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**What Capability-Building Programs  
Entrepreneurs Are Taking**

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## An Introduction to ATINER's Conference Paper Series

ATINER started to publish this conference papers series in 2012. It includes only the papers submitted for publication after they were presented at one of the conferences organized by our Institute every year. The papers published in the series have not been refereed and are published as they were submitted by the author. The series serves two purposes. First, we want to disseminate the information as fast as possible. Second, by doing so, the authors can receive comments useful to revise their papers before they are considered for publication in one of ATINER's books, following our standard procedures of a blind review.

Dr. Gregory T. Papanikos  
President  
Athens Institute for Education and Research

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## **What Capability-Building Programs Entrepreneurs Are Taking**

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### **Abstract**

This paper looks into the profiles of the more than 1,000 participants who enrolled in all the 37 capability-building training programs offered to the public by the University of the Philippines Institute for Small-Scale Industries (UP ISSI) in 2012.

From the total number of participants who completed these courses, those who are self-employed or own businesses will be segregated and categorized according to gender, age, educational attainment and firm size.

By classifying these participant entrepreneurs in UP ISSI's capability-building programs, which range from a one-day course to a 20-day training program, their preferred courses will be understood and serve as basis or reference for future customized programs for this type of learners.

**Keywords:**

## **Background**

The University of the Philippines Institute for Small-Scale Industries (UP ISSI) traces its history back in the sixties, when UP ISSI was then what was called the Red, White and Blue Project, an initiative formed through a bilateral agreement between the Royal Government of the Netherlands and the Republic of the Philippines. Its principal objective then as now was to assist the development and growth of small-scale industries in the country.

On August 4, 1969 then Pres. Ferdinand E. Marcos signed Republic Act No. 6041 making UP ISSI an organic unit of the University of the Philippines.

For more than 40 years, UP ISSI conducted several consultancy training courses, seminars, technical studies in the field of enterprise development with emphasis on Philippine industries.

**In 2012 UP ISSI trained a total of 2,571 participants with a total of 71 programs composed of those that were offered to the general public (regular programs) and those that were customized (special programs) for the Institute's client organizations (UP ISSI, 2012). These courses ranged from a duration of one day up to 20 days.**

**This study looks into the profiles of the more than 1,000 participants who enrolled in all the 37 capability-building training programs offered to the public by UP ISSI in 2012.**

**From the total number of participants who completed these courses, those who are self-employed or own businesses will be segregated and categorized according to gender, age, educational attainment and firm size.**

## **Objectives**

This paper makes an assessment on the kind of capability-building programs that were publicly offered by UP ISSI and were enrolled in and completed by entrepreneurs or self-employed individuals in 2012. By making this assessment, it is aimed that more understanding of the kind of training programs that entrepreneurs or self-employed individuals enroll in or are interested to attend will be achieved.

## **Significance**

This research is of significance to the domain of enterprise development studies as it extends the knowledge base that currently exists in the field. Practitioners, researchers and policy makers have recognized the potential of national economic prosperity and development through the impact of entrepreneurial activity and growth of small enterprises (Keats and Abercombie, 1991; Gorman et al. 1997; Jack and Anderson, 1998).

Huge amounts of development funds have been spent and are being spent on a range of initiatives designed to stir entrepreneurial activity and build the capability of small enterprises. A perfunctory search using the Query Wizard for International Development Statistics by the Organisation for Economic Co-operation and Development (2013) reveals that a total of USD 871 million were disbursed by member nations of the Development Assistance Committee for various development projects for small and medium enterprises (SMEs) in all developing countries in 2011. Therefore, research that will improve programs or projects that will assist the sector will be of significance to studies related to enterprise development.

Further, results of this particular study can serve as basis or reference for the design of future training programs for entrepreneurs or SME owners. In particular, this study will confirm certain information such as the kind of courses that will interest entrepreneurs or self-employed individuals, duration of the program within which they are most likely to finish it, and which particular segment (e.g., gender, age, educational attainment or firm size) is more likely to attend or complete a certain program.

