strategy. Kervyn et al., 2012 found that consumers patronize the products of firms that care for the community. Once the CSOs strengthen their CSR or presence in the community, it acts as an invisible hand in promoting their products.

It was noted that the CSOs have a strong incentive and profit-sharing schemes in their CBL as agreed by the members (Table 2). However, only 62% and 18% of the CSOs receive their profit share and monetary incentives. This signifies that profit share and incentives depend on the CSOs' income. Like so, Orbeta et al (2020) study shows that only 12% of CSOs in NCR, Region IV-B, VI, X, and XII, Philippines receives incentive. Profit share and incentives are crucial in every CSO because it is related to their productivity. Daniel (2019) found in their study that employees who receive incentives improve their productivity. Then, CSOs need to measure their productivity performance to gauge if objectives are being achieved.

***Comparison of the Level of Implementation of Grants when grouped by Domains and CSO's Profile***

The level of implementation, when grouped according to the four domains, differs significantly (F Value=3.71 and P Value=.005) as shown in Table 3. While they were all moderately implemented, financial resources, business operation, and incentive and profit-sharing were implemented with the same level, while receipt of grants had a much higher mean score.

Table 3
*Comparison of Grants Level of Implementation when Grouped by Domains and CSOs Profile*

| **Domains and Profiles** | **Mean** | **Descriptive Equivalent** | **F Value** | **Sig.** |
|---|---|---|---|---|
| **1. Domains** | | | | |
| Receipt of Grants and Fund Utilization | 2.77[a] | Moderately Implemented | 3.712 | .005 |
| Financial Resources | 2.65[b] | Moderately Implemented | | |
| Operation of the Business | 2.64[b] | Moderately Implemented | | |
| Incentive and Profit Sharing | 2.63[b] | Moderately Implemented | | |
| Overall | 2.67 | Moderately Implemented | | |
| **2. Profile of CSOs** | | | | |
| a.Type of Organization | | | | |
| Food Processing | 2.74[a] | Moderately Implemented | 8.047 | .0001 |
| Animal and Fish Production | 2.58[b] | Moderately Implemented | | |
| Handicraft | 2.43[b] | Slightly Implemented | | |
| c. Grants Received | | | | |
| Below ₱500,000.00 | 2.63 | Moderately Implemented | | |
| ₱500,001.00-₱1.5 Million | 2.65 | Moderately Implemented | 2.592 | .076 |
| Above ₱1.5 Million | 2.75 | Moderately Implemented | | |
| d. Years of Establishment | | | | |
| Below 5 Years | 2.68 | Moderately Implemented | | |
| 6 -10 years | 2.73 | Moderately Implemented | 1.983 | .139 |
| Above 10 years | 2.60 | Moderately Implemented | | |

(Source: calculated by author)

The results showed that the respondents readily complied with receiving and utilizing the grants at the onset of the implementation. However, during the business operation, the management skills required from the respondents were technical which caused some concerns. This suggests that the CSOs may not have yet been well-trained in business management at the onset of the business operations but still managed the enterprise. Similarly, Pomeroy et al (2017) found that CSOs did not have a significant income increase in the fishing community in the Philippines because they managed their grants even if they were not yet ready. As a result, the officers and members surfaced drawbacks to the CSOs enterprise operations. In a related study, Gray and Montgomery (2013) found that officers' lack of managerial and technical capacity is one of the reasons for CSO's failure in Afghanistan. Hence, CSO's upskilling program should be in place to continuously train the officers and members on technical skills.

As to the profile of CSOs on the level of implementation by the type of CSOs, there was a highly significant difference with F Value=8.047 and P Value=.000. This meant that the CSOs had different levels of implementation as statistically computed food processing (mean=2.74), animal and fish production (mean=2.58) and handicraft (mean=2.43). The data may be associated with CSOs' marketing centers, production equipment, and active members. Since CSOs' accountability is more difficult to transfer without the consent of grantors, their physical assets (such as buildings and equipment) appear to contribute to the continuity of operations. Additionally, CSOs with more active members tend to get higher ratings than those with fewer. Therefore, CSOs perform better when they have an equal opportunity to access resources and active members.

