



ILOCANO FAMILISM IN THE CHICHACORN INDUSTRY IN PAOAY, ILOCOS NORTE, PHILIPPINES

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ABSTRACT

Families play a crucial role in economic development. The Chinese Family Businesses (CFBs) have been the most important engine of growth in the Greater China Region and Southeast Asia including Singapore, Taiwan and Hong Kong. The concept of familism greatly contributed to the success of the CFBs. In the Philippines, having analyzed that a great majority of the businesses in the country are small family-based enterprises, they may be viable endeavors contributing to economic development. Ilocos Norte is known for its chichacorn industry composed of family-based micro and small enterprises. Chichacorn has become a popular agri-tourism product bought as healthy snacks among the residents, tourists and travelers. The boom of tourism in the province led to the growth of the industry. In order to enable the continuity of these family businesses, it is important to understand the Ilocano family business, to identify the personal traits and cultural values of the Ilocano as entrepreneurs and determine their strengths and weaknesses. The research design used a qualitative approach to search for meaning – the beginnings of the chichacorn industry, traits and cultural values of the Ilocano entrepreneurs and their strengths and weaknesses that contribute to the sustainability of these family businesses. The entire process is inductive, exploratory and descriptive. The qualitative approach used a case study strategy. Seven chichacorn producers in Paoay, Ilocos Norte, Philippines were selected since they were started by family members, managed and controlled by at least one of them, and have operated for at least 5 years which implies a healthy organization. Interview and observation guides were used. After the interviews were completed, they were transcribed and then forwarded to the respondents for review and approval. It was found out that the chichacorn industry in Paoay, Ilocos Norte is composed of eight family businesses who are relatives up to the third degree of consanguinity. It was started by a woman selling boiled corn kernels who further processed the unsold, instead of throwing it to waste. It was also found out that the chichacorn producers are industrious and hardworking, innovative and resourceful, thrifty, good managers, and have foresight. The cultural values helpful in the pursuit of business success are: family orientedness and close family ties, humility and simplicity, frugality, loyalty and dedication, and courage. They also believe that “luck” is an important ingredient. The characteristics of the chichacorn enterprises are: family dominance, family orientation, paternalism, kinship and nepotism. The key strengths are: element of trust; moral responsibility; relationship orientation; and business acumen. The weaknesses are: lack of operating and management system; lack of formal planning; unclear structure; boss-centered leadership style; and lack of the use of professionals and formal training. The Ilocano family has the necessary traits to become successful in business. These are backed up with the richness of the Ilocano culture. However, in order to survive competition and become sustainable, it has to transform as a family-oriented business into a professionally managed organization.

Keywords: Familism, family-based business, cultural values, personal traits, chichacorn enterprises

INTRODUCTION

Families, which are seen as income pooling units, play a crucial role in an economic system (Wallerstein, et al., 1982). Individuals enjoy income that accrues to their households, a unit embedded in a network of different social relationships among people, kin or not kin, living under the same roof and sharing some important living functions. The “amoral familism” concept theorized that members of the family behave according to an ethos that push it to “maximize material and non-material advantage to the nuclear family and to suppose that everyone behaves in the same way” (Edward Banfield, (1958) as cited by Stame, 2006.

The family contributes to business success horizontally, by the collaboration of people in the same generation, and vertically, by socializing people in a family tradition. The family provides cultural, financial and working aids to the business. Cultural aid is what supports the decision to get into business as well as helps overcome the difficulties. Financial aid is what contributes to investments or to the contemporary need for cash: a loan without interest, a piece of land, a building or a material resource. Working aid is what supports the organization of a firm,

the day to day activities, all of the forms of collaboration in the management of the business, either in the division of tasks that are on the same level divided among the kins.

Families with different cultures and level of income can, at the same time, support the entrepreneurial activity of some of the kins, offering one or more types of aids. The familism concept of this new entrepreneurship has a democratic outlook towards access to business and as for business management. Many businesses are run by a core nucleus of relatives belonging to the same generation, who pooled together various resources.

The East Asian miracles of Korea, Taiwan, Singapore and Hong Kong in the 70s and 80s coupled with the meteoric rise of China's economy are greatly attributed by family businesses. In the Philippines, including Region 1, majority of the businesses are micro, small and medium enterprises (MSMEs) which are normally family-based. For these reasons, it is possible to look at the family-based MSMEs as embryo of new democratic movement toward economic development.

Ilocos Norte is famous for its crispy delicious snack food, chichacorn, which is made from a locally produced agricultural crop, white glutinous corn. It has become one of the most preferred agri-tourism products popularly bought as pasalubong by local and foreign tourists. The boom of tourism in the province opened a lot of opportunities for the chichacorn industry.

The chichacorn industry in Ilocos Norte is composed of family-based enterprises owned and operated by people related by consanguinity, affinity and co-residence. They provide labor, capital and other resources in support to their businesses. However, they are faced with risks and challenges of competition which is complicated by globalization and trade liberalization. The market is continuously flooded with more, better and cheaper products from both local and foreign suppliers. Production is constrained by lack of adequate supply and soaring prices of inputs and financial limitations. Marketing is affected by strict market and taxation laws and regulations.

However, despite the growing difficulties of the industry, as the Chinese who are known for their business acumen, it is also possible for the local chichacorn enterprises to grow and become sustainable, should the concept of familism among them be strengthened. Hence, this study.

OBJECTIVES

This study sought to document the origin of the chichacorn industry in Paoay, Ilocos Norte and to determine their strengths and weaknesses as basis in proposing familism strategies and developing a model to ensure the sustainability of these family-based enterprises.

Specifically, the study aimed to:

1. Trace the origin of the chichacorn industry in Paoay, Ilocos Norte;
2. Determine the distinct characteristics of the chichacorn businesses as family-based enterprises;
3. Identify the personal traits and cultural values of the chichacorn producers related to the conduct of their businesses;
4. Analyze the strengths and weaknesses of the chichacorn industry; and
5. Propose familism strategies to ensure continuity and sustainability of the chichacorn family enterprises; and
6. Develop a model for the sustainability of the chichacorn industry in Paoay, Ilocos Norte.