## **Review of Related Literature**

### *Entrepreneurship Education and Training*

According to Alberti et al. (2004) entrepreneurship education was pioneered by Shigeru Fijii, who started teaching in this field in 1938 at Kobe University in Japan. While courses in small business management began to emerge in the forties (Sexton and Bowman, 1984) and in 1947 Myles Mace introduced the first course in entrepreneurship in the United States at Harvard Business School (Katz, 2003), it was only half a century later did this development attracted a more universal recognition (Dana, 1992). It is in fact a relatively young and emerging discipline that is entering its adolescence at colleges and universities at least in the US, and the past 20 years have witnessed an enormous growth in the number of small business management and entrepreneurship courses at different educational institutions (Albert et al., 2004). A great number of programs broadly termed as enterprise or entrepreneurship education have been carried out in schools and higher educational institutions throughout the world.

In the Philippines, UP ISSI and its major private-sector partner the Small Enterprises Research and Development Foundation, Inc. started entrepreneurship courses and enterprise development programs for small businesses in the late sixties.

A compendium of human resource development (HRD) and entrepreneurship training programs for SMEs being offered by government training institutions in support of the National SME Development Agenda was published in 2003 (EntrePinoy's Atbp. 2013). The Department of Trade and Industry (DTI) is the lead government agency tasked to implement the Agenda and provide SMEs with seamless access to government agencies. HRD and

entrepreneurship training is one of the five core elements of the Agenda, which also include financing, marketing, product development and technological intervention, and advocacy for an enabling environment.

Training programs in this compendium are classified into categories and their coverage are as follows:

- V Business Technology and Livelihood Skills
- VI Entrepreneurship
- VII Finance
- VIII General Management
- IX Human Resources
- X Information Technology
- XI Marketing
- XII Production, Quality and Productivity

Implementing Training Institutions:

- 1 Development Academy of the Philippines
- IV. Technical Education and Skills Development Authority - Department of Labor and Employment
- 3. Industrial Technology Development Institute – Department of Science and Technology (DOST)
- 4. Metals Industry Research and Development Center
- 5. Philippine Textile Research Institute - DOST
- 6. Technology Application and Promotion Institute - DOST
- 7. Bureau of Product Standards - DTI
- 8. Bureau of Small and Medium Enterprise Development - DTI<sup>1</sup>
- 9. Construction Industry Authority of the Philippines - DTI
- 10. Center for Industrial Competitiveness-National Industrial Manpower and Training Council - DTI
- 11. Cottage Industry Technology Center - DTI
- 12. Construction Manpower Development Foundation - DTI
- 13. UP ISSI
- 14. Technology and Livelihood Resource Center<sup>2</sup>
- 15. Philippine Trade Training Center - DTI

Meanwhile, a handbook published by DTI's Bureau of Micro, Small and Medium Enterprise Development entitled *Programs and Services for MSMEs* also lists the Asian Center for Entrepreneurship, the Center for Quality and Competitiveness and the Center for Small Entrepreneurs, Inc. as other training institutions for entrepreneurs or SME owners (Bureau of Micro, Small and Medium Enterprise Development, 2012).

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<sup>1</sup>The Bureau of Small and Medium Enterprise Development is now called the Bureau of Micro, Small and Medium Enterprise Development by virtue of an amendment to Republic Act 6977.

<sup>2</sup>By virtue of Executive Order 366 the Technology and Livelihood Resource Center was renamed the Technology Resource Center and its administration was transferred from the Office of the President to the Department of Science and Technology in 2007.



### *Entrepreneur Profile*

In recent times significant research has been carried out into what characterizes entrepreneurs. A plethora of studies have been made defining entrepreneurial profile and according to Caird (1991) entrepreneurs are now probably one of the most researched groups of people.

