ENTREPRENEURIAL ORIENTATION AND BUSINESS STRATEGIES OF MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES (MSME): BASIS FOR SUSTAINABLE ENTREPRENEURSHIP IN THE PHILIPPINES

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Abstract-This study integrated the predicting factors of entrepreneurship into several criterionof the research framework focused on Micro, Small and Medium-sized Enterprises (MSME). It was administered to a stratified sample of 400 Enterprise-owner respondents in 16 cities in Metro Manila Philippines mostly middle-age females aged 31-40 considered sole proprietorship, family and independently owned businesses engaged in the Services, Food business and retail industries, existing for 5 years and employing less than 10 workers. The study utilized Descriptive-Correlation and Descriptive-Comparative Method of quantitative research and employed statistical treatment of data using frequency count, percentage, mean, standard deviation, Chi-square, Split-type Analysis of Variances (ANOVA), Pearson product correlation and Multiple Regression. The study concluded that a positive entrepreneurial attitude towards Locus of control, Firm profitability, Market-driven propensity, Business Innovation, Personal Pursuits and Family Connections significantly influence MSME business strategies. Product and service differentiation, Cost leadership, Financial Management and Risk Management when employed as strategies in business will highly influence entrepreneurial sustainability. Micro and small enterprise should develop a deeper understanding of entrepreneurial concepts and acknowledged the fact that a positive approach towards their orientation in business, strategies employed and sustainable means of operation, regardless of the extent and limitations of their external and internal resources (asset, process, and technology and manpower density) is an important factor for long-term firm performance and success. The conceptual and research paradigm would be further improved by the inclusion of more detailed and focused measures of the existing predictors such as multi-item framework targeting the behavioral aspects, the actual business conducts, amount of company assets and actual financial performance of the business.

Index Terms - Entrepreneurial Orientation, Entrepreneurial Strategies, Sustainable Entrepreneurship, Entrepreneurial Eco-system

I. INTRODUCTION

In a dynamic and rapidly accelerating economy, entrepreneurship is highly significant in various emerging sectors in modern economies and thus, Sustainable Entrepreneurship is an important force behind the success of such. The fast paced integration of economies and globalization of markets has greatly influenced the evolution and co-creation of entrepreneurship over the years.

MSME as Linchpin of Economic Development

According to MSME Country Indicators (2014), there are about 162.8 million formal MSMEs which dominate the business sector, employing more than 508 million employees in 155 countries worldwide and frequently categorized 250, 50, and 10 employees to define medium, small, and micro-enterprises density, respectively. MSME are considered as the linchpin of economic development. It is for this reason that countries and international organizations are implementing programs to promote MSME development. The Organization for Economic Co-operation and Development (OECD) has established the Centre for Entrepreneurship and promote an entrepreneurial society in the OECD area. The Asia-Pacific Economic Community (APEC) is working towards building the MSME sectors' capacity to engage in international trade and the Association of South-East Asian Countries (ASEAN) is implementing the ASEAN Policy Blueprint for MSME Development in Southeast Asia to accelerate the growth and development of MSMEs in the ASEAN region while in the Philippines through the Department of Trade and Industry, with its MSME Development Plan 2010—2016, viewed MSME sector as critical factors to increase investment, employment, productivity, technological and innovative development, fiscal policy outcomes and economic growth.

Philippines' Economic Corridors

Taking advantage of liberalized trading environments for the Philippine enterprises especially as member of ASEAN Economic community is seen as an opportunity to propel the economy. Based on the Philippine Statistics Authority(2015) statistical data, there were 900,914 establishments in the Philippines, of these, 99.5% (896,839) are micro, small, and medium enterprises (MSMEs) contributing 61.2% of the country's total employment and 35.7% of total value added while the remaining 0.5% (4,075) is large enterprises. With this, MSME sector is seen as a critical factor to propel the country's economic growth and development. The main thrust of Entrepreneurship is to transform and create a sustainable society and economy by providing solution through the creations of wealth, generation

of employment, social empowerment and actively encourage entrepreneurial co-creation and most of all, alleviating widespread poverty especially on helping the poorest of the poor.

