

Entrepreneurship in the Philippines: 2014 Report Launch

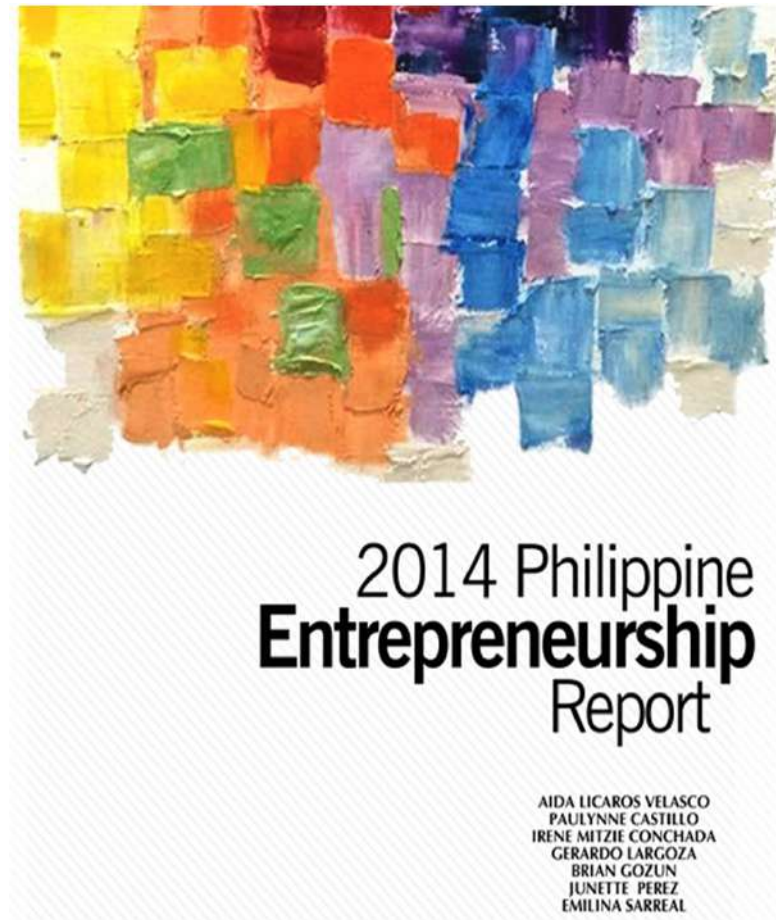


2014 Philippine Entrepreneurship Report

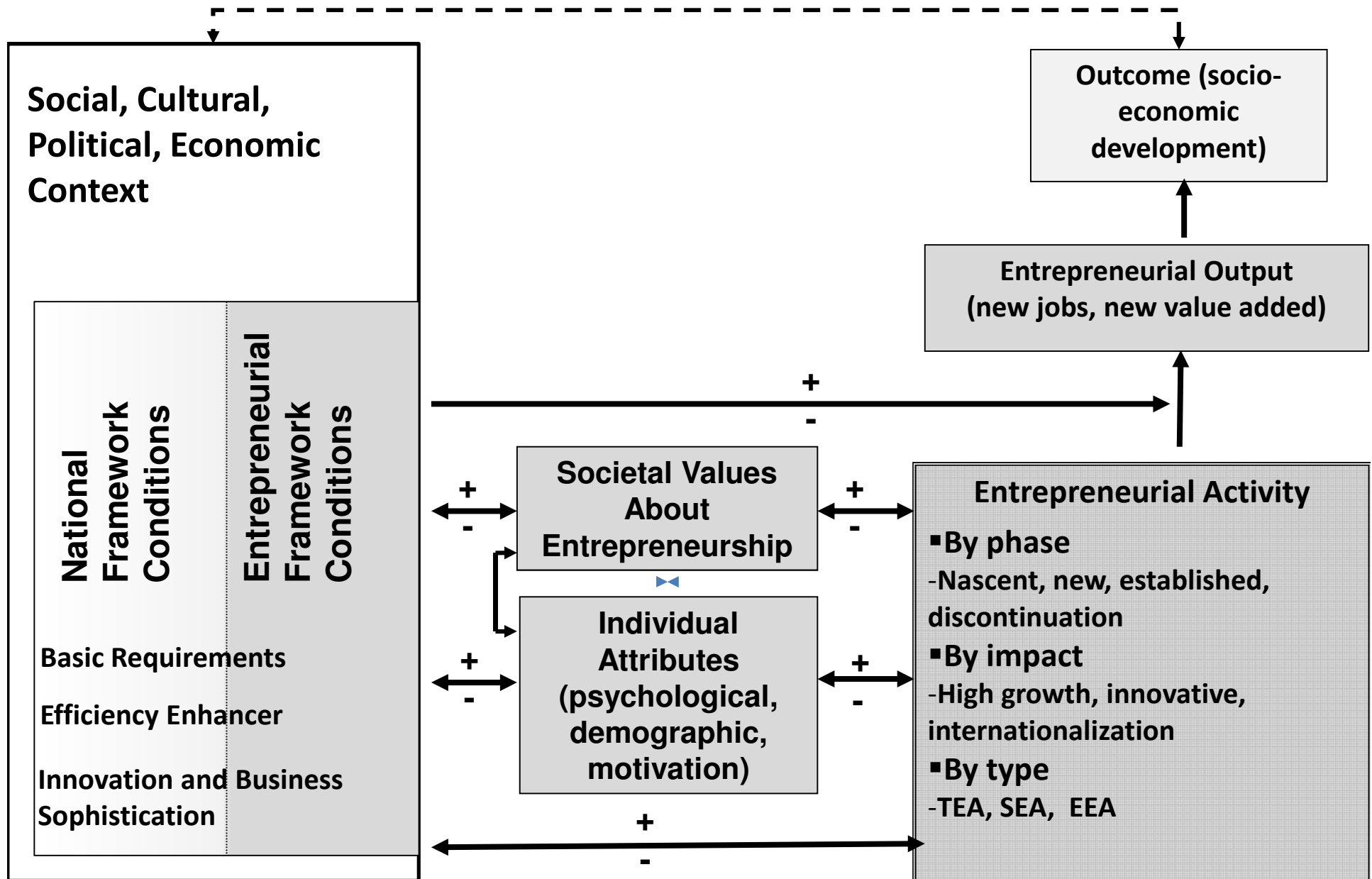
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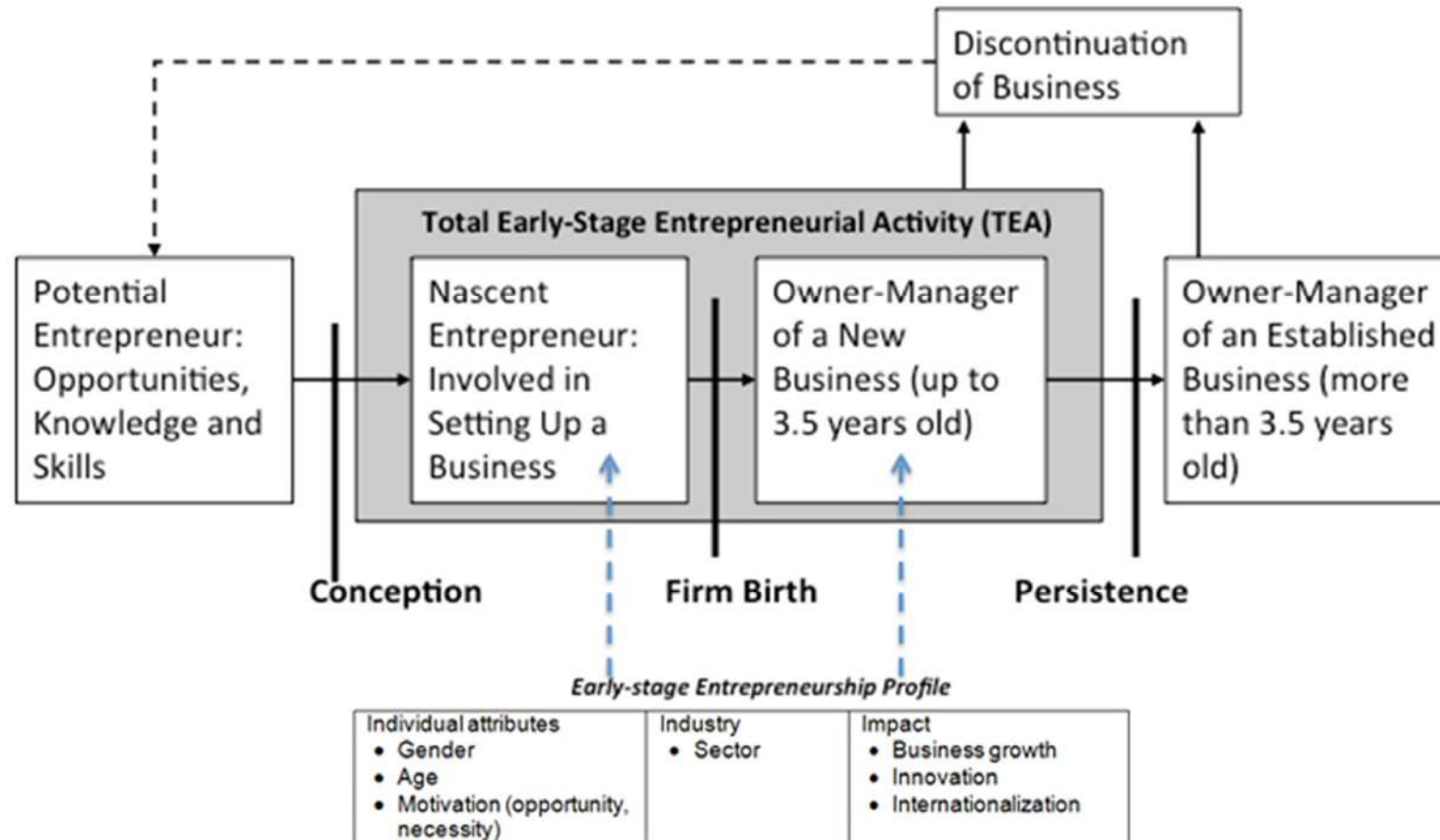
THE FRAMEWORK



