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ENTREPRENEURIAL SKILLS OF RURAL BASED ENTREPRENEURS:  
BASIS FOR ENHANCEMENT PROGRAM

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**ABSTRACT**

The study primarily aimed to assess micro and small enterprise owners' entrepreneurial skills in a rural-based economy and identify the needs and problems they encountered in managing their small business, which will serve as an input for proposing an enhancement program to help the micro and small entrepreneurs. The study used a descriptive survey. Results show that micro and small entrepreneurs possess planning skills. They always assess the internal and external environment before making any business decisions, set goals and targets, and think of strategies on how to achieve those goals. According to their demographic profile, there was no significant variation on the entrepreneurial skills in terms of planning, marketing, and interpersonal skills of the micro and small entrepreneurs. Their management and personal maturity skills differed according to their age and years of experience as entrepreneurs. Education and experience contribute to the development of entrepreneurial skills, such as marketing and personal maturity skills. Micro and small entrepreneurs' identified problems were inability to set long-term plans and study different aspects of business, competition, innovation, lack of financial capital and knowledge on bookkeeping, and the high operating cost of business and receivable management.

## INTRODUCTION

Businesses in the Philippines are composed predominantly of micro and small businesses in the 2017 List of establishments of the Philippine Statistics Authority (PSA). A total of 924,721 business enterprises operating in the Philippines. Micro, small and medium enterprises (MSMEs) account for 99.56% of the total establishments, of which 89.59% (828,436) were microenterprises, 9.56% (88,412) were small enterprises, and 0.41% (3,829) were medium-sized enterprises. Large enterprises made up in the remaining 0.44% (4,044) MSME's employed 65% of the country's workforce and account for 35% of the Philippine GDP (dti.gov.ph)

Businesses are classified in terms of asset size and some employees. Microenterprise has an asset size of 3 million and below with nine employees. Less, small scale enterprise has an asset size of 3 to 15 million. With an estimated 10 to 19 employees, medium-sized enterprises have an asset size of 15 to 100 million estimated employed 100 to less than 200 employees. In comparison, large scale enterprises with over 100 million assets and employs more than 200 employees.

According to the Small Business Association (SBA), only 30% of new businesses failed during the first two years of being open, 50% during the first five years, and 66% during the early 10. The SBA stated that only 25% make it to 15 years or more. However, not all of these businesses need to fail. With the right planning, funding, and flexibility, businesses have a better chance of succeeding (<https://www.investopedia.com/slideshow/top-6-reasons-new-businesses-fail/?article=1>).

One of the causes of business failure is poor business management. Many small businesses failed due to the poor management skills of the owner. Goldhill said that the primary reason for the failure of startups within three years is usually management's failure to act, management's inability to react, or management's failure to plan (Moyak, 2016).

Asala (2016), many reports on business failures cite poor management as one of the biggest reasons for failure. New business owners frequently lack relevant business and management expertise in almost all business functions. They do not have enough capital to hire the necessary people to care for what they do not know. Unless they recognize what they don't do well, and more importantly, seek help, business owners may soon face disaster. For these reasons, the researcher wanted to assess small business owners' entrepreneurial skills in Pililla and provide assistance to them through business management capability building or enhancement program.

### *Objectives*

The study primarily aimed to assess micro and small enterprise owners' entrepreneurial skills and identify their needs and problems, which will serve as the basis for a proposed program to capacitate these small entrepreneurs in managing their business.

### *Review of related literature and studies*

Among entrepreneurs, there is a broad spectrum of individuality. Many undergo official training, and some have a natural knack for it. Nevertheless, others breach any law or invent very odd tactics. Although there is no blueprint for becoming a successful entrepreneur, entrepreneurial success is correlated with unique skills.