II. RESEARCH OBJECTIVES

The main objective of the study assessed the extent of Entrepreneurial Orientation cascaded into business Strategies and its influence on business decision which accounts for business growth and long-term firm sustainability encapsulated through economic, social, environmental and joint marketing effort among Micro, Small, and Medium-sized Enterprises (MSME) in the Philippines.

III. LITERATURE REVIEW

The term entrepreneurship has changed throughout time from the initial concepts of pre-classical to classical era which cap-sized from risk on substantial returns and profit (Cantillon, 1965), to neo-classical erachanging that concept froma profit-seeking activity.Weber (1985) and Schumpeter (1965) described entrepreneurship asa demand and profit-generating activities through innovation. From the Traditional Entrepreneurship to Social entrepreneurship (Austin, 2006; Jiao, 2011) describing it as incorporating a double bottom line within the company's mission balancing economic and social returns on investment. Today, a call for sustainable means of operation are not only gauge through business performance but also entailsinstitutionalized value chains anchored towards ethical standards and business conductand aiming a sustainable economy and living.

Defining Sustainability

United Nations World Commission on Environment and Development (2015) described sustainability asa desirable, healthy, and dynamic balance between human and natural systems and a system of policies, beliefs, and best practices that will protect the diversity and richness of the planet's ecosystems, foster economic vitality and opportunity, and create a high quality of life for people. Kalam& Singh (2011) identified six dimensions of sustainability, namely: economic, technological, social, environmental, value and learning sustainability while Soto-Acosta, Cismaru, Vaˇtaˇmaˇnescu&Ciochina, (2016) investigated sustainable entrepreneurship approaches towards the people (Social responsibility) and profit (Economic) dimensions to exhibit significant positive influence on business performance in terms of turnover, customer attraction and retention and market share which was further affirmed by Rey (2011) that a sustainable means of operationwill result into company success. Bell &Stellingwerf (2012) highlighted that Sustainable Entrepreneurs are highly motivated to solve environmental and/ or social related problems (sustainability-related market failures).

Entrepreneurial Orientation

Isalam (2011) stated that entrepreneurial orientation is a significant contributor to business success which is related to both internal and external environment factors while Miller (1983), Lumpkin, &Dess (1996), Kuratko&Hodgetts (2004) and Gurbuz&Aykol (2009)mentioned attitudestowards business innovativeness, pro-activeness in business operation and risk-taking influences long-term firm performance. Chiang (2013) further confirmed that factors of entrepreneurial orientation and entrepreneurship strategies serves as antecedents of awareness toward entrepreneurship and business competitiveness.Sirivanh, Sukkabot&Sateeraroj (2014) further investigated that factors of Entrepreneurial Orientation positivelyaffect Competitive Advantages SME's growth.

MSME's indicators of Growth and Competitiveness

Baum (2001) studied on business growth in various dimensions cap-sized by competitive strategy, business environment, firm size and, growth in sales, profit and market share. Murphy, (1996), Chong, (2008), Ahmad, (2010), & Nguyen, (2008) stated that MSMEs' growth can be measured in terms of non-financial performance through customer satisfaction levels, sales and market share which later on affirmed by Mahmood and Hanafi (2013) who emphasized the use of subjective measures of enterprise performance.

Research Framework

The research framework is based from the theory of Miles and Snow's (1986) Entrepreneurship Strategy typology that identified types of methods that measures perceptual level of entrepreneurial orientation and addresses entrepreneurial problem by combining six factors of entrepreneurship (e.g., locus of control, firm profitability, market-driven propensity, family connection, personal pursuits, and innovation/creativity) to decision making. The study is also framed within the firm growth theories of Murphy (1996), Resource-Based Views (RBV) of Barney (1991) and entrepreneurial orientation concepts developed by Miller (1983) comprising three dimensions; innovativeness, pro-activeness and risk taking combined with the competitive advantage theory of Michael E. Porter (1985). Central to application of Sustainability is the Triple Bottom-Line Sustainability model which was first defined by Elkington (1995) as a type of scorecard that attempts to measure the balance between economic, environmental and social aspects - the 3P's or People, profit and planet which strived to focus on the broader environmental and social dimensions. Slaper& Hall(2011) investigated that sustainability shouldaim at capturing the whole set of values, issues

and processes that companies must address in order to minimize any harm resulting from their activities.Joint Marketing effort as the fourth sustainability predictors is related to learning and adaptability which encompasses availability of infrastructure, opportunity and incentives for continuous learning from each other as entrepreneurs and business initiators, facilitating innovations.

