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RESEARCH ARTICLE

SUCCESS DETERMINANTS OF HOMEGROWN ENTERPRISES IN ONE CITY IN THE PHILIPPINES

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ABSTRACT

This paper is focused on the study of success determinants of homegrown food enterprises in Bacolod City, Negros Occidental. The study utilized the quantitative technique wherein the data was analyzed using different statistical tools such as frequency, percentage, weighted mean, and Chi-square test. Purposive sampling technique was employed to identify the participants of the study. Inclusion criteria were established in the selection process such as the number of years, number of employees, and number of branches. The list of participants was taken from the Business Permits and Licensing Office of the New Government Center of Bacolod City. A total of 30 participants were included in the study. The validity and reliability of the instrument were conducted prior to administering it. The researcher-made instrument underwent validation from five panel of experts and was rated 4.44. Reliability of the instrument was established by calculating Cronbach's Alpha in the pre-test stage score of the instrument which scored 0.806, thus considered reliable. Findings of the study revealed that entrepreneurial skills were very evidently practiced by business owners, while personal attributes were discovered to be very highly possessed by them. Findings showed that the critical contributing factor to business success was the personal attributes of the business owners. These personal attributes of the business owners include motivation, perseverance, goal orientation, flexibility, determination, tolerance to pressure, energy level, compassion, and ability to communicate. Significantly, the results of the study showed a strong positive relationship between the number of branches to the personal attributes of business owners. Subject Area: Business and Management of chickpea.

INTRODUCTION

According to the Organization of Economic Cooperation and Development (Nadim, 2017), entrepreneurship is a process through which entrepreneurs create and grow enterprises to provide new products or services or add value to products or services. Further, the characteristics of seeking opportunities, taking risk beyond security and having the tenacity to push an idea through to reality combined into a special perspective that permeates entrepreneurs. Negros Occidental engages in homegrown entrepreneurship. It is one of the provinces in the Philippines known for its great local cuisine. It is particularly popular for sugar-based food items, delicacies, the chicken "inasal" (roasted chicken), and grilled seafood such as the tiger prawns. Special attractions include the following: a) the Palapala market and similar establishments where customers can buy fresh produce and seafood and ask the establishments to cook these; b) establishments where customers can catch their own fish ---'cook and eat what you catch'; c) grilled food and native ambiance; and d) "eat all you can" establishments (Boquiren *et al.*, 2005). Negros Occidental abounds with food business of various types. To mention, there are notable homegrown enterprises like Bong bong's Pasalubong, Merzci,

Margie's, etc. that have grown and expanded over the years. Said businesses survived against adversities and continue to operate to date; however, not all took the same fate and shutting down was an option for them (Boquiren *et al.*, 2005). Numerous studies reported on the research related to the factors leading to business success and revealed that there is a strong link between managerial skills and business success (Arasti, Zahra, 2014). Determinants of entrepreneurs' success have been categorized by some researchers into three main groups: (a) the psychological elements and personality traits of the entrepreneurs, (b) the managerial skills and training of the entrepreneurs and (c) the external environment in which the enterprise operates (Benzing *et al.*, 2009). Others combined the importance of personality traits to the need for experience, training, and managerial skills for the entrepreneurs to achieve business success (Rauch, 2000). The third determinant of business success is the environmental factors and it includes satisfactory government support, ease of getting finance and the support of family and friends (Benzing *et al.*, 2009). Green and Pryde, and Pratt summarized the determinants that lead to business success; on the ability of the entrepreneurs to take initiatives, get support by his network, environmental factors and third-party assistance (Green, 1989; Pratt, 2001) argued

that entrepreneurs' previous experience, interpersonal skills, access to capital, hard work are important drivers serve as the success of any organization. Experience and knowledge of the local market also play a great role in the success of entrepreneurs (Hussain, 2010) Whereas, Eroglu and Picak (Eroglu, 2011) related the success of entrepreneurs' to national cultural attributes. Moraima De Hoyos-Ruperto (2013) argue that systematic factors such as education and mindset in addition to individual factors associated with social competences affect the entrepreneur's networking activities which ultimately influence the success of the entrepreneur. On the other hand, Bosma *et al.* (2000) (Bosma *et al.*, 2000) identified variables relating to human capital, financial capital, strategies for keeping up with the business, social capital and control variables (gender). Each success measures the relations between determinants and success. The observation about the outcome for engaging into entrepreneurship paves the way to the conduct of the study with the hope to gain insights about the driving factors leading to success. The main objective focuses on the analysis of the determinants leading to the success of homegrown businesses.

OBJECTIVES OF THE STUDY

This study aimed to determine success determinants of homegrown food enterprises in Bacolod City, Negros Occidental. More specifically, this study aimed to describe the participants' profile in terms of sex, age, civil status, and educational attainment. It also assessed the personal attributes possessed by the business owner and the level of business practices in terms of entrepreneurial, marketing, management, and financial practices. Finally, the study aimed to test the relationship of the number of years, number of branches, and number of employees to personal attributes, entrepreneurial skills, marketing practices, management practices, and financial practices.