Schumpeter (1934) defined entrepreneurs as innovators who use a process of “shattering the status quo of the existing products and services to set up new products, new services.” He further cited the capabilities of innovating, introducing new technologies, increasing efficiency and productivity, or generating new products or services as characteristic qualities of entrepreneurs.

According to Caird (1991) the psychological or trait approach to the study of entrepreneurship is probably the most extensively represented area in literature.

McClelland’s study (1961) highlighted the need for achievement (abbreviated in the literature as *nAch*) as a key trait found in successful entrepreneurs. Through his research, he also discovered that entrepreneurs tend to take responsibility for their decisions, prefer decisions involving a moderate degree of risk, are interested in the results of decisions and dislike routine work. According to Caird (1991), his research, which was later supported by other studies by Roberts (1968) and Wainer and Rubin (1969), concluded that successful entrepreneurs are high on *nAch* and low on the need for power (*nPower*).

Management Systems International (MSI), a consulting firm based in Washington, D.C., identified the personal entrepreneurial competencies (PECs) as behavioral patterns exhibited by an individual to make things happen rather than just passive traits or mere mental preoccupations (Small Enterprises Research and Development Foundation, 2007). These competencies are opportunity seeking, persistence, commitment to work contract, risk taking, demand for efficiency and quality, goal setting, information seeking, systematic planning and monitoring, persuasion and networking, and self-confidence.

MSI recognized that a high *nAch* is important in entrepreneurship, and its researchers also found out that successful entrepreneurs have very good planning and monitoring skills, aside from manifesting high *nPower* or leadership skills (Small Enterprises Research and Development Foundation, 2007).

The PECs may be grouped according to these clusters:

#### Achievement Cluster

- 1.opportunity seeking
- 2.persistence
- 3.commitment to work contract
- 4.risk taking
- 5.demand for efficiency and quality

Planning Cluster

6. goal setting
7. information seeking
8. systematic planning and monitoring

Power Cluster

9. persuasion and networking
10. self-confidence

**Analytical Framework**

This paper will categorize the training programs that entrepreneurs or businesspeople enrolled in according to UP ISSI's own categorization of its regular or public courses. According to its *Prospectus* (2012) its major programs are classified as follows--

Management Development Courses:

- Accounting for Non-Accountants
- Creative Selling Techniques
- Managers Course
- Personal Finance and Wealth Management
- Productivity Through Effective Supervision
- Strategic Human Resource Management
- Strategic Marketing
- Total Communication

Quality and Productivity Improvement Courses:

- Improve Your Business
- Instrumentation and Process Control (both basic and comprehensive)
- Production Management
- Programmable Logic Controller
- Total Quality Management

Project Development and Management Courses:

- Improving Your Project Management Skills
- Monitoring and Evaluating Programs and Projects
- Project Appraisal, Evaluation and Monitoring
- Project Feasibility Study Preparation
- Small Business Consulting
- Enterprise Development
- Appreciation Workshop on Entrepreneurship
- Appreciation Course on Entrepreneurship
- Entrepreneurship Development Program
- Start Your Own Business

## **Methodology and Limitations**

This study looked into the 2012 Directory of Participants prepared by UP ISSI's Training and Entrepreneurship Education and Development unit. The directory showed that the Institute generated a total of 1,098 graduates in 2012 (UP Institute for Small-Scale Industries, 2012).

The number comprised participants who enrolled in all the 37 capability-building training programs offered to the public by UP ISSI in 2012.

From the total number of participants who completed these courses, those who are self-employed or own businesses were segregated and categorized according to gender, age, educational attainment and firm size.

Although UP ISSI conducts both public and contracted programs, this study only looked into the former, inasmuch as the participants in the latter were preselected or preidentified by the contracting agency or institution. Choosing only the enrollees of UP ISSI's public or regular courses will mean only a group of interested participants will be part of this study.

However, one limitation is that this study only relied on the positions the participants entered in their registration forms. These positions that were noted were owner or proprietor, president, managing director, general manager, co-owner and manager. There was no verification made on whether the participants actually owned the businesses they represented or whether they could be considered entrepreneurs.