GEM Conceptual Framework

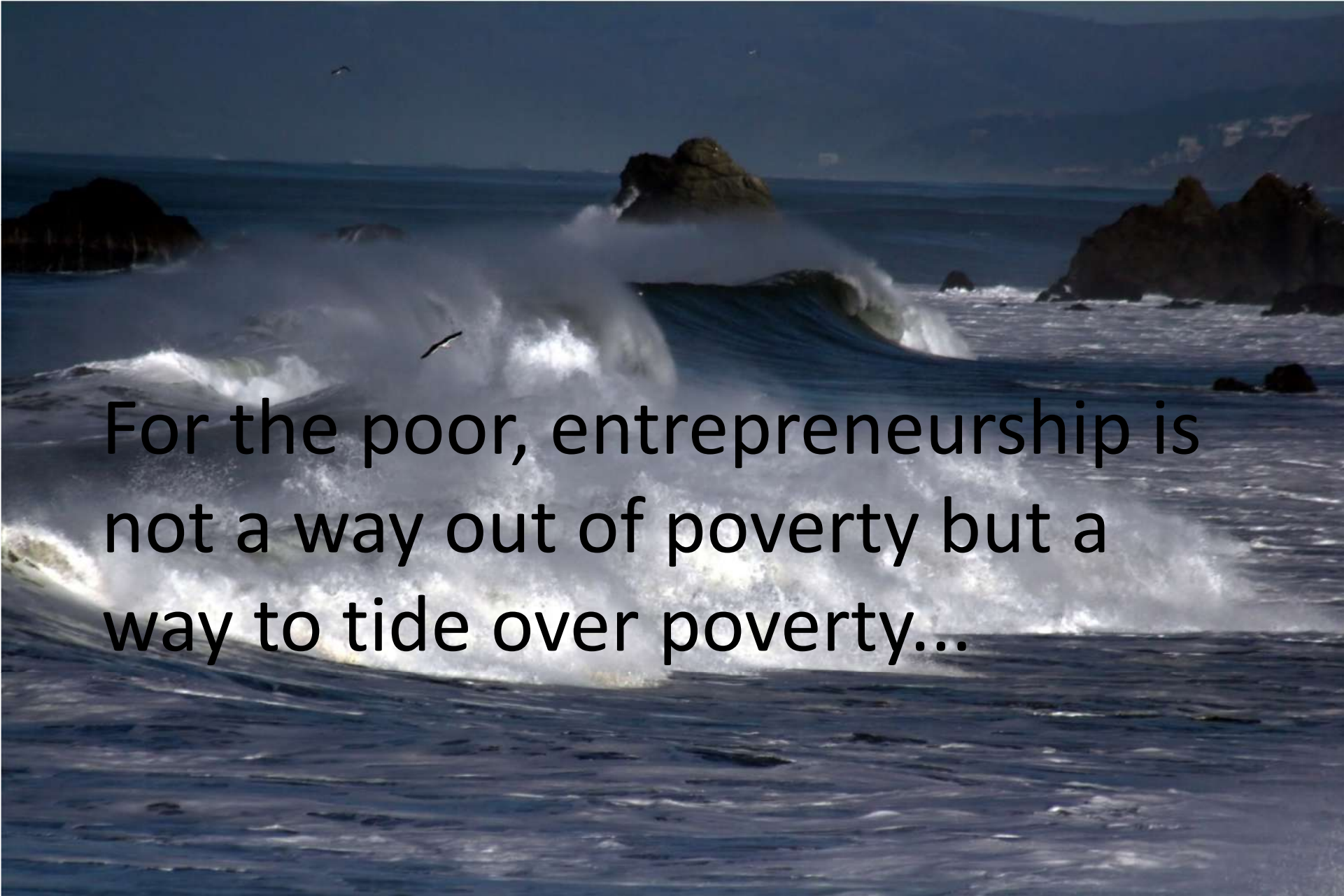


Model of Business Phases and Entrepreneurship Characteristics





ENTREPRENEURSHIP IN THE PHILIPPINES: YOUTH AND POVERTY



For the poor, entrepreneurship is not a way out of poverty but a way to tide over poverty...

Perceptions of Entrepreneurs in the Philippines

Table 10. Perceptions of Entrepreneurs in the Philippines

	Media	Personal	Career Option	Capability	Risk Taking	Start-ups
Poor	79.6	84.0	74.9	57.5	57.2	29.7
Middle	84.7	74.6	82.2	68.8	60.4	39.7
Upper	88.2	74.6	83.5	71.6	57.5	45.6
Philippines	83.4	77.5	80.0	65.5	59.2	37.0

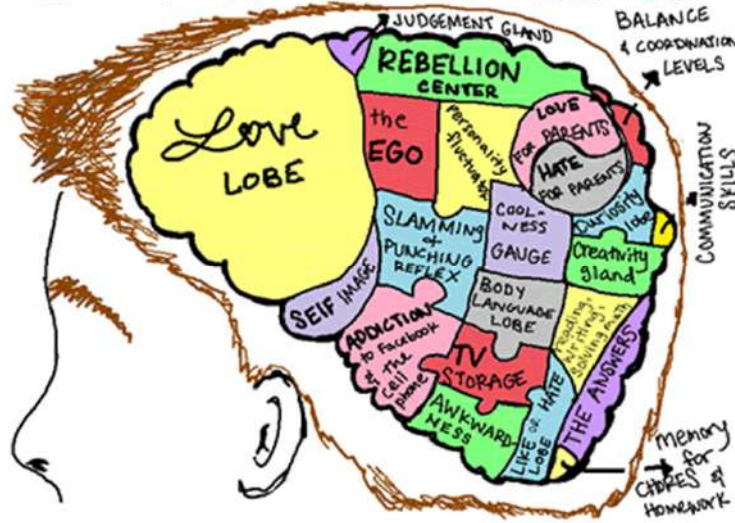
Is Philippine entrepreneurship a way out of poverty?