MATERIALS AND METHODS

Research Design: The study used descriptive research design using a survey questionnaire to describe the profile of the participants and the business itself. Further, the study used relational research design to determine the relationship between the independent variables namely: personal attributes, entrepreneurial practices, marketing practices, management practices, and financial practices to the dependent variables namely: number of operating years and number of branches. This research design was chosen because it can provide essential knowledge about the subject under study as well as its relations among each other.

Participants: For the purpose of this study, measures of business success such as the number of operating years, number of branches, and number of employees were established to identify the participants who will be included in the sample size. The use of these measures may reliably assess the success of business owners and may become the best way to obtain information that would otherwise be very difficult to gather like the financial performance of the enterprise such as profitability, net income, and the like. The sample of the study included well established homegrown business owners who initiated their business establishment and bring it to the point of ultimate success. It comprised a total of 30 homegrown enterprises over the age of 15 years, with more than one branches and has more than 20 employees.

Further, homegrown food enterprises were defined as those businesses which originally started and grew over a period of time in a particular region, hence not a product of franchise of an existing business in the market. Potential participants were based on the data taken from the Business Permits and Licensing Office of the New Government Center of Bacolod City.

Instrument: The instrument used in this study is a researcher-made questionnaire to collect the data. The variables selected in this study are personal attributes, entrepreneurial practices, marketing practices, management practices, and financial practices. The first part of the questionnaire contained demographic questions of the participants such as age, sex, civil status, and educational attainment. The second part of the questionnaire contained the business profile consist of the number of operating years, number of employees, number of branches, initial capitalization, and products and services offered. The third part measured the success determinants of these homegrown food enterprises. A nine-point criterion will be used to measure personal attributes of the business owners, eight-point criteria in entrepreneurial skills, six-point criteria in marketing practices, five-point criteria for management practices and six-point criteria for financial practices. The scale used in the questionnaire for personal attributes was based on a 5-point Likert scale (with 1= very low, 2= low, 3= average, 4= high, 5= very high) for personal attributes. Whereas, the scale used in the questionnaire for entrepreneurial skills, marketing practices, management practices, and financial practices was based on a 5-point Likert scale (with 1= not so important, 2= not important, 3= important, 4= important, 5= very important) for each close-ended question.

Prior to conducting the main study, the content and face validity of the questionnaire was validated by a panel of experts of faculty members of Northern Negros State College of Science and Technology. A pilot test was conducted to establish the reliability of the instrument. Fifty questionnaires were randomly distributed to target participants who were not part of the sample size. The participation in this study was on a voluntary basis and participants were given one week to return the questionnaires. After the screening, forty-six (46) of the questionnaires were fully completed and yielded a response rate of ninety-two (92) percent. The validity of the instrument was analyzed based on the criteria presented by Carter Good and Douglas Scates rated with 4.44, therefore valid for data gathering. The reliability of the instrument was confirmed by calculating Cronbach's Alpha in the pre-test stage score of the instrument which scored 0.806. With this score the instrument is considered reliable.

Procedure: The study used a survey questionnaire in order to obtain the necessary data. But prior to collecting such, each selected participant was provided a copy of the consent form to ensure all participants understood the right of being able to withdraw from the interview at any time, they were volunteering willingly, and they were aware their confidentiality is permanently secure. Participants were contacted via telephone and e-mail and asked to complete a questionnaire, which was directly administered by a member of the research team. Participants who were not reached through these means were visited personally in their business establishment.

Data Analysis: The data gathered were tallied and interpreted using different statistical tools such as frequency and percentage, weighted mean and Chi-square test. The mentioned tools were used based on the objectives of the study. Data were also supported using SPSS to further analyze the results using 0.05 alpha level.

RESULTS AND DISCUSSION

Table 1. Participant's Profile

	Profile	Frequency	Percent
Sex	Male	24	80%
	Female	6	20%
Age	20 – 29	5	17%
	30 – 39	9	30%
	40 – 49	13	43%
	50 – 59	2	7%
	60 – 69	1	3%
Civil Status	Single	8	27%
	Married	18	60%
	Widowed	2	7%
	Separated	2	7%
Educational Attainment	College Level	6	20%
	College Graduate	18	60%
	Master's Degree Holder	5	17%
	Doctorate Degree Holder	1	3%
Total		30	100%

Table 1 shows the number of participants as segregated according to age, sex, civil status, and educational attainment. It reveals that the majority are male. It implies that males are more entrepreneurially active than females. The result supports the study conducted by Ruane (2007) that males are likely to be successful than females (Woldie, 2008). In terms of age, the result reveals that participants ages 30-49 years old are more entrepreneurially active. The results are consistent with the study of Reynold (2000) that individuals aged 25 – 44 years were the most entrepreneurially active (Woldie, 2008). Further, a study conducted by Kristiansen, Furuholt, and Wahid (2003) shows that there is a significant correlation between the age of the entrepreneur and business success. The older (>25 years old) entrepreneurs were more successful than the younger ones (Woldie, 2008). In terms of civil status, half of the participants are married, while another big number are single, and the rest are widowed and separated. The result supports Adegbite et al (Woldie, 2008) that married men and women worked harder in managing a business because of the social, financial and psychological support than single, divorced or widowed individuals. This is important because of family responsibilities and commitments.