REVIEW OF LITERATURE

The Family as an Economic Unit

Anthropologists have often supposed that the family in a traditional society forms the primary economic unit. However, this economic role has gradually diminished in modern times, and in societies, like the United States, it has become much smaller – except in certain sectors such as agriculture and in a few upper class families. In China, the family as an economic unit still plays a strong role in the countryside. However, the relations between the economic role of the family, its socio-economic mode of production and cultural values remain highly complex.

In the Philippines, the family is likewise viewed as an economic unit considering its agricultural nature. During the earlier times, children are reared for economic reasons. The more children the family has, the more helpers in the field to help in the plowing, planting and harvesting of agricultural crops. This is the reason why many Filipinos believe that the more children the family has, the richer it is, for the children are considered the source of their economic growth and development.

Today, this view still remains and the family plays more and more economic roles. It has an indirect role, as in wealth distribution and in consumption and a direct role in the economy as seen in family-based enterprises.

Family Business Enterprise

In Italy, as in many European countries, the large majority of businesses are SMEs which normally means family businesses. Most jobs are being created in SMEs which therefore, became the target of many social programs aiming at self-employment, enterprise creation, or supporting existing businesses (Nicoletta Stame, 2006).

In the Philippines, SMEs account for almost 99 percent of the total enterprises (DTI, 2005). Based from the figures culled from the Bureau of Small and Medium Business Development (BSMBD, 2005) the food processing group generated the most number of jobs, contributing 25.07 percent. This is followed by wearing apparel with 21.53 percent, fabricated metal products with 4.62 percent; furniture, 3.60 percent and wood products, 2.80 percent.

In the chichacorn industry, the family businesses are micro to small enterprises in size, employing primarily the members of their families, secondly the relatives, and also the relatives of the latter.

Stame (2006) however, mentioned that the family nature of the SMEs causes weaknesses and is an indicator of immaturity, yet it could be considered as an effective potential of development, notwithstanding the fact that actual productivity levels are lower compared to large firms.

Family strategies could be best applied in economic activities. Within the family is a social bond that evolves according to strategies conditioned by what resources are available. The element of trust is placed highly in the family. Yet, the analysis should be neither an abstract concept (familism) nor an institution (the family, with its boundaries and internal rules) but the strategies of cooperation among the people who belong to it and who in this way define the environment of its activity.

Relating small business and family requires an understanding that first, there is a core nucleus composed of kin or those people who are related by kin not necessarily all the members of a nuclear family. Second, the family facilitates self-financing. Banks do not lend money to those who can not offer warranty. Therefore, the family network feels the duty of giving those who decide to start a business. Third, the family contributes to work.

Ilocano Traits

Thriftiness could be a term to describe what Ilocanos are widely known for. This reflection on the “Ilocano soul” is so said because Ilocanos are both thrifty in themselves and more thrifty than the other groups of people in the Philippines. The most conspicuous and most reasonable motive behind being thrifty is concern for the future - the trait reflected is foresight. One works for a peso to spend and a peso to save. Aside from industriousness, good management is already manifested, insofar as saving is an effort to forestall difficulties that might arise in the future in account of lack of money or even sheer want. Reserving funds for the future can show how prosperity is connoted by “thrifty” – prosperity arises from the availability of funds (already possessed) and from the fructification of this potential (to be possessed).

In the light of this relationship, foresight and wise conservation are a bit elusive to distinguish from each other. So are wise conservation and thriftiness. All these are but versions of the universal desire for progress; for the improvement of one’s lot.

Another trait of the Ilocano is courage or the moral fiber and its strength. At times, Ilocanos are laughed at by other people for being thrifty. On account of the Ilocanos’ thriftiness, they are sometimes criticized as “kuripot” or tightward – a queer mentality with regard to money.

As mentioned by Emilio L. Alvarez, the Ilocano’s attitude towards life, his industry, thrift and fortitude, his cheerful resignation to drudgery and his aptitude to survive, are traits which have been responsible for the well known stability of their homes, particularly in the province of Ilocos Norte which is very rarely if ever disturbed by any acute economic disruption and helplessness.

Cultural values

The Ilocano believes that the universe is a creation of God. Because of this, he does not believe in the “bahala na” philosophy in life. He categorically says “No awan ti anus, awan lamot” (he who does not have patience does not

have anything to eat). He believes that God helps those who help themselves and if you do your utmost best, God will do the rest.

Ilocanos are by nature religious. They have a rich cultural heritage as shown in the festivities in each town or municipality to honor their patron saints. During such occasions, traditional songs and dances are prepared and performed before the public. This provides an opportunity for the old culture to be revived and as such, the younger Ilocanos could learn of their past. In almost all of these events, there is a tradeshow where the Ilocano products are displayed and sold. Consequently, these visitors come to know of the products and hence, they go home happy bringing home “pasalubong” for their families.

Among the native products brought home by these visitors include farm products like the garlic, onion and vegetables preferably for “pinakbet”; non-farm products like ceramics, bamboo crafts, rattan products and wood crafts; and processed foods like the chichacorn, longaniza, bibingka, wine and vinegar.

Familism and the Chinese Family Businesses (CFBs)

Dr. Sheh Seow Wah’s paper on “Revitalizing The Family Business: The Chinese Experience” points out that the economic growth and development of East Asian economies were recorded as the fastest in history. Among the four Newly Industrialized Countries (NICs) of East Asia, Hong Kong, Singapore and Taiwan are countries predominantly occupied by the Chinese who are known as good businessmen that regard the concept of familism as contributing to their business success. The findings in this study corroborates that of Professor William Alexander and Jennifer Chiang. These two professors mentioned about the prevalence of the family business model among ethnic Chinese businesses that control an overwhelming share of the publicly-listed companies in Southeast Asia including Thailand (81%), Singapore (81%), Indonesia (73%), Malaysia (61%), and the Philippines (50%). Also, most of the largest conglomerates and small - medium enterprises in Hong Kong, Taiwan and Southeast Asia are all family businesses or the recently-termed “Chinese Family Businesses” (CFBs).