Are the Poor "Natural Entrepreneurs"?

Sector	Motivation			Ownership (All or Part)	Innovativeness	
	Independence	Higher Income	Maintain Income		Technology (at most 5 yrs.)	Product (New)
	Poor	28.6	36.7		34.7	74.0
Middle	36.6	36.0	26.5	82.5	67.4	68.1
Upper	25.0	45.4	29.6	80.9	73.9	72.5
Philippines	33.4	37.4	28.5	80.3	67.3	67.7



THE AVERAGE TEENAGE BRAIN



SHOULD WE START THEM YOUNG?

Profile of Young Filipino Entrepreneurs

Entrepreneurial Activity - TEA				
Demographics	% of Youth		% of Non-Youth	
	2014	2013	2014	2013
Male	42	45	58	55
Female	39	37	61	63
Income (Lowest 33%)	38	41	62	59
Education (Post Secondary)	48	48	52	52
Established Business				
Male	16.9	27.8	83	72.1
Female	20.5	27	79.4	72.9
Income (Lowest 33%)	16.9	29.6	83	70.4
Education	27.3		72.7	

Entrepreneurial Intentions and Attitudes

Intentions	% of Youth		% of Non-Youth	
	2014	2013	2014	2013
Entrepreneurship as a good career choice	48.5	46.6	51.5	53.4
High status to successful entrepreneurs	47.0	45.7	52.9	52.8
Media attention to successful entrepreneurs	48.5	47.2	51.5	52.8
Attitudes				
Perceived opportunities	47.9	43.1	52	56.9
Perceived Capabilities	45	43.2	54.9	56.8
Fear of Failure	49.9	48.5	50.1	51.5

Entrepreneurial Aspirations and Innovation

Total Early-stage Entrepreneurship Activity (TEA)				
Aspirations	% of Youth		% of Non-Youth	
	2014	2013	2014	2013
Job growth (expectations in 5 years, 1-5)	39.3	42.3	60.6	57.7
Innovation				
How many potential customers consider product unfamiliar/new? - None	40	37.8	60	62.1
How many business offer the same product? - Many	42.9	41.6	57	58/3
Established Business				
Aspirations				
Job growth (expectations in 5 years, 1-5)	21		78.7	
Innovation				
How many potential customers consider product unfamiliar/new? - all none	18.6	23	81.4	77
How many business offer the same product? – Many Few	22	29.8	78	70.1

Many who become entrepreneurs do not cite job creation for the country as their priority .

Stages of Entrepreneurial Activity

The share of the youth in early-stage entrepreneurial activity (TEA) has been increasing since 2006: 38.9% to 40.1% in 2013 and 40.3% in 2014

Entrepreneurial Activity	% of Youth		% of Non-Youth	
	2014	2013	2014	2013
Nascent Entrepreneurship Rate	42.1	40.6	57.7	59.4
New Business Ownership Rate	38.9	39.5	61	60.1
TEA	40.3	40	59.7	60
Established Business Ownership Rate	18.9	27.3	81.1	72.7
Discontinuance of Business	40.9	44.9	59	55
Necessity Driven (% of TEA)	29.2	41.1	70.8	58.9
Opportunity Driven	45.2	39.6	54.8	60.4
Start-up Business (% of TEA)	42.1	40.6	57.9	59

2014 Perceptions of Entrepreneurs in the Philippines

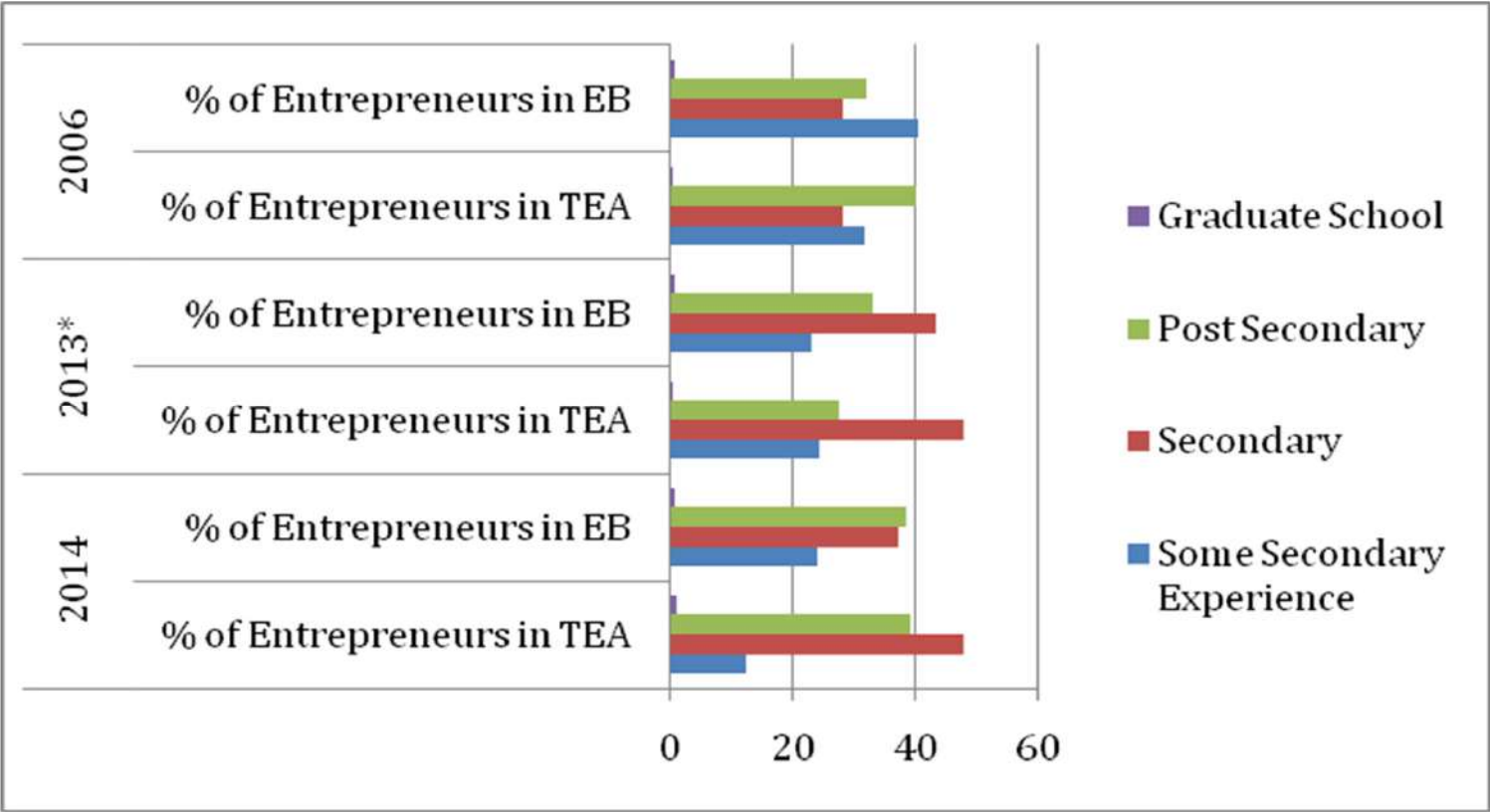
Factors	Youth	Non-Youth	Philippines
Media	82.6	84.2	83.4
Personal	75.6	79.6	80.0
Career Option	80.7	79.3	80.0
Capability	61.8	69.4	80
Risk-taking	57.9	60.7	59.2
Start-ups	34.9	39.2	37

2014 Philippine Entrepreneurial Education and Motivation

	Youth	Non-Youth	Philippines
High School	47.4	38.7	50
Post High School	46.8	35.5	42
Independence	39.4	26.4	33.4
Higher Income	36.4	39.1	37.4
Maintain Income	24.2	33.3	28.5



Educational Attainment of Filipino Entrepreneurs



Entrepreneurial Appetite and Actual Entrepreneurial Activity

Activity	Youth	Non-Youth	Philippines
Lack of Experience	84.7	84.6	84.6
Start-up Activities	40.3	45.9	43.3
Financing (Personal)	80.2	71.7	75.9
Facility (Home)	68.7	84.2	76.9
Market (> 50% Family and Friends)	43.5	40.8	42.2
Innovativeness/Competition (Many)	64.1	56.6	60.0


The high rating on education is not supported by innovation which is very much needed in the pursuit of global competitiveness.