As regards the profile of CSOs on the level of implementation by grants received and years of establishment, statistical analysis showed no significant difference. This meant that the CSO's level of implementation was not dependent on the amount of grants received and the period of establishment.

***Level of the Economic Status of CSOs Before and After the Grants***

The formula for getting the net income is total sales less the total expenses; however, in the study, expenses (e.g., equipment and direct labor) were excluded in computing their income in food processing and handicraft. The computation shows that the CSOs' income was poor before (mean=1.04, SD=.20) and after (mean=1.04, SD=.20) implementation. The study found that 70% of the CSOs gained income while 30% had no income or incurred net losses. While the majority gained, the income is still poor when measured by the PSA's income class scale. Most CSOs in food processing and handicraft appeared to increase and sustain their income.

In Bangladesh and Uganda, grants for micro-entrepreneurship yielded positive results on income (Bandiera et al., 2013; Blattman et al., 2016). A similar study by Banerjee et al. (2015) from randomized control trials in 6 countries found that the beneficiaries' income improved after implementing interventions. However, in the study, assuming that it is the respondents' primary source of income, the majority are still below the poverty threshold for Filipinos in 2018, which was ₱10,727.00 (USD204.67) monthly because each member's annual income is ₱22,468.00 (USD428.69). Such result is the same as the study of Artajo et al. in 2019 and Orbeta et al. in 2020, where each member of CSOs for the DSWD-SLP has an average annual net income of ₱32,976.00 (USD629.18), and DOLE-DILP average income is ₱36,000.00 (USD686.88). Therefore, these grants should be treated as capital loans made by the grantors to CSOs that must be repaid in a specific timeframe. The CSOs should know that receiving grants means they and the donor are in partnership and should collaborate to increase income.

***Comparison of the Level of Economic Status Before and After Grants***

Results showed a significant difference in the economic status before and after the grants. Regarding the type of organization (P Values .007 and .016), handicraft indicates the highest mean rank than animal and fish production and food processing. The result could be attributed to their production strategy where the organization's looms are located at the respective homes of members to work and produce the goods individually but fulfill their responsibility (e.g., fees, fines, and profit share) to their CSO. On that account, this production strategy for future grants intended for business enterprises could be duplicated.

Moreover, the grants received above 1.5Million showed a higher mean rank (.000 and .000). This may imply that when CSOs are given higher capital, they yield higher income. When CSOs are granted higher capital, they can plan long-term investments. Artajo (2019) agreed that higher grants awarded to CSOs could produce higher-value products to gain a better income. For that, when CSOs are awarded with higher grants, they can increase their revenue.

Lastly, as to the years of establishment (P Values .023 and .008), CSOs operating for 6-10 years present a higher mean rank. This may suggest that with a long operation time, there was a long time to learn the business, which could be a factor in gaining income. FreshBooks (2021) explains that most small businesses take a 7-10-year mark to be profitable. Therefore, strategic plans for CSOs are a key component of long-term profitability planning.

***Correlation between the Level of Implementation and Economic Status Before and After the Grants***

The computed p values ranged from .005 to .001 indicating high correlations before and after the implementation of the grants for CSOs. The statistical result confirms that the level of implementation of CSOs had a significant effect or influence on the economic status of officers and members. It seems that since the CSOs are not well-versed with business management at the onset of operations, the result is reflected in their poor profit. In the study of Orbeta et al (2020) on the impacts of grants on beneficiaries, they found that it was statistically significant, but the effect was small on dividend income. Likewise, Pandey (2019) investigated the impact of cash management practices on the profitability of small and medium manufacturing businesses in Kirtipur Municipality and found that cash management practices help business owners improve their profitability. In such manner, the business capability system of CSOs needs to be reinforced. Such system will focus on the competency enhancement of CSOs to increase their profitability.