The Role of Family Members in the Chichacorn Business

Employment generation is one of the contributions of the industry to the family and to the community. It employs mostly members of the family. Other employees include close relatives as well as residents in the barangay, nearby places or far places. Based on the study conducted by the College of Business, Economics and Accountancy (2003) family members accounted for 60 percent of the total workers of the chichacorn-makers in Paoay. These perform not only managerial tasks but all the other functions in the production. These family members serve as promoters of their product. They are the ones sent for trade fairs and also transact with suppliers of plastic, flavors and attend meetings sponsored by the DTI, DOST and other agencies.

PROCEDURE/METHODOLOGY

The research design of the study is a qualitative multi-case study approach focusing primarily on the cases of seven chichacorn enterprises in Paoay, Ilocos Norte who met the following criteria: 1) started by family member(s) with ownership of more than 50 percent in the beginning; 2) managed by at least one member of the family having control over the management and decision-making of the company; 3) a healthy organization operating for at least five (5) years; and 4) willing to share information and to be taken as a case study.

The case study served as an empirical inquiry that investigates a contemporary phenomenon within its real-life context. The study utilized an interview and observation guide supplemented by a questionnaire. Secondary data were also utilized particularly from published success stories.

DISCUSSION / RESULTS

The origin of the Chichacorn Industry in Paoay, Ilocos Norte

Chichacorn production as an augmentation of agriculture. Corn is one of the major cash crops in the Ilocos Region including the province of Ilocos Norte. Around 90 percent of the farmers in the Region plant corn. The Provincial Agriculturist reported that for the cropping season from 1999 to 2004, an average of about 7,000 hectares were planted to both yellow and white corn with an average production of more than 8,000 metric tons per cropping season. Traditionally, the produce is largely sold to traders raw at a price that could nearly bring returns to breakeven. Figure 1 traces the development of Chichacorn as an augmentation of the corn industry.

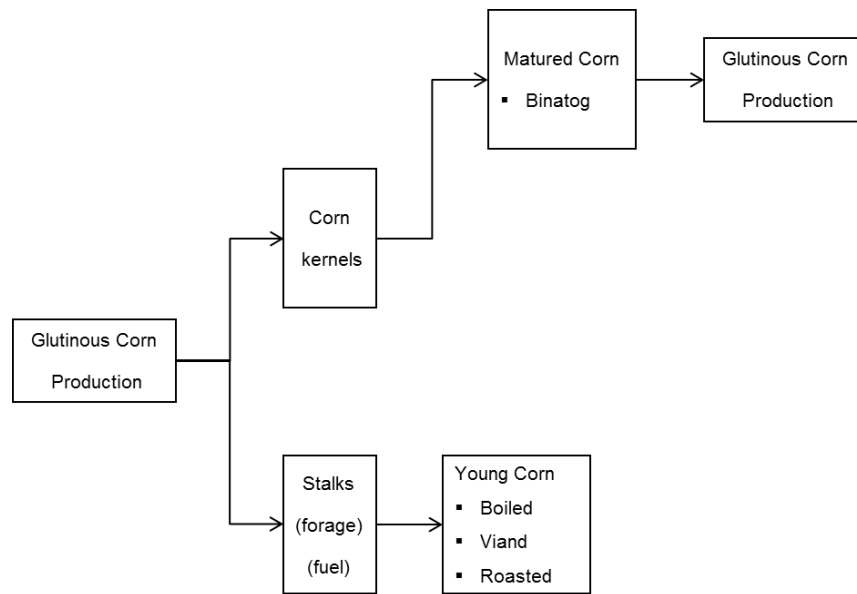


Figure 1. Development of Chichacorn

The early beginnings of the Chichacorn industry

Chichacorn-making in Ilocos Norte started in early '80s as an initiative of Ms. Tomasa Abrojena of Brgy. Salbang, Paoay, Ilocos Norte. Auntie Tomasa, as she was addressed by the chichacorn processors, a binatog seller for so many decades, sells binatog in various public markets in Ilocos Norte primarily in Batac and Paoay. Binatog is a boiled glutinous white corn kernel sold as indigenous nutritious snacks and ingredient for “halo-halo”, a perishable product which could last for one day. It is a fast selling commodity especially during summer wherein cold or iced products like the halo-halo are in demand.

However, Auntie Tomasa recalled that there was a time that for five consecutive days, she was not able to sell all her goods (binatog) which were fed to the pigs the next day. One day, while she was lamenting at her losses, an idea of preserving the wasted binatog ticked in her mind. Following the concept of fried rice, (kilabban nga inapoy, naibilag sa naiprito), she and one of her nieces dried the binatog under the sun and when fully dried, they fried it in deep boiling cooking oil until it became crunchy. After frying, she added salt and garlic to taste. She liked the aroma and the taste. To confirm it, she called her young nephews and nieces to have a taste test. “How the children liked the taste!”, recalled Aunt Tomasa. The fried binatog was more appealing because it popped, was more tasty, and the aroma is more inviting. Everybody enjoyed eating the crunchy, tasty fried corn which they named later as cornick and they craved for more.

The next day, Aunt Tomasa fried more cornick, packed them in small cellophane packs and brought some to the market. She intended to offer her binatog customers free cornick so they will buy more binatog. To arouse the interest of the other customers, she placed the cornick in small platters and offered free taste to her friends and customers. She solicited comments on the taste, appearance and packaging. Aunt Tomasa was surprised of the big orders of cornick the succeeding days. Cornick sold faster than the former binatog. This time, she made more cornick, not only from unsold binatog but from newly boiled corn.

Bigger orders kept coming in until Auntie Tomasa cannot meet the demand anymore. So, she encouraged her siblings to help her produce cornick. Inspired by the smooth steady sales, her four siblings learned the process and put up their own cornick businesses. Four children of the deceased brother Felipe also followed.