Drivers of Philippine Entrepreneurship

- Available government programs to encourage start-ups
- Education reforms and a trainable population that may be sensitized to entrepreneurial opportunities
- Society's high regard for entrepreneurship.

Constraints to Philippine Entrepreneurship

- Government policies that are not properly disseminated and that are inconsistently implemented
- Physical and services infrastructure that are not extensive enough to bring goods to the market and provide adequate customer service
- A lack of management skills and financial expertise among small and medium business owners to grow and expand their businesses, and
- Limited financial support available from the formal financial institution both for debt and equity funding.



Most businesses in the Philippines reported having failed because they were unprofitable.

Recommendations

- **Continued expansion of social insurance and anti-poverty programs especially those with a gender component.** Apart from their impact on education and health, these programs directly improve entrepreneurial conditions by reducing the hidden costs of running a business and the risks of business failure. As in many developing countries, progress can be made by solving “last mile” problems of poor coordination and lack of awareness, by better-designed interventions that make it easier for individuals to help themselves
- **More emphasis on “second-generation” problems of entrepreneurial survival and growth, rather than “first-generation” across-the-board encouragement for potential entrepreneurs.** Public agencies may wish to focus more resources on selecting “winners” with the greatest potential for innovating, scaling up, and penetrating international markets, rather than funding as many start-ups as possible, or providing basic training. Along with this should come more interventions to encourage pooling resources and risk, rather than relying on the limited network of one’s family and friends, as most micro-entrepreneurs still do
- **With educational reforms creating an entrepreneurship track for the youth, the innovation and internationalization are key in growing the business; remaining a micro-enterprise means that a business is perpetually at risk.**

A PEEK AT THE 2015 PHILIPPINE ENTREPRENEURSHIP REPORT

Professorial Chair Lecture

Cecilio Kwok Pedro Professorial Chair in
Entrepreneurship Management

THE JOURNEY CONTINUES, BUT...

Entrepreneurship or just a better life...



2015 GEM FINDINGS

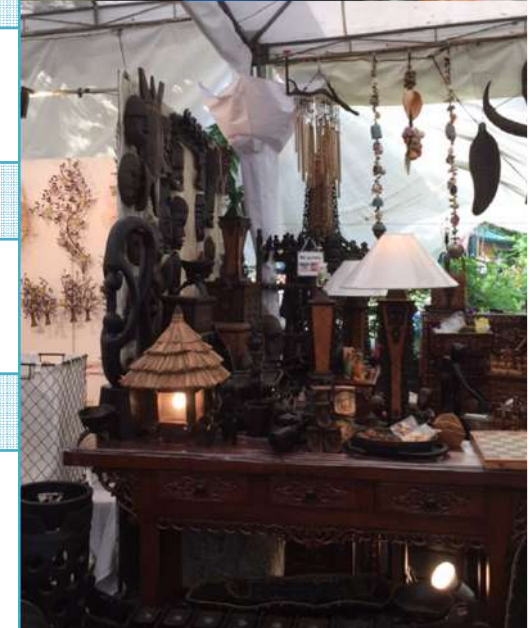
Entrepreneurship in the Philippines

Self-Perception About Entrepreneurship		
	Value (%)	Rank/40
Perceived Opportunities	53.8	12
Perceived Capabilities	69.0	8
Fear of Failure	36.5	31
Entrepreneurial Intentions	37.1	9
Activity		
Total Early Stage Entrepreneurial Activity (TEA)		
TEA 2015	17.2	16
TEA 2014	18.4	
TEA 2013	18.5	
Established Business Ownership Rate	7.3	26
Entrepreneurial Employee Activity - EEA	2.3	29

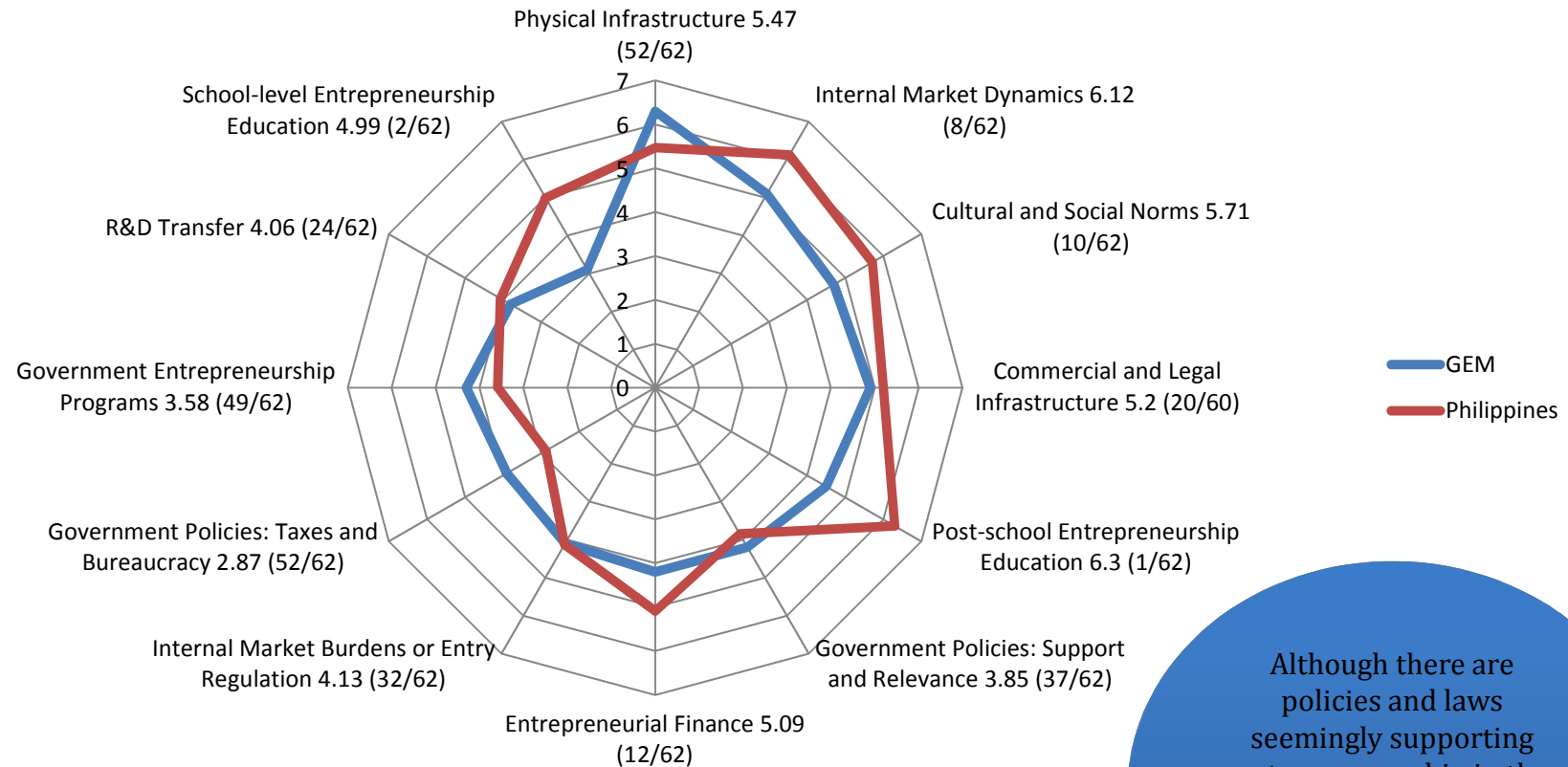
Among all the countries in South East Asia, Philippine respondents registered on average the strongest entrepreneurial intentions and perceived capabilities and opportunities