If the entrepreneur's business is to succeed, the following abilities are critical. Entrepreneurs ought to be able to express themselves both verbally and in prose. Strong selling abilities lead to consumers wanting to purchase goods or services from you. For entrepreneurs, the ability to schedule is a critical skill, as is the ability to prepare. A must

for any entrepreneur to succeed in business is the willingness to start up a company. ([www.cefe.illinois.edu/tools/.../MAJ\\_Student%20Guide%20Sample.pdf](http://www.cefe.illinois.edu/tools/.../MAJ_Student%20Guide%20Sample.pdf))

Hood & Young(1993) analyzes responses from the list of the nation's most profitable publicly-owned entrepreneurial companies for the years 1979-1989 by 100 chief executives from Inc. magazine. A list of required areas of expertise is established in terms of content, skills, and mindset. Finance/cash management, engineering, accounting are examples of critical information domains.

After deciding the areas of knowledge needed for effective entrepreneurship, the study goes further to determine whether executives assume that knowledge can really be taught. The priority level of significance is also calculated.

Carland & Carland (1998), using a study of 88 businesses drawn from Inc. 500, exuded the impact of the composition of entrepreneurial team skills on the success of new projects.

Sujan Patel identified 17 skills that any entrepreneur must have to be successful. Where their money goes, how it can be raised, and how it can be successful, entrepreneurs need to think. Jim Rohn said that you were the sum of the five people you spent the most time with. To get to where you want to go, it is essential to recruit the right people, and it is necessary to handle them well. To understand your strengths and weaknesses, it is necessary to know where you are strong and vulnerable. The associates you bring on and the staff you recruit will teach others the strategic choices you make. The skills demonstrated here are taken from Sujan Patel's book, *Entrepreneurial Skills for Business*, published by YPWR.

The critical skills needed by a successful entrepreneur were enumerated by Butters (2015). At a certain level, entrepreneurs need to be agile and ready and able to learn new skills. A successful entrepreneur thinks quickly. They need to think fast, it's in their nature, and it's the source of great ideas.

The Entrepreneurial Skills Analysis of German and Serbian entrepreneurs found that they have different entrepreneurial skills growth levels. Stress tolerance is a strength for aspiring German entrepreneurs that has the greatest variability. For potential Serbian entrepreneurs, resistance to stress that explains the greatest variation affects individuals. This suggests that people preparing to set up their businesses need self-control to ensure an acceptable future output (Morales et al., 2013).

Few technology creators participate in entrepreneurship—lack of networking skills among technology developers, students, and negotiating skills. The results illustrate the need for UPLB faculty, academics, students, and technology developers to foster an entrepreneurial community. The Los Banos University of the Philippines conducted the thesis (Depositario et al., 2011).

The research conducted by Polias (2004) on Entrepreneurial Competencies assumes that entrepreneurs share similar characteristics. There are potential relationships between the entrepreneur's and students' demographic variables and their entrepreneurial competencies or characteristics.

Magnaye (2014 ) conducted a study to evaluate the understanding of entrepreneurship among BSU graduate students. The result shows that BSU graduate students do not have entrepreneurial characteristics and are not entrepreneurially inclined.

### *Theoretical framework*

Schumpeter (1949) describes entrepreneurship as 'a creative activity' Entrepreneurship disrupts the stagnant circular flow of the economy and thus initiates and sustains growth. The entrepreneur is seen as the 'development engine' and sees the opportunity for new products, new markets, new supply sources, and new forms of industrial organization to be introduced. The entrepreneur is the prime mover in economic development; his job is to create or make new combinations. He is particular about the entrepreneur's financial status and considers creativity as an entrepreneur's instrument. There is a differentiation between an innovator and an inventor. An innovator is more than an inventor because not only does he originate as the inventor does, but he also goes far further in the invention's commercial use. An inventor discovers new methods and new materials, while the entrepreneur converts technological work into economic success.

Marshall believed that entrepreneurship's success depended on the features that the entrepreneur had. The most critical elements are commitment, efficacy, reasonable and efficient action, perseverance, and the ability to adapt to environmental changes (Van Praaag, 1999).

### **METHODOLOGY**

The researcher utilized a descriptive survey research design to analyze micro and small enterprise owners' entrepreneurial skills in a rural-based economy.