The literature suggested that factors or qualities that would characterize a person as an entrepreneur could be psychological. The study would not verify whether the subjects are psychologically predisposed to become entrepreneurs.

## **Findings**

### *Very Low Entrepreneur Penetration*

The study finds a very low penetration of entrepreneurs or self-employed individuals attending or finishing UP ISSI's regular courses. The Institute was able to graduate only less than 10 percent in the three years covered by this study. (See Table 1. *Entrepreneur/Self-Employed Training Penetration.*)

### *Equal Participation by Females*

The study finds equal participation by female entrepreneurs. There were almost as many female as there were male entrepreneurs who attended and completed UP ISSI's regular courses. (See Table 2. *Gender Distribution.*)

### *Entrepreneur Graduates are Highly Educated*

The entrepreneurs who attended and completed UP ISSI's regular training programs were highly educated. About 86 percent obtained a Bachelor's degree while 10 percent were Master's degree holders. (See Figure 1. *Educational Attainment of Training Graduates in 2012.*)

*Young Entrepreneur Graduates*

The entrepreneur graduates of UP ISSI's regular courses were young. Majority (33 percent) were between 30 and 40 years old. (See Figure 2. *Age Distribution of Training Graduates in 2012.*)

*Most Entrepreneur Graduates are Owners of Micro Enterprises*

Most of the entrepreneur graduates were owners of micro enterprises (less than 10 people with an asset size of less than 3 million pesos or a little over 52 thousand euros)<sup>1</sup>. (See Figure 3. *Firm Size of Training Graduates in 2012.*)

*More preference toward management development courses*

Finally, the study finds a huge majority of entrepreneur graduates preferring management development courses, particularly financial and accounting courses. (See Table 3. *Course Preference of Regular Training Participants in 2012 and Figure 4. Specific Course Preference.*)

## **Conclusions and Recommendations**

In view of the findings, the study concludes that the duration of the course does not matter. Entrepreneurs will finish the program whether it takes as long as 5 months (as in the case of the Managers Course) or as short as one and a half months (as in the case of Accounting for Non-Accountants).

In designing courses that are targeting entrepreneurs in particular, the course or the curriculum must focus on the development of the person or the entrepreneur rather than the enterprise. Courses in the area of accounting or finance such as Simple Product Costing for MSMEs, Basic Financial Management, How to Read Financial Statements, or How to Balance Balance Sheets are highly recommended. These courses may be developed in distance learning mode.

Finally, the following are recommended for further studies:

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<sup>1</sup>Based on the definition under Republic Act No. 9501 or the Magna Carta for MSMEs, which amended RA 8289 and RA 6977 (Magna Carta for Small Enterprises) enterprises are classified as follows:

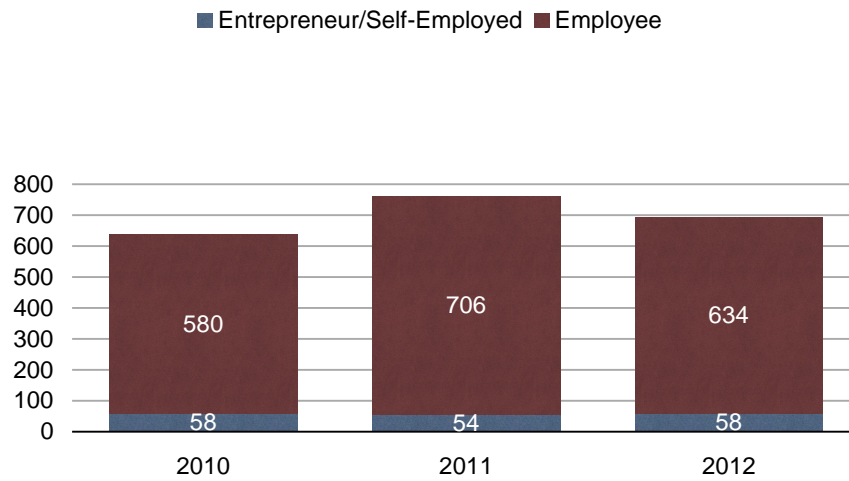
Micro:	1 to 9 workers
Small:	10 to 99 workers
Medium:	100 to 199 workers
Large:	200 and above workers