Entrepreneurship in the Philippines

Motivational Index		
Improvement-driven Opportunity/Necessity Motive	1.6	38
Gender Equity		
Female/Male TEA Ratio	1.3	1
Female/Male Opportunity Ratio	0.9	24
Entrepreneurship Impact		
Job Expectations (6+)	10.2 %	46
Innovation	5.5 %	7
Industry (% in Business Service Sector)	2.7	57



Entrepreneurship Ecosystem

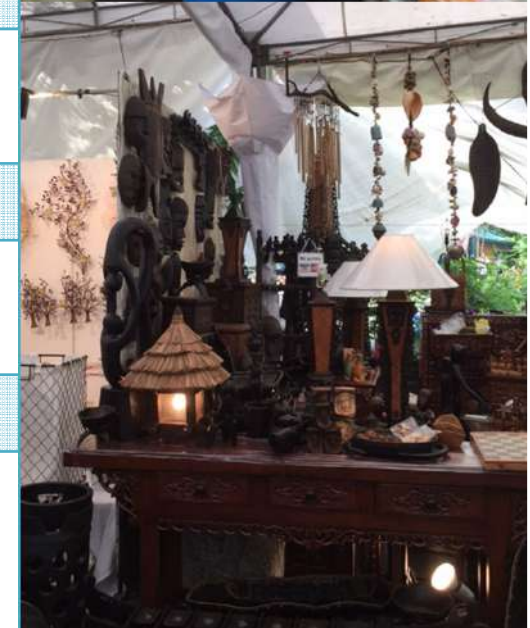


The Philippines ranked 1/62 in Post-school Entrep Education

Although there are policies and laws seemingly supporting entrepreneurship in the country, the population is not well informed on the existence of these policies.

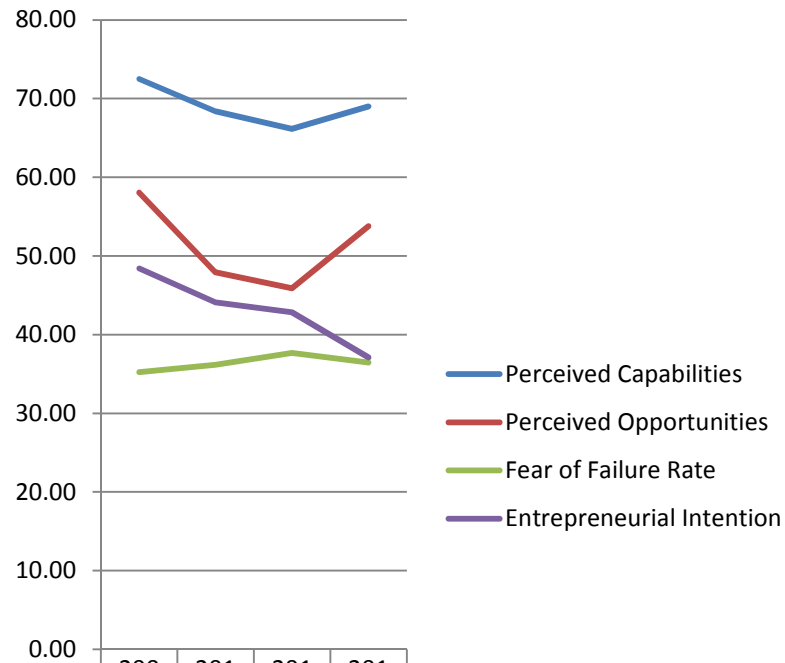
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Reasons for Business Closure

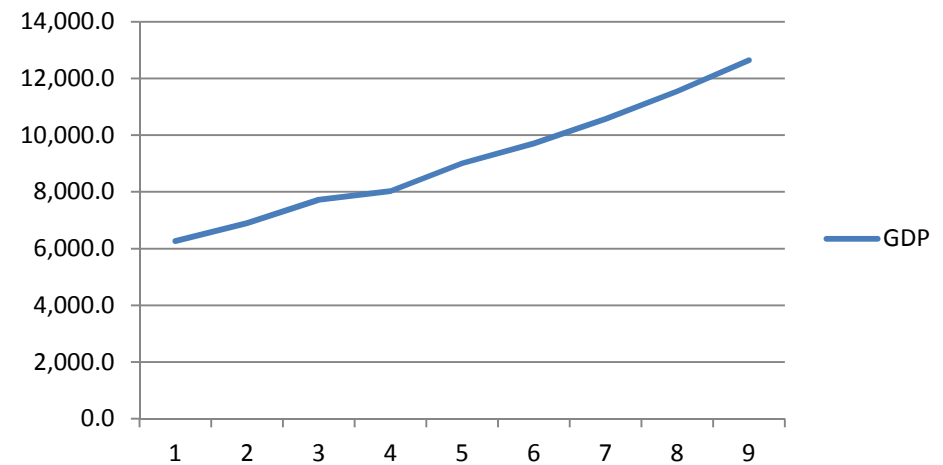
Reasons	2013	2014	2015
Business not profitable	22.9	26.8	20.81
Personal Reasons	18.2	20.8	27.75
Problems getting financing	22.1	20.2	32.37
Incident	3.9	2.7	2.89
Another job or business opportunity	1.9	3.8	3.47
Opportunity to sell	1.2	0.6	0
Others	28.3	21.3	12.72



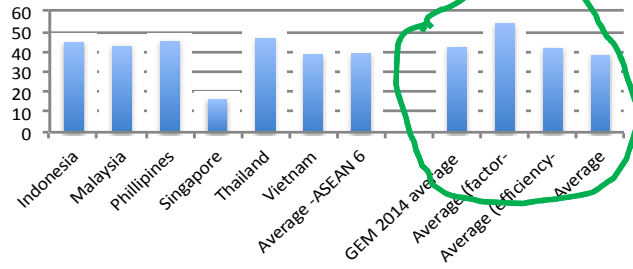
	2006	2013	2014	2015
Perceived Capabilities	72.48	68.40	66.15	68.99
Perceived Opportunities	58.05	47.94	45.89	53.77
Fear of Failure Rate	35.22	36.19	37.68	36.45
Entrepreneurial Intention	48.40	44.12	42.84	37.11

Does economic growth dampen entrepreneurial intentions?