Planning skills, marketing skills, management skills, interpersonal skills, and personal maturity were the skills measured. Registered micro and small business owners engaged in the type of merchandising industry, manufacturing, and service were the report's primary informants. The questionnaire checklist developed by the researcher was the data collection method used in this study. It was subject to content validation by experts in the field of business and entrepreneurship. Using the research and interpretation of SPSS tools, the collected data were tabulated.

The following statistical tools were used in the analysis of gathered data to describe the demographic profile of the small and micro-entrepreneurs percentage rank was used to describe the entrepreneurial skills weighted mean was used to ascertain variations in the entrepreneurial skills in terms of demographic profile. F test and One Way ANOVA were used, to measure the significant relationship between entrepreneurial skills and demographic profile. Chi-Square was used.

### **RESULTS AND DISCUSSION**

Entrepreneurial Skills of Micro-Small Entrepreneurs in terms of:

**Table 1:** Planning Skills of Micro and Small Entrepreneurs.

<b>Planning Skills</b>	<b>Mean</b>	<b>VI</b>	
Assess the internal and external environment before making any decision or action for the business	4.66	A	1
Set goals and target for the business	4.54	A	3
Identify the strength and weaknesses of the business before making any decisions	4.00	O	4
Study the different aspects and details of the proposed business before going into a business venture	3.20	S	5
Think of strategies on how to meet the goals or target for the business	4.63	A	2
<b>Average</b>	<b>4.20</b>	<b>A</b>	

It can be seen from the table that the majority of micro-small entrepreneurs at Pililla often analyze the internal and external climate in terms of planning skills before making any business decisions. They set targets and goals for their organization and think about plans to achieve these goals or objectives. However, before entering into business projects, they have some deficiencies in researching the proposed business's various aspects, leading to business venture failures.

**Table 2:** Marketing Skills of Micro and Small Entrepreneurs.

Marketing Skills	Mean	VI	
Identify the target market or customers of the product or service	4.62	A	2
Set the prices of the product or service according to the computed cost	3.3	S	4
Purchase the product or raw materials supplies directly from the wholesaler or distributor or producer to avail of lower prices and discounts.	4.39	A	3
Maintain good relations to clients or customers to ensure customer loyalty	4.69	A	1
Use social media platforms (Facebook, Instagram, Messenger, twitter) to inform, promote and encourage buyers of the product	2.39	R	5
<b>Average</b>	<b>3.88</b>	<b>O</b>	

As seen in the table, when it comes to marketing skills, micro-small entrepreneurs in Pililla value good customer relations as their excellent marketing activity and identified their target or client market. However, they seldom set the price based on the measured cost for product pricing and rarely use social media channels for advertising their product or service, since most companies are merchandising or retail sari-sari stores that do not need marketing because they cater to small markets.

Table 3 can be gleaned from that when it comes to company management. Micro-Small Entrepreneurs (MSEs) are hands-on in business management. They also oversee the company's day-to-day operations, maintain a particular inventory or inventory of items, and educate family members in appropriate business management practices for management. They said some of their family needs in an interview were taken from their sari-sari shops' sales or profits.

**Table 3:** Management Skills of Micro and Small Entrepreneurs.

Management Skills	Mean	VI	
Monitor the daily operations of the business to check if the set sales target will be achieved.	4.53	A	1
Set a certain level of sales on credit or accounts receivable from clients or customers to avoid to much credit from customers	3.10	S	5.5
Properly records all the transactions such as sales, expenses inflow, and outflow of money.	3.5	O	4
Maintain a certain level of inventory or stocks of goods or supplies good for one-week operations.	4.39	A	2
Train people or family members on the management and operation of the business.	4.34	A	3
Set aside a portion of sales, income, or profit for future expansion of the business	3.1	S	5.5
<b>Average</b>	<b>3.82</b>	<b>O</b>	