Conceptual Model and testing of Hypothesis Paradigm

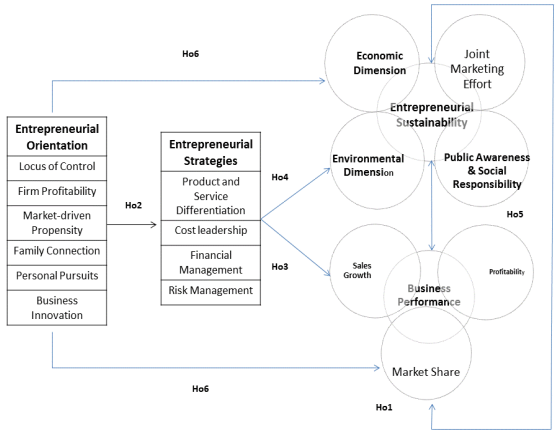


Fig. 1 Conceptual Model of Sustainable MSME and Hypothetical Paradigm

Entrepreneurial Orientation (EO) represents the policies and practices that provide a basis for entrepreneurial decisions and actions and can be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm's organizational purpose, sustain its vision, and create competitive advantage(s). Thus, conceptual arguments suggest that EO leads to higher and sustainable performance from its salient dimensions which can be derived from a review and integration of the strategy and entrepreneurship literatures.
This study is conducted based on the following hypotheses:

Ho1 - There is no significant difference in the MSME's orientation in business, strategies used, level of sustainability and growth in business.
Ho2 - There is no significant relationship between MSME's Entrepreneurial Orientation and Strategy in Business.
Ho3 - There is no significant relationship between MSME's entrepreneurial strategies with business performance.
Ho4 - There is no significant relationship between MSME's strategies in Business with sustainability.
Ho5 - There is no significant relationship between the extent of the enterprises' sustainability and Business performance.
Ho6 - There is no significant relationship between Entrepreneurial Orientation and Business Strategies on Entrepreneurial Sustainability in business when classified as MSME.

IV. RESEARCH METHODOLOGY

Research Design

The proponent made used of Descriptive-Correlation and Descriptive-Comparative Method of quantitative research and employed stratified Sampling technique.

Respondents of the Study

The study was pilot tested with a convenience sample to 30 international-based enterprise companies and administered to a stratified sample of 400 selected Enterprise-owner respondents in 16 cities in Metro Manila Philippines.

Data Analysis

A statistical package was employed in data analysis and treatmentusing frequency count, percentage; mean, standard deviation, Chi-square, f- test, Split-type Bivariate ANOVA, Pearson product correlation and Multiple Regression for higher statistical analysis according to the research objectives and hypotheses related to the relationships between the factors.