The growing popularity of cornick captured the interest of the Department of Trade and Industry (DTI), hence, they helped promote cornick through trade fairs and exhibits locally and abroad. They positioned cornick as an agrotourism product which can be proudly offered to travelers and tourists, local and foreign.

Also, the Local Government Units, through the Department of Agriculture encouraged the farmers and provided them technical support in the production of white glutinous corn. In so short a time, cornick had penetrated local,

national and foreign markets. The producers continually improved the quality and packaging. They had more variants like spicy, cheese, barbeque, sweet, sweet and spicy, and adobo in addition to the original garlic flavor. To give emphasis to the product improvements, cornik was renamed as chichacorn which indicates crunchy, healthy and delicious corn snacks (CBEA Journal, 2003).

At present, the chichacorn has become the banner product of Paoay, Ilocos Norte. DTI listed it as the municipality's major product under its One-Town-One-Product (OTOP) program (DTI, 2006). The processors were organized as the Paoay Chichacorn Producers Association (PCPA) carrying the brand name "Ilocos Mega Bawang Chichacorn".

The Chichacorn family-based enterprises and the role of the family members

The chichacorn industry in Paoay, Ilocos Norte is composed of 10 family-based enterprises. These are: Nana Rosa's Cornick, Fingerbits Chichacorn, Lutong Ilocos Chichacorn, Ilocos Food Products, Aling Presing's Chichacorn, Namnama's Food Products, Victor Angels' Food Products, VEA's Cornick, Lutong Paoay Chichacorn, Perlita's Cornick and JDs Cornick.

The chichacorn industry was started by Tomasa (Miss Paoay Cornick) the elder sister in the family, followed by her three (3) brothers – Ernesto (Nana Rosa's Cornick), Rodolfo (Fingerbits Chichacorn) and Bernardo (Lutong Ilocos Chichacorn) and her sister Presentacion (Aling Presing's Chichacorn). The eldest brother who died before the birth of the chichacorn has four children who ventured in the same business - Clemencia (Ilocos Food Products), Lolita (Namnama's Food Products), Angelina (Victor Angel's Food Products) and Orlyno (Lutong Paoay Chichacorn). Figure 2 shows the family tree of the chichacorn producers in Paoay, Ilocos Norte.

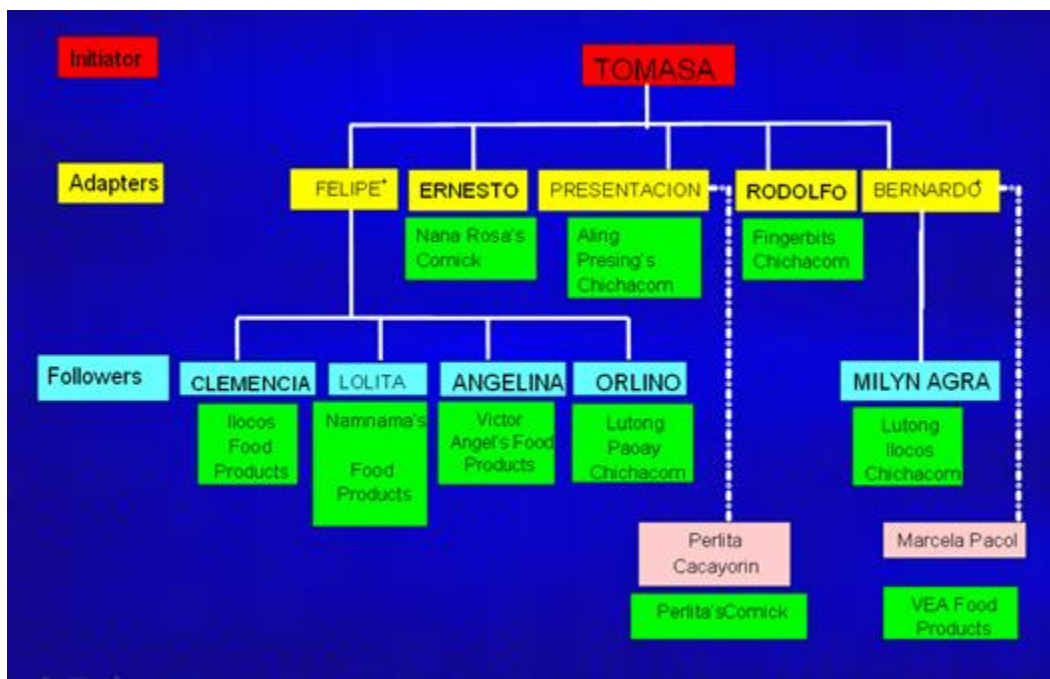


Figure 2. The Family Tree of the Chichacorn Producers in Paoay, Ilocos Norte

"Miss Paoay" is the original cornick producer in the municipality. It was owned and managed by the pioneer in cornick making, Ms. Tomasa Abrojena, an old maid, who claimed that she had not noticed the passing of time as she was too engrossed with her business then. She retired with her business, however, some of her production facilities are still used by one of her nieces. Being single, she helped her siblings rear their children, particularly Menchie, the daughter of Felipe and who is now the owner of Ilocos Food Products.

Nana Rosa's Cornick is named after Rosalina, the wife of Ernesto. They have four children: the two sons already have their respective businesses while the two daughters help manage the business. When their daughters finished their college degrees, one accounting major and another, an economist, they took over the management of the business and Rosalina and Ernesto became their consultant. Mercuria, takes care of the financial and marketing

aspects while the economist is responsible in the production and purchasing of inputs. Nana Rosa's employs around 15 relatives and non-relatives who help in the production aspects.

Fingerbits Chichacorn, on the other hand, was formerly registered as M.A. Cornick named after Marilou, the wife of Rodolfo. They have three daughters who are college graduates. The economist and the nurse are employed in Metro Manila, while the graduate in business is left in the province to help in the management of the business. Fingebits also employ 3 kins of Marilou who help in the production process.