**Table 4:** Interpersonal Skills of Micro and Small Entrepreneurs.

<b>Interpersonal Skills</b>	<b>Mean</b>	<b>VI</b>	
Communicate with clients or customers to determine their needs, preferences, and satisfaction on the products and services availed from the business.	4.57	A	1
Consider the comments and feedback from the clients or customer in improving the products or delivery of services to them	4.51	A	2
Establish a connection, network, or linkages with suppliers, other entrepreneurs for possible business partnership	3.5	O	4
Communicate with the staff or family members about the status of the business, the vision of the owner plans and target through meetings or casual dialogue with them	4.32	A	3
Participate in meetings, assembly conducted by trade associations, DTI, and local government	2.10	R	5
<b>Average</b>	<b>3.8</b>	<b>O</b>	

The table shows that most of the micro-small entrepreneurs in Pililla understand the importance of open contact with clients regarding interpersonal skills and accept the customer's opinions and feedback to enhance their goods and services, which is a good entrepreneurial ability. Networking by participation in gatherings, however, micro-small entrepreneurs have seldom performed the assembly.

**Table 5:** Personal Maturity of Micro and Small Entrepreneurs

<b>Personal Maturity</b>	<b>Mean</b>	<b>VI</b>	
Take a positive outlook on business failures as a learning experience and a challenge for the improvement of the business	4.20	A	4
Maintain composure and calmness in dealing with arrogant customers demand, complaints, problems, and staff wrongdoings	4.45	A	3
Take responsibility in resolving problems of the business	4.62	A	1
Ability to manage stress and pressure from the business effectively.	3.9	O	5
Take a risk in business decisions.	4.47	A	2
Creatively think of solutions to the problem	3.35	S	6
<b>Average</b>	<b>4.16</b>	<b>O</b>	

It can be seen from the table the good characteristics of micro-small entrepreneurs in Pililla include responsibility for solving challenges. They are risk-takers, capable of coping with stresses and stress from customer demand, flexible. They have a constructive outlook on perceived setbacks that have been taken as a challenge and learning experience.

**Table 6:** Composite table on the Entrepreneurial Skills of Micro and Small Entrepreneurs in Pililla.

<b>Aspect</b>	<b>Mean</b>	<b>VI</b>	
Planning Skills	4.20	A	1
Marketing Skills	3.88	O	3
Management Skills	3.82	O	4
Interpersonal Skills	3.80	O	5
Personal Maturity	4.16	O	2
<b>Average</b>	<b>3.97</b>	<b>O</b>	

The table highlights the various entrepreneurship skills of small and micro-entrepreneurs in Pililla. Small entrepreneurs often practice planning, followed by skills of personal

competence, which are also exercised. Marketing abilities are often practiced, teamwork abilities are frequently practiced, and diplomatic skills are often practiced.

Problems Encountered in Management of Business in terms of:

**Table 7:** Problems Encountered in Planning

	Yes		No	
	F	%	F	%
Lack Vision for the Business	90	37.2	138	57.0
<b>Inability to set Long term Plan</b>	<b>151</b>	<b>62.4</b>	71	29.3
Inability to assess the business environment	62	25.6	160	66.1
<b>Inability to study the different aspects of business</b>	<b>162</b>	<b>66.9</b>	59	24.4
Others	10	4.1	21	8.7

On the challenges faced by small business owners when it comes to planning, 70 percent of respondents said that their issue was the inability to research various aspects of the company by performing a feasibility study before joining a company that often leads to business failure, and 63 percent said they had trouble setting their long-term business plan. However, they have a vision for their business.

**Table 8:** Problems encountered in Marketing

	Yes		No	
	F	%	F	%
Lack of Sales of the product in the market	98	40.5	126	52.1
The high cost of raw materials or the cost of goods sold	100	41.3	121	50.0
<b>Inability to compete with existing business</b>	<b>148</b>	<b>61.2</b>	74	30.6
<b>Inability to innovate or become creative</b>	<b>162</b>	<b>66.9</b>	55	22.7
The business operates at break-even (no profit)	121	50.0	91	37.6
Others	11	4.5	22	9.1

Nearly 70% of micro and small entrepreneurs revealed that their issue was competition in the marketing of their goods and services, in particular, because of the proliferation of large chain supermarkets in the region. Because of resource constraints, they could not build inventions for their business. Fifty percent of Pililla's small businesses operate on a break-even or no benefit, which is why they were unable to make any inventions for their companies.