In terms of educational attainment, the result reveals that more than half of the participants are bachelor's degree holder, one-fourth are master's degree holder, and a few are undergraduate and doctorate degree holder. It implies that the majority of the participants have finished their bachelor's degree. The result supports Lussiers and Pfeifer (Thapa *et al.*, 2008) that entrepreneurs with higher education level and experiences have greater chances of succeeding than the people without education and experiences. Raw scores and interpretation of personal attributes, entrepreneurial, marketing, financial, and management practices are summarized for easier interpretation. Among the variables, entrepreneurial practices and personal attributes are found to be very important and very high with a mean score of 4.3141 and 4.4693 respectively, while management practices is the least important. With the personal

attributes dominating at the top, this means that business owners are highly motivated, persevering, flexible, determined, with high energy level, and tolerance to pressure, goal-oriented, compassionate, and a good communicator. The Chi-square test was used to establish if the variables namely: personal attributes, entrepreneurial practices, marketing practices, financial practices, and management practices have a significant relationship with the measures of success.

Table 2. Mean Score of Personal Attributes and Business Practices

Variables	Mean	Interpretation
Personal Attributes	4.4693	very high
Entrepreneurial Practices	4.3141	very important
Marketing Practices	4.2164	somehow important
Financial Practices	4.182	somehow important
Management Practices	4.0289	somehow important

Further, it was used because the data describing the number of years were categorized in nature. On the other hand, the data on the number of employees and number of were reprocessed in terms of ranges. The result shows that the number of years as a measure of success is not dependent on the variables. The significance of the number of years and the variables are indicated by P-value greater than the 0.05 significance level. This illustrates that even if the owners are motivated, persevering, flexible, determined, with high energy level, and tolerance to pressure, goal-oriented, compassionate, and a good communicator, these personal attributes do not have an effect on how many years the business would be operating or surviving. It also illustrates that factors like entrepreneurially

Table 3. Relationship of Number of Years with the Variables

Variables	Correlation Coefficient	P-value
Personal Attributes	8.225	0.914
Entrepreneurial Practices	13.725	0.186
Marketing Practices	7.67	0.936
Financial Practices	9.156	0.869
Management Practices	6.509	0.97

equipped, marketing, financial and management practices do not determine the number of years that the business would survive. The result shows that the number of years as a measure of success is not dependent on the attributes. The significance of the number of employees and attributes is indicated by P-value greater than the 0.05 significance level. This illustrates that the personal attributes of the owners like the way they face problems and the way they manage their business do not affect the number of employees the business hires. The same result applies to entrepreneurial practices. Similarly, marketing practices such as how they manage their business financially and how things result from such management do not affect the number of employees that the business has.

Table 3. Relationship of Number of Years with the Variables

Variables	Correlation Coefficient	P-value
Personal Attributes	1.465	0.962
Entrepreneurial Practices	1.822	0.768
Marketing Practices	0.969	0.987
Financial Practices	2.963	0.813
Management Practices	3.858	0.696

The result shows that the number of branches as a measure of success is dependent on the personal attributes of owners.

Table 5. Relationship of Number of Branches with the Attributes

Variables	Correlation Coefficient	P-value
Personal Attributes	78.488	0
Entrepreneurial Practices	5.007	0.757
Marketing Practices	1.31	1.00
Financial Practices	5.218	0.95
Management Practices	6.159	0.908

The significance of the number of branches and the personal attributes is indicated by P-value less than the 0.05 significance level. This illustrates that the personal attributes of the business owners do affect the number of branches that the business currently has. This means that the personal attributes of the business owners are important in this matter. This personal attribute refers to business owners who are motivated, persevering, flexible, determined, with high energy level, and tolerance to pressure, goal-oriented, compassionate, and a good communicator.

Conclusion and Recommendation

The homegrown enterprises have been believed as very important in accelerating the economic development in the region or in a country as a whole. That is why its role is becoming increasingly prominent throughout the world. The study shows that the personal attributes of the owners are a critical contributing factor to the success of the business. These personal attributes refer to motivation, perseverance, goal orientation, flexibility, determination, tolerance to pressure, energy level, compassion, and good communication of the business owners. Combining these traits, one can excel in any field, in any realm. Furthermore, among the variables marketing practices is the most important and dominantly practiced among business owners. This shows that business owners should have a complete understanding of the rivals and business dynamics they are striving in. The study suggests that aspiring entrepreneurs should bank on to developing one's trait and attitude as it is one of the determinants to success. However, these entrepreneurs should also consider improving practices in all areas. Future research should seek to investigate other factors that determine success in business. A related study will provide a clearer picture of the antecedent's influence on success determinants of homegrown enterprises. Further, a study that investigates the obstacles and challenges faced by the business owners could be a great help to guide future entrepreneurs in reaching success.

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