Lutong Ilocos Chichacorn was registered in the name of the wife of Bernardo. When Bernardo and the younger daughter died, he was succeeded by Milyn, the other child, who is an accounting graduate. She had a high paying job in a prestigious bank in Manila then, however, she decided to come home to Paoay and manage their business. She is assisted by her husband who is responsible in the production process. Milyn takes charge of financial and marketing aspects. Both of them work full time in the business. They employed relatives and non-relatives who work with them on full-time.

Aling Presing's Chichacorn is managed by Mrs. Presentacion Abrojena Cacayorin. Her eldest son also constructed another production plant but carries the same brand. The second son helps in the business particularly in the production and in marketing. The third child, a nurse in London and the fourth, a seaman, provide additional capital for the business.

The third child of Felipe, Clemencia, a business graduate married to the late Domingo Padre from Ilocos Sur, owns the biggest chichacorn plant in Bantay, Ilocos Sur. She is assisted by her two daughters, a business graduate and business student. She also employs more than 100 workers working on full time and part time.

Namnama's Food Products, located in Brgy. Salbang, Paoay, Ilocos Norte is managed by Mrs. Lolita Abrojena Piamonte, daughter of Felipe. She and her husband were once the helpers of Aunt Tomasa. After earning some amount, they established their own production plant. They have three children, two graduated in college who are already working in Metro Manila and in London, respectively, and the youngest who got married, help in running the business.

Victor Angel's Food Products is owned and managed by Angelina A. Tagay, the youngest daughter of Felipe who is an accountant who works as a full time professor at MMSU. It was she and Aunt Tomasa who discovered the processing. When Aunt Tomasa could no longer do the rigorous process, she offered Angelina the use of her facilities. Being an accountant, she takes charge of the books and financial management of her siblings' businesses. She has a 9-year old son, who, despite his very young mind, is seen to have passion to help in the business. Angelina employs relatives to help in the production aspects.

Lutong Paoay Chichacorn is owned and managed by Orlino, the youngest son of Felipe. He enrolled in business course but decided to quit schooling and his own business as he was challenged by the huge profits of his siblings. He, too, employs relatives of his wife to help him in the business.

Attracted by the significantly increasing demand of cornick, other relatives followed. Perlita's Cornick was established in Brgy. 7 Surgui, Paoay, Ilocos Norte by a niece of Presentacion by affinity. VEA Food Products, located in Brgy. 8 San Agustin was established by a sister-in-law of Bernardo.

There are also other relatives by consanguinity, affinity and co-residence within the municipality who produce occasionally especially during the corn harvest season. However, they only process their corn produce and did not register their businesses. Others retired due to old age and some went abroad.

Distinct Characteristics of the Chichacorn Enterprises

In order to determine the strengths and weaknesses of the chichacorn industry as family-based enterprises, the study largely looked into the salient characteristics of these enterprises along the familism concept of doing business.

The study found out that the key characteristics of the chichacorn family enterprises are as follows:

Family dominated

Being owned and managed by family members is one of the main characteristics of the chichacorn enterprises. Business ownership is normally retained within the circle of family members which starts from the first generation. They see the business as something their children will ultimately inherit. Thus, it is normal that the chichacorn

enterprises are reluctant to allow “outsiders” (non-family members) to participate in the equity and senior management position of the business. Their children who have finished college, choose to work with their family enterprise, instead of seeking for employment. This is evident in the case of almost all of the enterprises.

Familism or family orientation

The chichacorn enterprises have strong family orientation. As a member of the family, the owner is more family-minded than social-minded. In many circumstances, the family interest is placed above self-interest. The emphasis of a family and the unceasing strive to glorify a family member have caused the owners to work diligently and to live frugally.

It was also found out that some of the chichacorn producers employ non-family members. However, they treat all their employees as if they are members of their family. Similarly, the workers also deal with their bosses as if they are their families.

As one family, the varied functions of the business are divided among the members. Usually, the father or eldest son plays the father figure who decides and makes major plans for the organization. The mother or elder daughter is in charge of the finances and also act as treasurer, cashier, controller, recorder and similar functions. The elder children help in the processing, selling and distribution of goods. The expanded families help where their services are needed.

What is most observed is the element of trust. Each of the members of the family employed in the business trusts one another, and even their employees. This is also manifested among the chichacorn makers lending one another money or other resources without any condition nor interest.

Paternalism

The chichacorn enterprises are dominated by the founder-entrepreneur who reigns as the patriarch over all aspects of the business. Decision making is centered on the patriarch, and leadership is directive and authoritative. The leadership style is described as “didactic” whereby the owner retains his power by rationing information and by assuming the role of a teacher.

Nepotism

This is partly the result of the overarching emphasis on family. The emphasis placed on the values of “familism” and moral obligations have spread its influence over the recruitment of family members and relatives into the organization. It is commonly observed that in the traditional family-managed organization, a high percentage of the employees are related to the business owner. There is a marked tendency for the founder of the family business to pass the business to the eldest son or daughter of the family once the head retires. This is commonly practiced by the chichacorn producers.

Character Traits of the Chichacorn Producers

It was found out that the chichacorn producers possessed traits which are helpful in the conduct of their businesses. These include the following:

Industry and hard work (*Kinagaget*)

The Ilocano is known in the world as an industrious and hardworking breed of people. The agricultural nature of the country makes it so where a lot of patience, hard work and industry are needed in order to survive the pangs of poverty and risks in farming. The process of producing chichacorn is lengthy and rigorous. Practically, it takes a week or more to process chichacorn. It takes a lot of hard work and sacrifice. Mary, the manager of Nana Rosa’s jokingly said “*Chichacorn processing is exhausting. I can not even attend to my beauty anymore*”.