**Table 9:** Problems Encountered in Management

	Yes		No	
	f	%	F	%
Lack of Knowledge in management of business	67	27.7	159	65.7
Lack of financial capital	<b>125</b>	<b>51.7</b>	97	40.1
Lack of knowledge in accounting or bookkeeping	<b>132</b>	<b>54.5</b>	90	37.2
Inability to monitor the operations of the business	61	25.2	159	65.7
Others, Please specify (Other problems were not mentioned)	15	6.2	14	5.8

The table shows in terms of managing the concerns of small business owners in Pililla. Nearly fifty-five (55) percent of business owners said they lack bookkeeping or accounting expertise, which is key to business management. The lack of financial capital is next. 125 or 51.7 percent of small business owners said that a lack of capital is one reason for not expanding their business. The majority of the money of the respondents came from their investments.

**Table 10: Problems Encountered in Operations**

	Yes		No	
	F	%	F	%
High cost of business operations ( electricity, rentals transportation and other expenses)	144	59.5	82	33.9
The location of the business is far from the supplier of raw materials or merchandise	104	43.0	118	48.8
A large portion of sales is on receivable	141	58.3	80	33.1
Others, Please specify (Other problems were not mentioned)	30	12.4	39	16.1

As shown in the table, about business activity, small business owners in Pililla are. The high operating costs, including electricity, leases, transportation, and other expenses. Another thing is that their profits are wrapped up in receivable accounts. An interview with some sari-sari store owners revealed that it took them almost three to six months until their customers could collect their receivables. In some instances, their receivables to their clients were low debts or uncollected. Owing to high sales on credit, the cash flow is relatively low.

### SUMMARY OF FINDINGS

From the analysis of the gathered data, the findings are hereby presented:

As for the profile of micro-small entrepreneurs in Pililla Rizal, the majority of women belong to the 31-50 age range of the middle age community. Most of them have completed high school, but they have not finished college. Full-time entrepreneurs are the bulk of them. Most micro-entrepreneurs are engaged in merchandising or retail trade market on the profile of their market; most of them were 2 to 6 years in the company survival era. Their money for business was derived from their investments.

Rizal still exercises preparation on entrepreneurial skills, company owners in Pililla, a more detailed examination of the internal and external climate before making any business decisions. Micro-small entrepreneurs also exercised marketing, teamwork, and interpersonal skills.

The entrepreneurship skills of micro-small business owners in Pililla do not differ significantly when they are grouped by age in terms of preparation, marketing, interpersonal management skills; however, they vary in terms of personal maturity skills. In terms of gender, educational achievement, occupation, nature of the industry, there is no substantial gap in the entrepreneurial skills of micro- and small entrepreneurs. The entrepreneurial skills of micro-small entrepreneurs in Pililla vary dramatically when they are grouped according to the number of years of management and personal maturity in the industry.

In terms of strategy, the challenges faced by entrepreneurs are the inability to set long-term goals and the failure to research various facets of the enterprise. The challenge is marketing, completion, and creativity. The issues are management, financial resources, and a lack of accounting or bookkeeping skills about company operations. Their concern is the high cost of business activities such as electricity, transportation costs, and receivable management.

There was an essential relationship between entrepreneurs' marketing skills and educational achievement, management skills, years of business experience, personal maturity and age, and years of business experience.

### CONCLUSIONS

Results suggest that micro and small business owners in Pililla have planning skills. In terms of strategy, promotion, and interpersonal skills, there were no significant differences in entrepreneurial skills. The problems identified were the inability to set



long-term plans and research the various market, competition, and innovation aspects, lack of financial resources, and bookkeeping skills.

### RECOMMENDATIONS

Based on the findings and conclusions drawn, the researcher recommended that to support micro and small entrepreneurs, the partnership should be formed between and among business owners, local government units, and academia. URS Pililla may recommend a program to train micro-entrepreneurs in business planning, accounting or accounting, and in the management of receivables. Among successful entrepreneurs, a follow-up analysis could be performed to account for the factors that led to their success.

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