V. RESULTS AND DISCUSSIONS

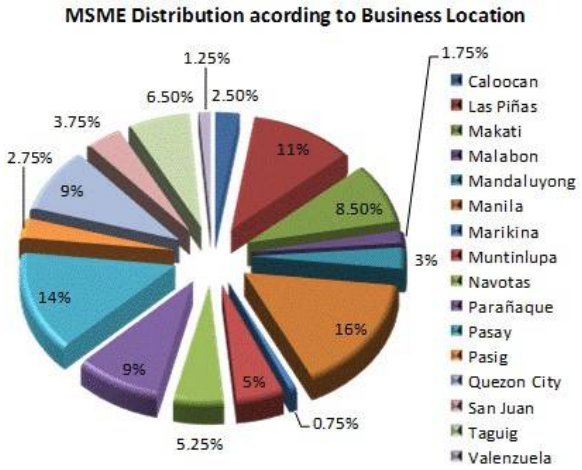


Fig. 2 MSME Distribution according to Location

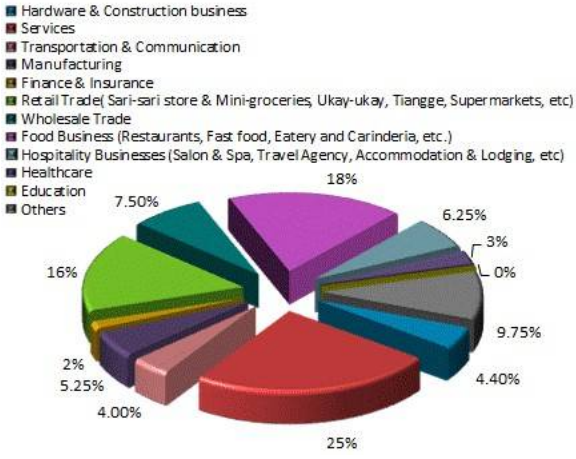


Fig. 3 MSME Distribution according to Type of Industry

Figure 2 presents the distribution of the MSME according to its location. MSMEs' business location

is largely distributed into four mega cities namely Manila, Quezon city, Pasay City and Las Pin as city.

Figure 3 presents the distribution of MSME according to the type of industry. The result shows that the distribution is largely distributed into three types of industry namely in the Services, Food business and retailing industries.

Correlation between		r value	p value	Interpretation
Entrepreneurial Orientation	Business strategies	.589**	.000	Moderate Relationship/ Significant
Entrepreneurial Orientation	Entrepreneurial sustainability	.628**	.000	Moderate Relationship /Significant
Entrepreneurial Orientation	Business Performance	.193**	.000	Slight Relationship /Significant
Business Strategies	Entrepreneurial sustainability	.756**	.000	High Relationship /Significant
Business Strategies	Business Performance	.189**	.000	Slight Relationship /Significant
Business Strategies	Business Performance	.171**	.001	Slight Relationship /Significant

Table I. Correlations between MSMEs' Overall Entrepreneurial Orientation, BusinessStrategies and Entrepreneurial Sustainability in business
****. Correlation is significant at the 0.01 level (2-tailed), n=400**
Legend: 1.00 Perfect Relationship, 0.71-0.99 High Relationship, 0.41-0.70 Moderate Relationship, 0.01-0.41 Slight Relationship, 0.00 No Relationship

Using 2-tailed Pearson Correlation, entrepreneurial orientations moderately influence business and sustainability based from an obtained r value of 0.589, 0.628 and significant value of 0.000 respectively but exhibited slight impact on business performance. Business strategy shows high relationship with entrepreneurial sustainability from an r value of 0.756 and significant value of 0.000 but slight impacts on business performance from an r value of 0.189 and significant value of 0.000. Sustainability means of operation showed slight influence on business performance from an obtained r value of 0.171 and significant value of 0.001.

Thus, the results revealed that a positive entrepreneurial attitude towards Locus of control, Firm profitability, Market-driven propensity, Business Innovation, Personal Pursuits and Family Connections significantly influence business strategies. Product and service differentiation, Cost leadership, Financial Management and Risk Management when employed as strategies in business will highly influence entrepreneurial sustainability. Furthermore, pursuing a sustainable means of operation in accordance to joint marketing effort, corporate social responsibility, economic and environmental dimension will significantly influence company performance.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.042	.124		8.39	.000	.798	1.286
Entrepreneurial Orientation	.278	.037	.293	7.609	.000	.206	.350
Business Strategies	.441	.030	.565	14.50	.000	.382	.501
Classification of business as to number of employees	.024	.028	.031	.881	.379	-.030	.079
Years in the Industry	-.007	.011	-.021	-.651	.515	-.029	.014
Types of Bus. Organization	.008	.018	.016	.458	.647	-.027	.044
Types of Bus. Ownership	.031	.014	.073	2.199	.028	.003	.058

a. Dependent Variable: Entrepreneurial Sustainability
R : .269
R2 : .072
Adjusted R2 : .056
Sig. Value : .000 (Significant)

Table II. Multiple Regression Analysis predicting MSMEs' Overall Entrepreneurial Sustainability and Growth

Table II shows the result of multiple regression analysis on the criterion value of Sustainability in business accounted from the predictors of industry profile, orientation and strategies in business of the MSME company respondents.