***Challenges Encountered During the Grants Implementation***

Under receipt of grants and fund utilization, some fund utilization transactions were not presented to the members during meetings (25%) which created other challenges such as misunderstanding between and/among officers and members, which led to the demotivation of members to participate in the projects.

On financial resources, timely recouping of grants, and lack of financial management skills are concerns of CSOs (21%). In Ghana and Nigeria, studies reported that the financial management of their CSOs officers was satisfactory, some CSOs' funds were corruption, and there were weak capacities to manage funds (Elongue, 2021; Vandyck, 2019; Akindele, 2017).

Under the operation of the business enterprise, their training and education in business management seem to limit them in effectively managing the enterprise’s finances and the members (22%). Also, about 21% indicated that some officers of CSOs lack business-related skills to develop business opportunities, limiting their productivity (Pomeroy et al., 2017). Likewise, the officers are challenged to manage inactive, dropped, or uncooperative members of the organization’s activities such as meetings, payment of fees, and the like. Similarly, Acosta and Avalos (2018) found high dropout rates in DSWD-SLP. Also, in Nepal, dropout seems to increase in their micro-enterprises program grants to do business (Bajracharya and Joshi, 2012).

On marketing challenges, the respondents were faced with limited distribution channels for the products (25%), lack of product innovation (26%), and low profit (27%). These findings were similar to Orbeta et al (2020); Pomeroy et al (2017) study, where problems met by CSOs in the Philippines were low sales and profit.

On incentive and profit-sharing schemes, the respondents' low income causes a low share of profit (26%) and a lack of incentives (26%).

**Conclusions and Recommendations**

The characteristics of the respondents' profiles are diverse, which can be a vital factor in successfully running the CSOs' business enterprises. Some provisions in the CSOs' Constitutions and By-Laws, which to some extent are marginally applied, can pose major challenges for the organizations, such as the inability to recover availed grants within the required period in the form of savings, organizational and financial management training and profit-sharing. Some determinants of the business management capability have to do with the type or area of expertise of the CSOs and profile; thus, these things should be considered. The CSOs economic status in terms of income is poor, which also relates to the members' economic status. Indicators of CSOs profitability such as type of organization, municipality, grants received, and years of establishment are considered vital in the flourishing of the CSOs enterprise before and after the implementation of the grants. The degree of implementation and economic status before and after the grants highly influence the financial management strategies of the CSO. Equally, the CSOs face diverse challenges, which are vital factors influencing their business performance.

Numerous grants have been given over the years to CSOs and research projects with an emphasis on their character and public involvement but limited on how these grants purposely for business endeavors are managed. Hence, the study focused on the business management of these grants. The results demonstrate how vital business management is in implementing CSOs grants. The foundation of business success concentrates on making outcomes and performance from the same people, activities, and capital. Thus, for the CSOs' businesses to succeed, their human resources, operations, finance, and marketing should be strengthened. In the same line, when grants are redesigned to treat CSO officers and members as entrepreneurs who start to manage and assume the risk of a business, not as recipients who need grants, they co-own the business. As co-owners, they assume the accountability for these grants, which primarily aimed to gain income. Failure to gain this income retains the poor economic status of CSOs even with continuous grants.

With the findings, policymakers may consider a system that assists CSOs craft a strategic and operational plan to provide a roadmap for all activities. Conducting capacity-building activities on business management (e.g., human resources, operations, finance, and marketing). Likewise, steering quarterly performance audits, monitoring, and evaluating the officers and members. Meanwhile, the grant's external partners/sponsors or donors can: (a) forge an understanding with partner agencies such as the academe, LGU, business industries, etc. For example, the academe can adopt CSOs; the LGU may form a committee in charge of CSOs operations, market channels, and promotions of products, while the business industry can support CSOs products. The study's scope, which was limited to one province, is one of its limitations. More research should be done across the entire region to compare results for policy-making. Additionally, the study's framework used the CSOs constitution and by-laws; however, future research may consider additional business aspects such as product development, innovation, and diversification of their products.

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