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# The small-business entrepreneur

Aquaculture Department, Southeast Asian Fisheries Development Center

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# The small-business entrepreneur

The experiences of 245 Filipino entrepreneurs indicate that careful preparations must be made before entering the small-business arena. Other than knowing the legal and managerial aspects, special qualities and traits are required of the entrepreneur: good physical health, high value placed on success, the thinking of a generalist, superior conceptuality, high self-confidence, perseverance, and imagination.

The entrepreneurs started their businesses when they were between 31 to 45 years of age. Most had previous employment experience and expertise in the trade, which helped them. They are self-reliant, and few hired consultants and other experts. They tapped their personal savings, and acquired loans from private commercial banks. They planned production capacities, marketing strategies, and organizational structures. They were strongly motivated by favorable return on their investments.

Operating the business resulted in some profits, but profitability could have been improved through increased financing and marketing. Many of the entrepreneurs failed to increase their capital and did not change their marketing strategies. Sales reached a quarter of a million pesos, but net earnings ratio to sales was only 13%. Growth rate of net earnings was only 19%. A majority decided not to plow back their earnings.

Problems threatening the stability of small business are the high cost of labor, high taxes, high interest rates in financing, competition from large business, shortage of raw materials, and burdensome government regulations. Stabilizing the small-business operation is a challenge. Majority of the entrepreneurs were required to use all personal resources. Many suffered from inflation which depleted their earnings. But the strength of small-business management lies in controls specifically related to cash sales, accounts receivable, production, inventory, budget, financial reporting, and personnel.

Majority of the entrepreneurs plan to continue their present small-business operations, and to remain closed private enterprises. However, they expressed limited plans to develop their product services further, to diversify or branch into other activities, or to expand their market area. They indicated very little appreciation for merging or combining with other groups, buying other existing businesses, or allowing interested investors to join them. The entrepreneurs indicated that the factors that could ensure success are proximity to customers, programmed activities, entrepreneurship and autonomy, production and motivation through people, and a loose-tight management control pendulum.

For the small business entrepreneurs to continue their businesses, it is strongly recommended that they individually undergo self analysis, and prepare a more comprehensive and integrated development program. Achieving this will ensure their meaningful participation in the country's economy.

Source: TA Sajo. 1985. *Prospects of small-business entrepreneurship in developing economy*. Presented at the University of the Philippines - Visayas Diamond Jubilee Lecture Series IV, 18 Sept. 1985, Iloilo City.