In terms of asset size, enterprises are categorized as follows:

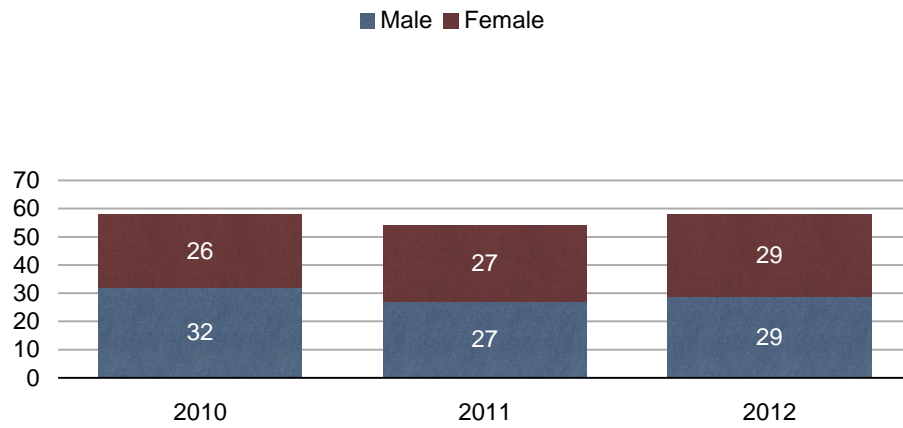
Micro:	Up to 3 million pesos
Small:	3,000,001 to 15 million pesos
Medium:	15,000,001 to 100 million pesos
Large:	Above 100 million pesos

1. Falling out rate, especially among entrepreneurs, and what caused them to drop out.
2. Entrepreneurial readiness of these entrepreneurs who enrolled in the courses, especially those who merely inherited the business.
3. Impact study on the benefits gained by the entrepreneurs who completed the training programs.

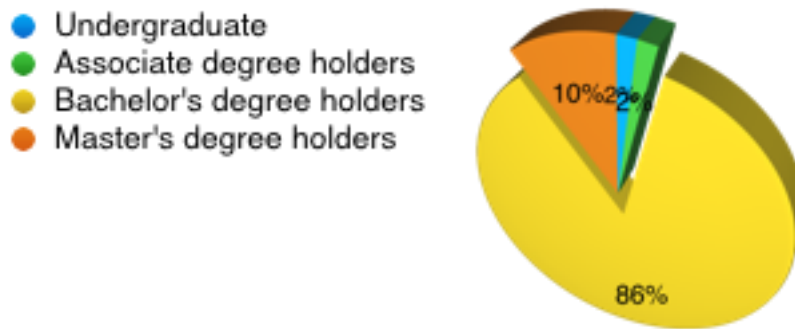
**Table 1.** *Entrepreneur/Self-Employed Training Penetration*