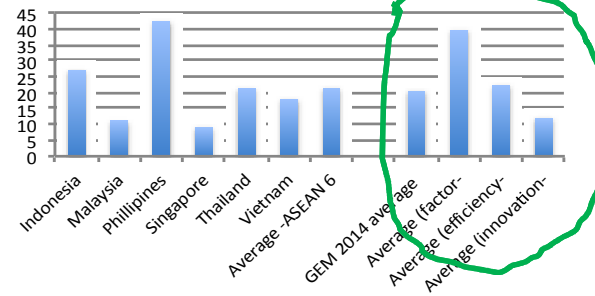
GDP



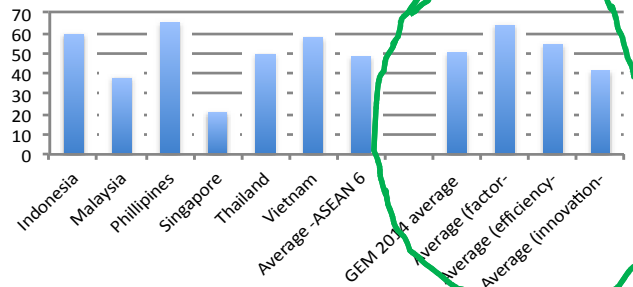
Perceived opportunities



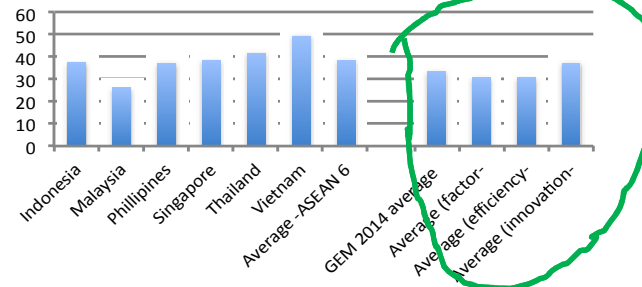
Entrepreneurial intentions

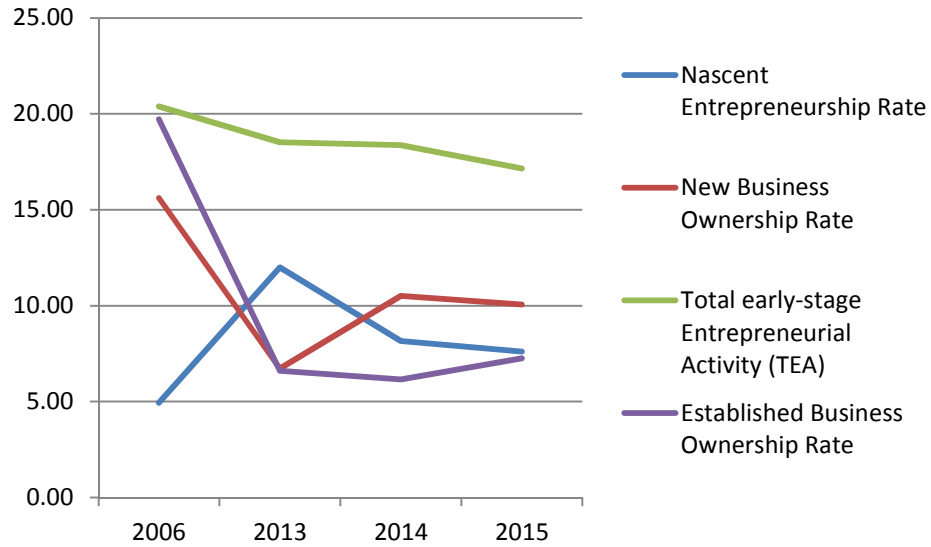


Perceived capabilities

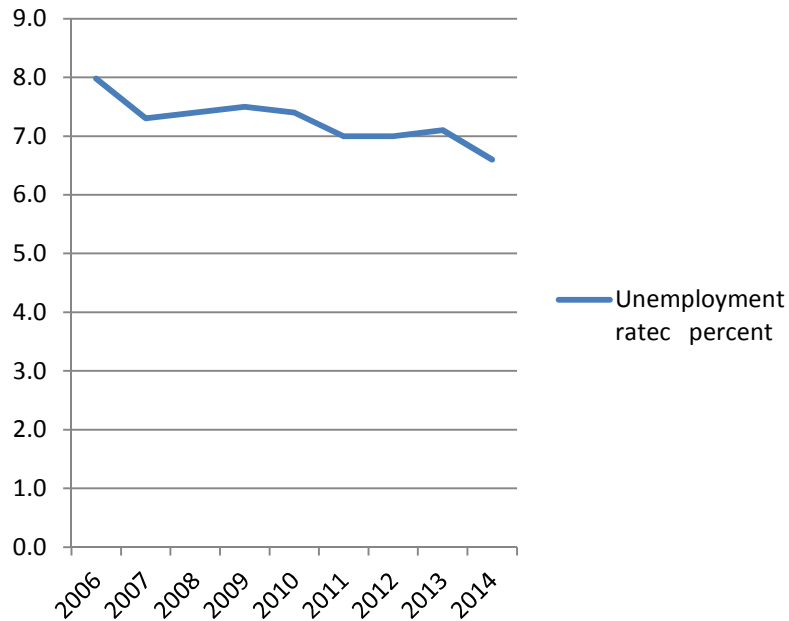


Fear of failure

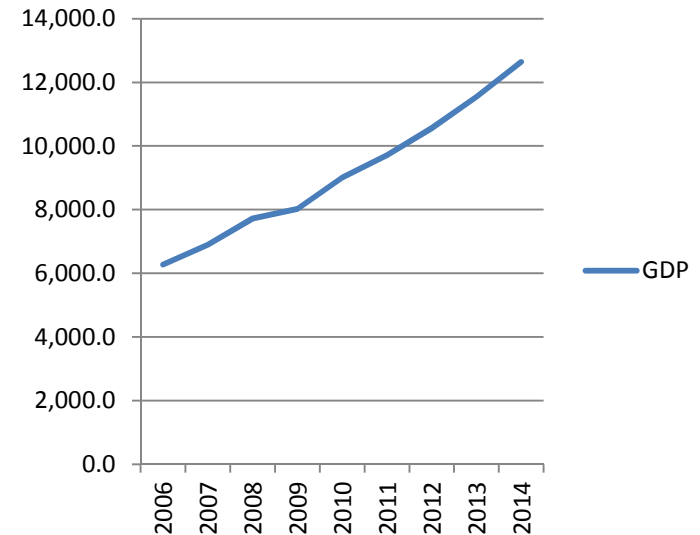


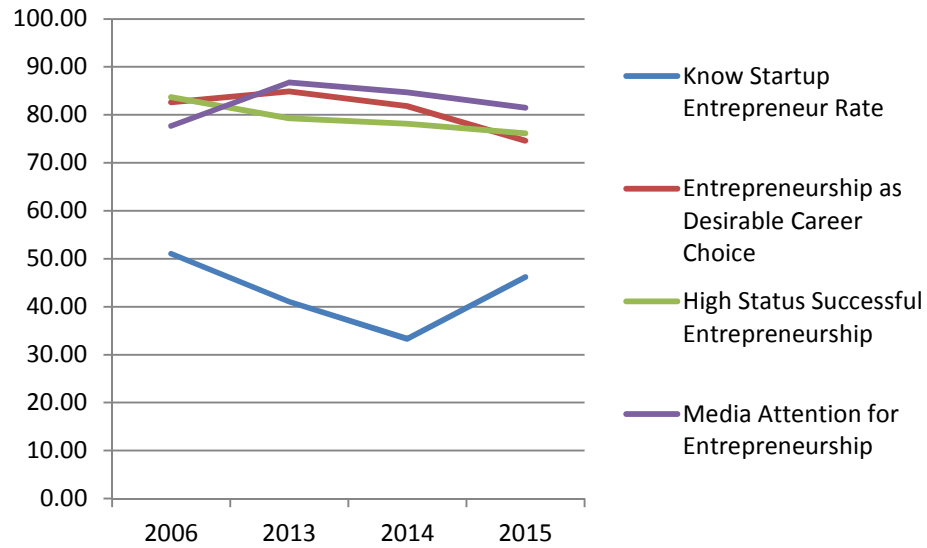