Innovativeness and resourcefulness (*Maremedyo*)

Chichacorn is an innovation to conserve and to add value to the left-over *binatog*. Chichacorn production started from conservation of waste (left-over). The producers continuously seek ways and means to improve their product, by adding more flavors, and the process, by discovering new methods of producing better and cheaper chichacorn. In addition, they also processed other agricultural crops such as: banana chips, sweet potato chips, taro chips and peanut products.

Thrift (Kina-inut saan a kina-imut)

The mark of an Ilocano is his being “*kuripot*” (thrifty) but the chichacorn makers deny this claim. They are not “*kuripots*”, they are just frugal. They spend their hard-earned money wisely and maximally. This is one reason why they refuse to borrow money from the bank, instead, they ask from their relatives who could generously lend them without interest and payable when able.

In the interview, the respondents claimed that one must be frugal in order to save for the future. Hence, before spending, they prioritize on the more important necessities; they seldom spend on luxuries. They mentioned that one of the main causes of business failures is mismanagement of funds, hence, they must be good in it.

The chichacorn producers, before thinking of borrowing from outside source, use their personal savings first for the purchase of equipment, improvement of facilities, purchase of more raw materials and other forms of investments. As such, some describe them as “*segurista*” because they invest in what they think would surely bring in income.

Solidarity and cooperation (Kinatunos)

The extended family system in the country is good in a sense that there is unity, solidarity and cooperation among the members of the family. The welfare of the old and the young members are protected by the stronger adult members, usually the eldest sons (Fajardo, 1994). In the Ilocano home, every member of the family does something definite to help the affairs of the household smoothly.

The familism orientation of the chichacorn producers make them help one another especially in times of needs. For example, if one needs additional capital, a sibling or relative may provide without charging interest or with no conditions attached. What is good in the chichacorn producers is they are organized into an Association where they plan, strategize and price their products as one. Although they operate independently, in terms of processing, marketing, pricing and many other activities, they have general policies and standards to follow such as in the quality of the product, flavor used, packaging, pricing and even in distribution. They also observe ethics in business where one is expected to respect the other and would not sell in a territory of the other.

Foresight (Kinamanagsakbay)

Ilocanos care for the future. This is evident in big houses that they build for their children and children’s children. They work hard to prepare for the rainy days. They strive and are willing to sacrifice some conveniences in life just to send their children to school and prepare for their future.

The chichacorn producers exhibit the same value. In the interview, they mentioned that their ultimate dream is to build a house, enjoy a decent life seeing all their children succeed in their respective professions. The chichacorn producers are also good planners. From their experiences, they can foretell opportunities and trends in the future, say a good market, a stable price, demand, and many others, just from their own judgment or *oido*.

Cultural Values of the Chichacorn Producers

The following are the cultural values predominant to the chichacorn producers:

Close family ties (*Panagkikinnabagyan*)

Ilocanos are family oriented. This is evident in the big number of Ilocano households. A typical Ilocano household includes the spouses, their children, parents, brothers and sisters and other relatives of the spouses. In this study, it was found out that close family ties is predominant among the Paoay Chichacorn processors. This is implied by the fact that the chichacorn business started with just one sibling and later expanded to include other siblings and relatives. Their practice of helping one another financially, materially or otherwise, shows how they are closely united as one family.

Humility and simplicity (*Kinamanagpakumbaba*)

Ilocanos are humble and simple people. They are practical and value modesty and consider humility as a virtue. They get easily contented of what they have.

These are common among the chichacorn producers. “To be in business is humbling”, says Menchie, the owner of the Ilocos Food Products. “You need to address each one with utmost respect especially the customers. You must not argue with them but serve them with your best”.

“Simplicity is beauty”, as the old adage, Angie, the owner of Victor Angel’s said, “simple things, simple matters, simple life. Being simple will save you from unnecessary expenses, waste of time and efforts so you will save more.”

Frugality (Kinasalimetmet)

Frugality reflects economy in the use of resources. Ilocanos see the value of money and the need for it. The Ilocano had to work hard to acquire money for his needs, existential or otherwise. The chichacorn producers exhibit the same value as they tend not to waste resources, instead, they maximize every resource that they have. They opined that a penny saved today can save them tomorrow.

Loyalty and dedication (Kinapudno nga agserbi)

Ilocos is known for its great leaders. What makes them great is their tested loyalty and patronage to their cause, no matter what, through thick and thin. The chichacorn producers are committed to their businesses which require them to be loyal and dedicated to customers, suppliers and other stakeholders.

Courage (Kinatured)

Ilocanos are courageous people. They are known to be brave and would not easily surrender in any kind of fight. They see to it that they win in the battle. As such, they prepare themselves, possess the necessary skills and resources at all cost in order to win.

The chichacorn producers are positive thinkers. They are decided to stay in the business forever. They are threatened by factors in the environment that would adversely affect their business, however, they are willing to sacrifice a bit of their comfort just to get even. Only the dead would have no remedy “*Natay laeng ti awan remedyo na*” says Orlino when asked about the effects of increasing prices of cooking oil, wood and LPG and other raw materials.

Faith in God (Kinamakadios)

In the chichacorn industry, the initiator is herself a “woman of prayers”. She is often asked to lead prayers during wakes and in several occasions like when having the nine-night devotion before commemorating the death of a relative.

It was disclosed by most of them, that whenever they acquire a machinery or a facility for use in their business, they often request the priest or pastor to pray over it or request the Auntie to pray for it and that calls for a simple gathering. In addition, this requires them to prepare “offerings” to God in the altar. They believe that if they do so, God will bless them all the more.

Luck (kinagasat)

“Kapalaran” in Ilocano is good fortune brought about by the gods and lucky charms. Luck is through faith and fate. Ilocanos believe that luck is the ex-factor of success. No matter what you do if you are not lucky enough, everything will be useless.

In the chichacorn industry, they believe that the hill “*nuno sa punso*” that grew in the house of the initiator is their lucky charm. As the hill grows up, they believed their sales would increase. This belief was confirmed among old folks and “*espiritistas*” in the locality saying that inside the hill are dwarfs that give their luck. This also served as an attraction among the buyers. However, the hill was already destroyed by flood. The “*espiritistas*” made a way where the lucky charm still remains and their sales continues to increase.