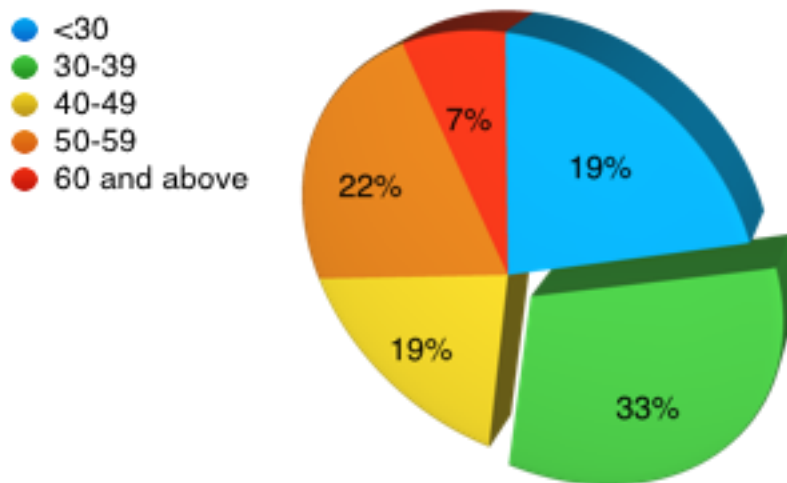
**Table 2.** *Gender Distribution*



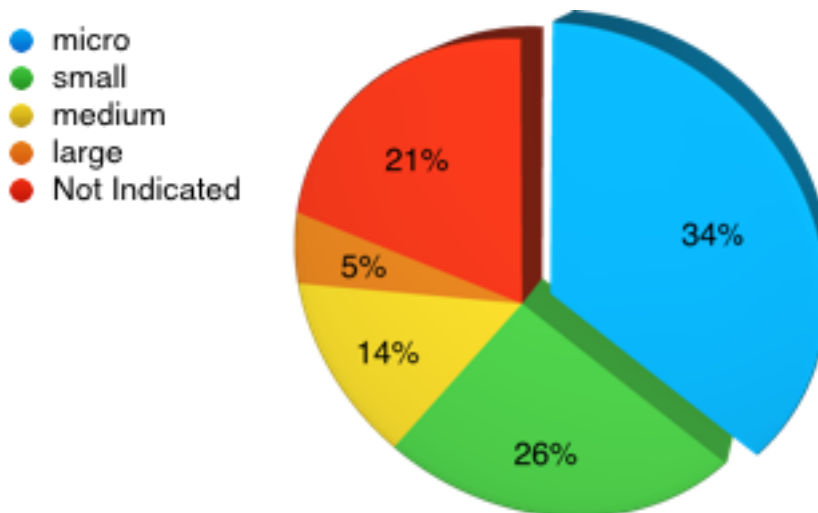
**Figure 1.** *Educational Attainment of Training Graduates in 2012*



**Figure 2.** *Age Distribution of Training Graduates in 2012*



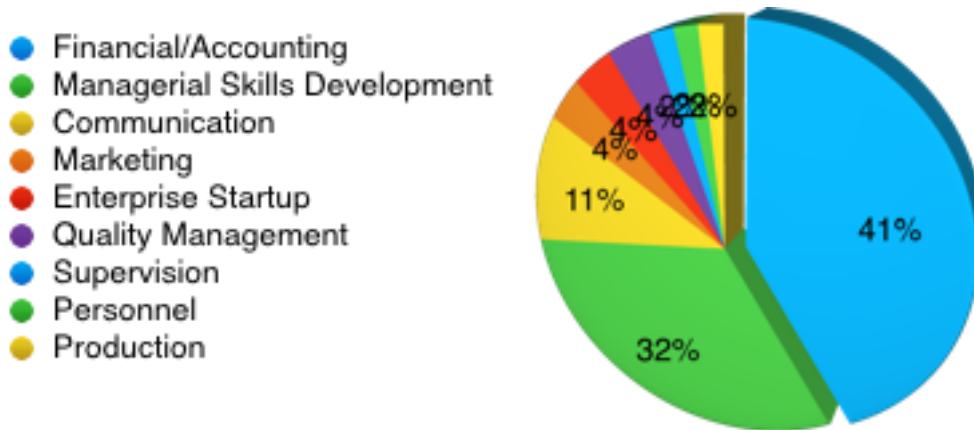
**Figure 3.** *Firm Size of Training Graduates in 2012*



**Table 3.** *Course Preference of Regular Training Participants in 2012*

	Management Development	Enterprise Development	Quality and Productivity
Type of Course	688	2	2

**Figure 4.** *Specific Course Preference*



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