Unemployment rate percent



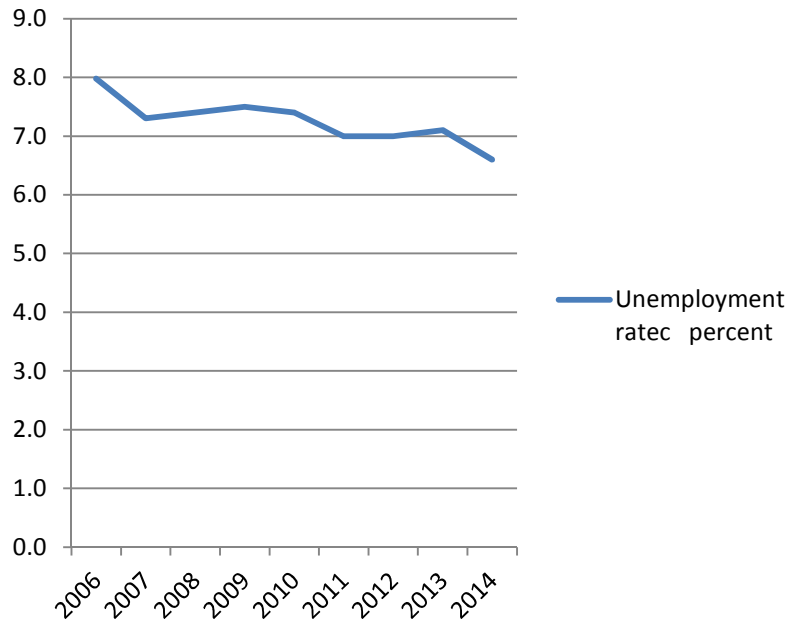
GDP



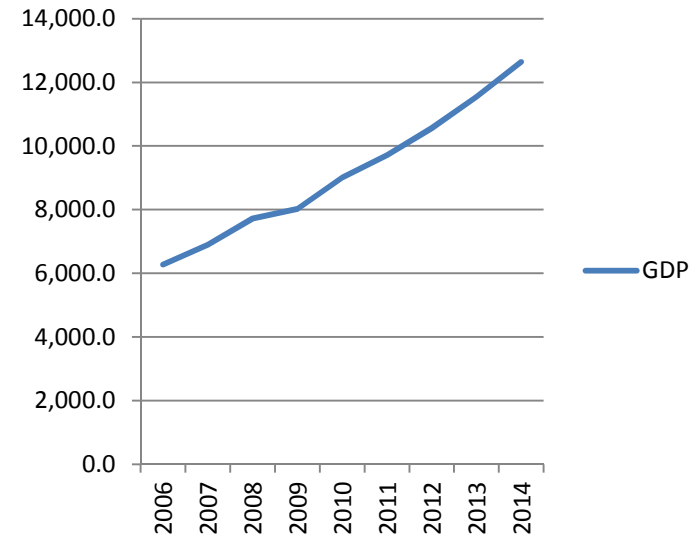


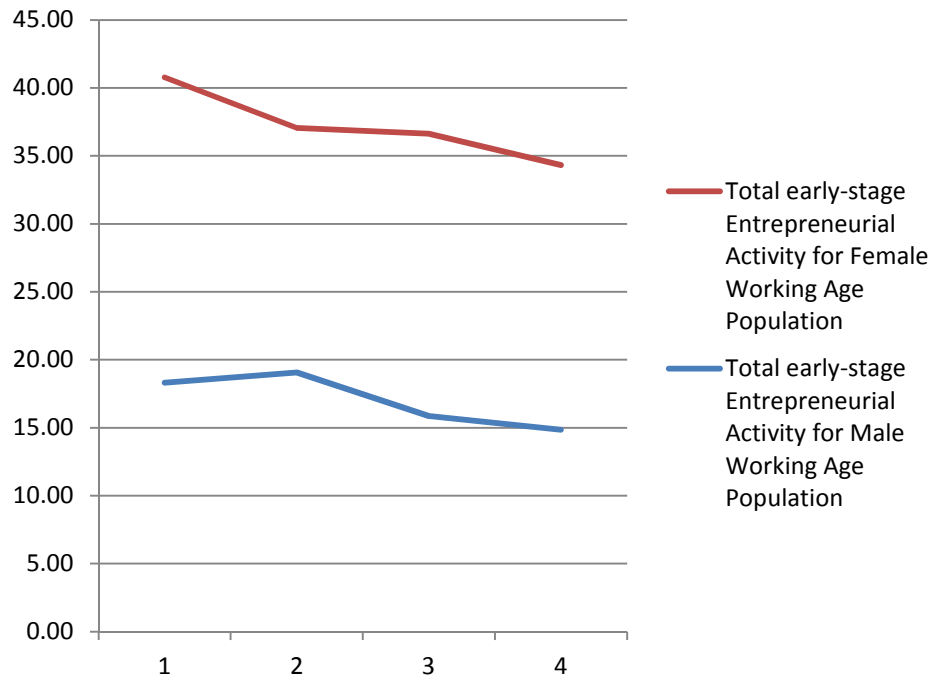
Better economy dampens interest on entrepreneurship.

Unemployment rate

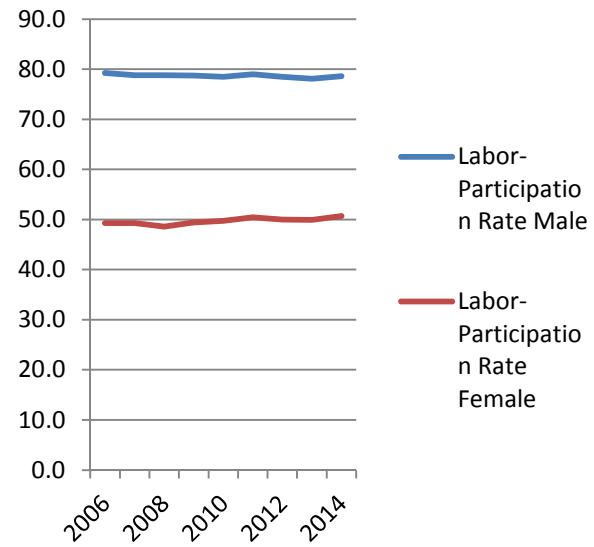


GDP

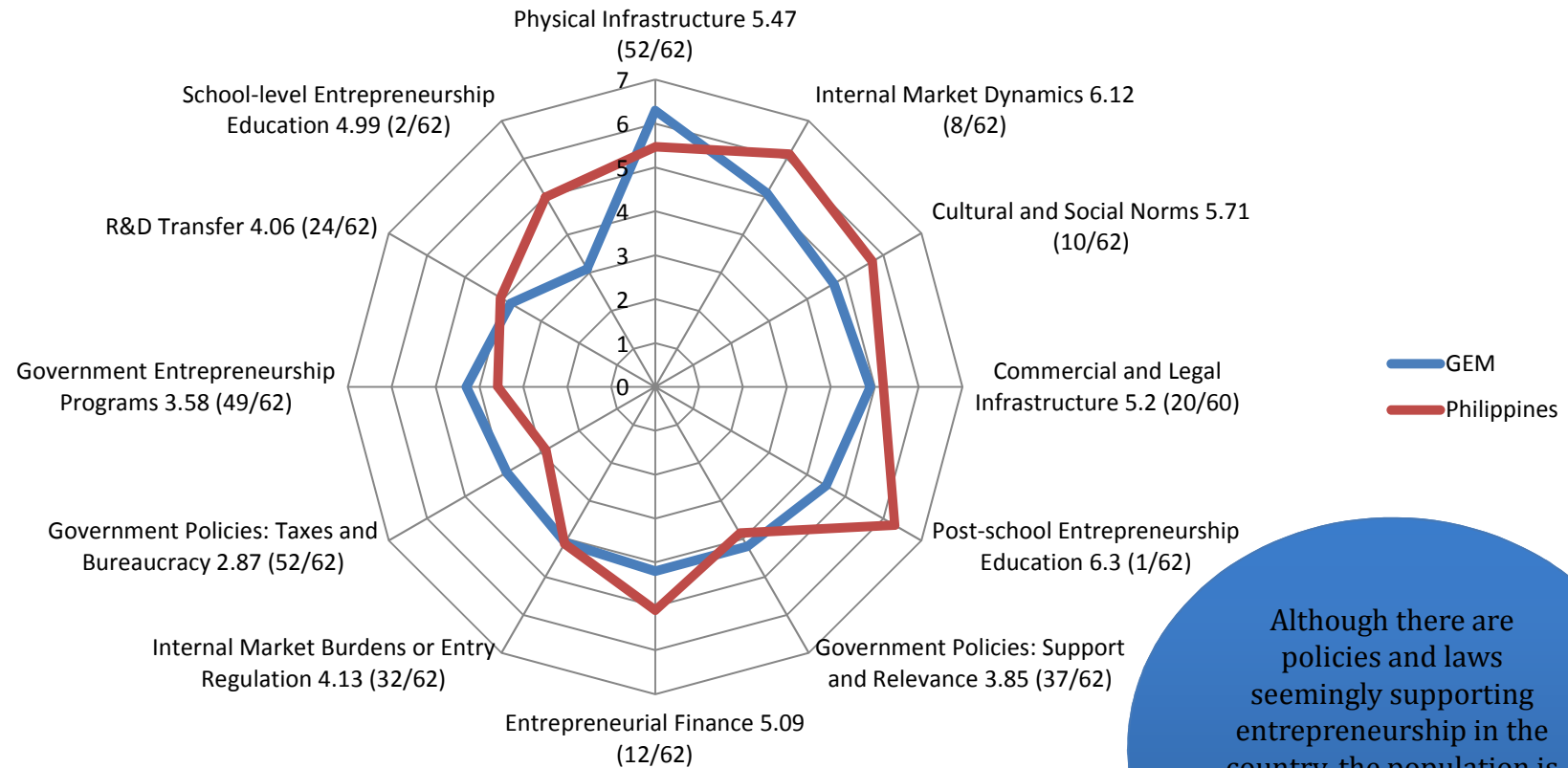




Gender is not an issue in entrepreneurship.