STRENGTHS AND WEAKNESSES OF THE CHICHACORN PRODUCERS

Strengths

The key strengths of the family-based chichacorn enterprises are:

Element of trust (Panagtalek)

Familiness is the foundation of the Ilocano culture. The will of the family is always subordinate to anything, hence, if there is family harmony, each one would trust each other in the business. They are expected to perform their

respective roles honestly, committedly and truthfully. Family members are oriented to the goals of the business, hence, everybody is expected to move towards the attainment of such objective. Trust is crucial in attaining success.

Moral responsibility

The founder is usually the figurehead of the family business. He plays the guardian role and the provider for employees' welfare. As the "father" of the business, he has high moral obligation and responsibility towards the attainment of the objectives of the enterprise. The same moral responsibility is expected from the members of the family working for the business.

Relationship orientation

The familism orientation among the chichacorn enterprises requires that the father figure is more compassionate and personalized in dealing with people. As such, there is working relationship among the workers because they believe in the saying "Blood is thicker than water". The success of the business, therefore rests on the capability of the owner to assume the responsibilities of a father-figure in the organization.

Business acumen

In a study conducted by the CBEA (2007), the chichacorn producers in Paoay, Ilocos Norte have high personal entrepreneurial competencies. This could be explained by the fact that the present managers of the chichacorn enterprises are offsprings of the first generation of chichacorn producers. They have been immersed and trained in the business since childhood. Just like the Chinese, the familism orientation of the producers provides early training of the children in the business so that they will be able to continue the business when the parents retire.

Weaknesses

The marked weaknesses of the chichacorn enterprises are as follows:

Lack of operating and management system

It has been evident that the chichacorn enterprises as family-based businesses lack operating and management systems. There are no operating policies nor guidelines, no written job descriptions, no formal plans, and even most of them do not maintain appropriate internal control to safeguard finances, inventories and other assets. In the same manner, most of them lack the proper management system. Most rely on guts and "oido" (wisdom) in decision making. When the business has to grow bigger and more complex, the business will face a great difficulty in making the transition from family-based entrepreneurial control to professional management. This is a prerequisite for the business to survive beyond two or three generations (Sheh Seow Wah, 2007).

Unclear structure

The organization of labor among relatives gives rise to some peculiarities. Flexibility is the rule. Family members work when they are asked to and with no attention to time. Kin collaboration is different from other associations or employment. The entrepreneurial family work time and family time overlap. Gains are also shared not according to productivity but according to needs, even if it is not rare that a relative can get a salary.

As family based-enterprises, the chichacorn enterprises have unclear structure as to who does what functions. The father, being the figurehead is assumed to be the leader and the think-tank. The mother, usually stays behind as a follower, sometimes functions as the cashier, treasurer, promoter and public relations officer of the business while the children and other relatives become the seller, worker, janitor – and everything. However, most of the time, some tasks are not properly executed due to the ambiguity of roles and functions. This kind of orientation in the family business leads to confusion, overlapping of functions, family conflicts and ambiguous reporting relationships.

Lack of formal planning

Planning is the most basic function in a business organization. It must be done to determine what, why, how, who, when and who will do a certain activity. Most of the chichacorn producers accept that they do not pay attention to formal planning that much. Most often, they do things as they are needed. Hence, sometimes, they loss focus on the long-term goals and the objectives of the business. One entrepreneur disclosed that he trusts God so much to give clear directions for them. "Manangngaasi ni Apo Dios" (God is kind) and "Makaammo ni Apo Dios" (God knows and provides).

Another mentioned, “cross the bridge when you come to it”. This reflects the absence of formal planning that should specify the activities that need to be done in a systematic manner.

Boss-centered leadership style

The chichacorn enterprises are dominated by the founder-entrepreneurs who reign as the leader, the boss, and the manager. There is dominant father figurehead, authoritarian and power-centered. Decision-making is centered on the patriarch, and leadership is directive and authoritative. The patriarch often dominates the board room at the expense of the the other members or outsiders. This is further compounded by the innate distrust of non-family outsiders. As such, the business will be in chaos when the father-figure retires or dies.

Lack of use of professionals and formal training

From the interview conducted, most of the chichacorn producers disclosed that their business were born around the craftsman abilities of the family members particularly the figurehead. The informality of these businesses are most apparent in the management of human resources. They employ family members and relatives or friends even if they do not possess the necessary qualifications. They match the task to the person and not the person to the task in contrary to the doctrines of Personnel Management. As such, the business is limited to the capabilities and craft of the family members which is usually seen as an inhibitor for the business to grow and expand. Also, because of the informality, there is no clearly defined compensation plan, no objective and professional standards, no formal evaluation tools and many others.

Family Strategies to Sustain the Chichacorn Industry

Based from the analysis of the findings, the study proposed programs to sustain the chichacorn industry. In general, the chichacorn family-based enterprises need to undergo a transition from the practices of traditional management to the modern and professionally-managed organizations. The following strategies are proposed:

Along Business Characteristics and Structure

The entrepreneurs must adopt the following: moderate family orientation, strategic management, democratic leadership, use of professionals and business education.

The family dominance in the management of the business is an advantage, however, it should moderate the degree of application of family orientation in decision making. The owner must be open for suggestions and be flexible in managing opportunities and the use of its resources.

The family enterprises must likewise have a well-defined job design specifying the job descriptions and job specifications. An organizational chart shows who does what in the business and the flow of responsibility and communication.

The business must re-define its direction stating its vision, mission, goals and objectives. Strategic planning is an important tool for the organization to make the transition from the traditional to a more modern and professional management system. A strategy must be prepared, communicated, and modeled by the management. To ensure compliance and cooperation of the workers and employees, an effective reward system must be developed even if they are relatives.

In order to facilitate the transformational process, the entrepreneur needs to change the leadership style from autocratic to a democratic style, and from centralization to higher delegation of power.