The data obtained an r value of 0.269, r square value of 0.072, adjusted r square value of 0.056 and significant value of 0.000 which revealed that (7.2 %) of the variation of sustainability criterion are attributed by the industry profile according to number of employees, years of existence, type of business organization, business ownership, orientation and strategies employed in business. Overall, the regression model are statistically significantly predicts the outcome variable.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	2.126	.233		9.106	.000	1.667	2.584
Entrepreneurial Orientation	.106	.068	.103	1.569	.117	-.027	.239
Business Strategies	.095	.065	.112	1.456	.146	-.033	.223
Classification of business as to number of employees	.091	.048	.106	1.897	.059	-.003	.186
Years in the Industry	.042	.019	.111	2.197	.029	.004	.079
Types of Bus. Organization	-.037	.032	-.066	-1.165	.245	-.099	.025
Types of Bus. Ownership	.009	.024	.020	.384	.702	-.039	.057
Entrepreneurial Sustainability	.011	.087	.010	.127	.899	-.160	.183

a. Dependent Variable: Business Performance
R : .794
R2 : .631
Adjusted R2 : .625
Sig. Value : .000 (Significant)

Table III. Multiple Regression Analysis predicting between MSMEs' Overall Business Performance

Table III shows the result of multiple regression analysis on the criterion value of Business Performance and Sustainability accounted from predictors of industry profile, orientation and strategies in business. The data obtained an r value of 0.794, r square value of 0.631, adjusted r square value of 0.625 and significant value of 0.000 which revealed that only sixty three percent or (63.1%) of

the variation of business performance criterion can be explained by the predictors. Overall, the regression model are statistically significantly predicts the outcome variable.

CONCLUSIONS

The following conclusions were drawn based on the findings of the study; Majority of the Enterprise-owner respondent are middle-age females aged 31-40 with sole proprietorship business ownership, considered family and independently owned enterprise engaged in the Services, Food business and retail industries, operating for 5 years and employing less than 10 workers. Thus, the study concluded that a positive entrepreneurial attitude towards Locus of control, Firm profitability, Market-driven propensity, Business Innovation, Personal Pursuits and Family Connections significantly influence business strategies. Product and service differentiation, Cost leadership, Financial Management and Risk Management when employed as strategies in business will highly influence entrepreneurial sustainability. Furthermore, pursuing a sustainable means of operation in accordance to joint marketing effort, corporate social responsibility, economic and environmental dimension will significantly influence company performance.

And hence, sustainable operation should be taken into consideration by micro, small and medium organization regardless of the number of employees they have, type of business organization and business ownership they belong and the number of years of their existence in the industry.

RECOMMENDATIONS

In the light of the above findings and conclusions of the study, the following recommendations are hereby endorsed; Micro and small enterprise should develop a deeper understanding of entrepreneurial concepts and strategies and acknowledged the fact that a positive approach towards Firm profitability and business innovation, regardless of the extent and limitations of their external and internal resources (asset, process, and technology and manpower density) is an important factor for increasing firm performance, competitiveness and success in business and should be seen as a prerequisite for future business conduct. It is important to implement superior management and marketing strategies, utilizing new sources of supply and opening and expanding new businesses and implements enhanced strategies of business innovation in exploring entrepreneurial endeavor through the creations of new idea, product, service, market, or technology as they expand their organization and established entrepreneurial co-creation and start-ups.

Limitations and Future Research Directions

The present study would benefit from further improvements by the inclusion of more detailed and focused measures of the existing predictors and multi-item framework targeting the behavioral aspects. At this point, the items assigned to measuring predicting constructs addressed the entrepreneurs' approaches (perceptions, attitudes, beliefs) and not the actual conducts. Secondly, testing the proposed hypotheses on larger samples, the inclusion of large enterprise and actual financial performancewould make the analysis more accurate and present a clearer view on the field.The scope and coverage of MSME statistics are limited to the number of establishments, employment contribution, and regional distribution and Statistics on are being conducted every 5 years and the annual survey of establishments, usually released 15-24 months after the year which makes the data more or less an imprecise tool for analysis and decision-making. And finally, the Philippines have a large section of small business constituting the so-called underground or informal economy which delimits the legal existence of some micro, small and medium enterprises.

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