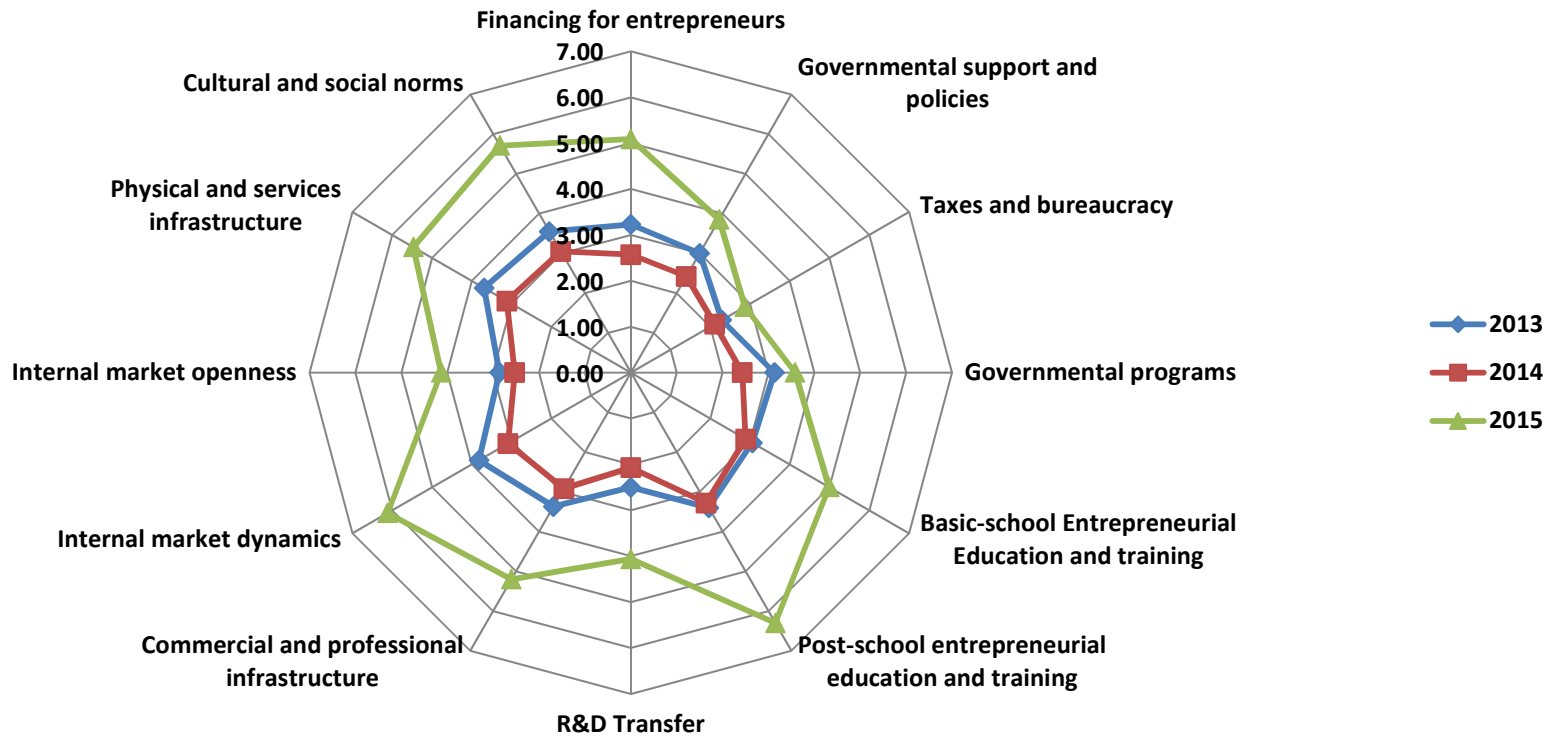


Entrepreneurship Ecosystem

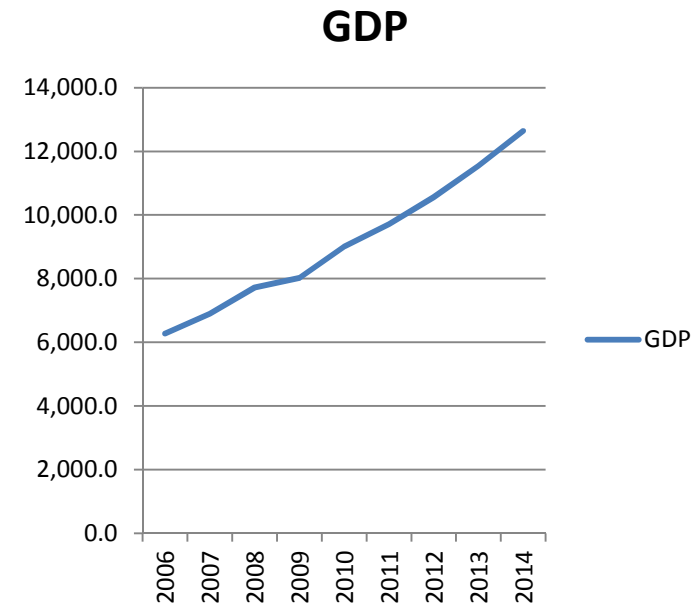
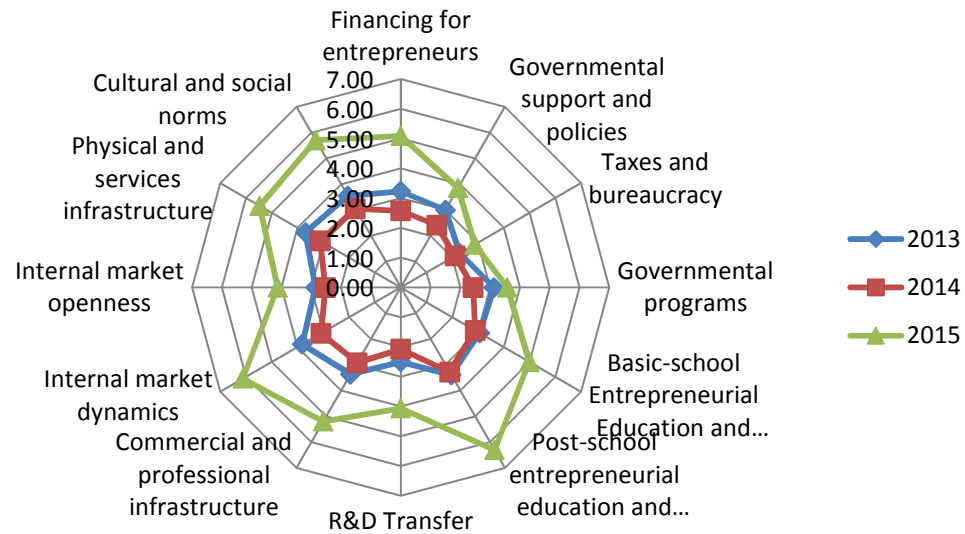


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Philippine Entrepreneurial Landscape



Economic growth and entrepreneurial environment





WHERE DO WE GO FROM HERE?

Acknowledgements

- International Development and Research Center (IDRC)
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THANK YOU!