The entrepreneurs must invite or attract experts and professionals to join the family business. In recruiting, they must select the best applicants, those that best fit the culture of the enterprise. Management must also be strongly committed to training and development to ensure employee performance.

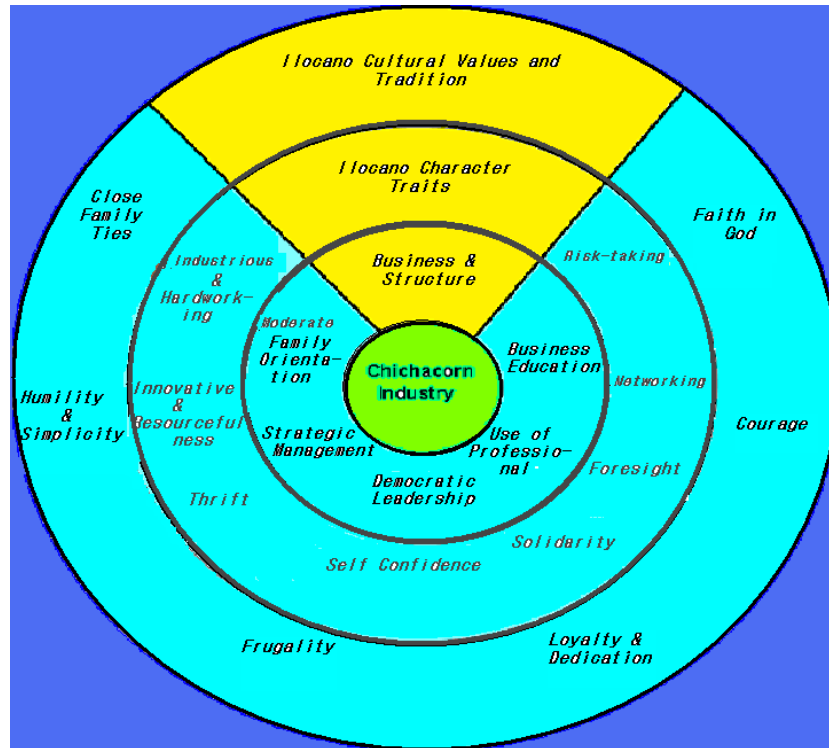
Along the development of desirable Ilocano character traits

In addition to the observed traits of the chichacorn producers such as industry and hard work, innovativeness and resourcefulness, thrift, solidarity and foresight, they must develop the following traits: **risk-taking, networking and self-confidence**. The entrepreneurs need to face opportunities with courage and optimism and be able to manage business risks effectively. They also need to establish linkages with support systems and valued stakeholders.

Although they are known to be humble, they must know how to develop their ego and self-confidence to win in the battle among competitors.

Along the Ilocano cultural values that need to be retained

The entrepreneurs must moderate the practice of the necessary Ilocano values such as: close family ties, humility and simplicity, frugality, loyalty and dedication, courage, luck and faith in God. Figure 3 shows the proposed model to sustain the chichacorn industry in Paoay, Ilocos Norte.



The study found out that the chichacorn production is an augmentation of agriculture where corn farmers can add value to their crop and increase their income. The chichacorn industry started from an effort to preserve left-overs (*unsold binatog*) by a binatog seller who experimented on a trial and error basis, and developed the crunchy corn, *cornik*, which was later renamed as *chichacorn* to denote a crunchy, nutritious and delicious snack food from corn.

The industry is composed of 10 family-based enterprises owned, operated and controlled by people related by consanguinity, affinity and co-residence. These enterprises are characterized as family-dominated, with strong family orientation (familism), paternalism and nepotism.

The owner/managers possessed Ilocano traits and cultural values desirable for a successful business operation. They are found to be industrious and hardworking, innovative and resourceful, thrifty, united and cooperative, and have foresight. Likewise, they are guided with Ilocano cultural values such as close family ties, humility and simplicity, frugality, loyalty and dedication, courage, faith in God and luck.

The chichacorn enterprises were found to have distinct characteristics that determine their strengths and weaknesses. They are family dominated, family oriented, practice paternalism, strong kinship and nepotism.

As such they were strong because: there is element of trust, moral responsibility of the head, relationship orientation within the family and strong business acumen. The known weaknesses are: lack of operating and management system; lack of formal planning; unclear structure; boss-centered leadership style and lack of use of professionals and formal training.

In order to ensure continuity and sustainability of the chichacorn production as a family enterprise, a transition from the practices of traditional management to the modern professionally-managed organizations must be done. The proposed model includes strategies along business structure and characteristics, Ilocano character traits and Ilocano cultural values and tradition.

CONCLUSIONS

Family businesses play a key role in lifting Asian economies out of poverty by mobilizing scarce capital and displaying extraordinary entrepreneurship. However, as these family businesses increase in size and scope, they are usually hindered by poor operating and management systems stemming from underlying management characteristics such as paternalism and autocratic control. The challenge is whether the Ilocano entrepreneurs can successfully bridge the generational gap and implement a management style that is most suitable for the family enterprises. The Ilocano traits and cultural values are still relevant in weaving together a sense of belonging and loyalty amongst the employees in a family business.

In order to survive or excel, the chichacorn family-based enterprises need to transform from a traditionally managed businesses to professionally managed firms. However, it is likewise important to retain familism and some of the cultural values of close family ties, solidarity, frugality, industry and hardwork, just to name a few.

In order to ensure continuity and sustainability of the chichacorn production as a family enterprise, the proposed model includes strategies along business structure and characteristics, Ilocano character traits and Ilocano cultural values and tradition.

RECOMMENDATIONS

Based on the findings of the study, the Chichacorn MSMEs must prepare for a more professional management of their enterprises. They must welcome opportunities for their training on a more modernized management system maintaining the desirable character traits and cultural values of the Ilocano as a people and as a businessman. It is likewise recommended that the proposed model be adopted to ensure sustainability of the industry that will last for generations.

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