Assessment on the Pivotal Role of the Philippine Entrepreneurship Education in the Development of Micro, Small, and Medium Enterprises (MSMEs) Sector

Review of Integrative Business & Economics Research

Melchor C. Morandarte
Malayan Colleges Laguna

ABSTRACT

Entrepreneurship education, if well designed, properly developed, supported and true to its sense in its implementation, can play a pivotal role in the development of Micro, Small, and Medium Enterprises (MSMEs) of the country. With these as guiding principles, the Bachelor of Science in Entrepreneurship program will be able to provide results as purposely designed.

There is no amount of economic shocks can prevent the country's economic development and sustainability where entrepreneurial activity is vibrant and where its youth are properly trained and prepared for entrepreneurial undertakings. Here in the Philippines, where Bachelor of Science in Entrepreneurship is offered in some Higher Educational Institutions (HEIs) as single program, transforming entrepreneurship graduates from employment to an entrepreneurial minded individuals, to establish and manage their own business, whether micro, small, or medium enterprises justifies the purpose within which it was created.

With the number of Bachelor of Science in Entrepreneurship graduates in 2010, there would have been an additional number of MSMEs today.

This study will assess the role of entrepreneurship education in the development of MSMEs in the Philippines. Recommend possible solutions to address educators' dilemma in making its graduates engage or pursue in business after graduation.

Keywords— Educator's dilemma, Entrepreneurship education, Entrepreneurial minded

1. INTRODUCTION

Entrepreneurship education is a lifelong learning process, starting as early as elementary school and progressing through all levels of education, including adult education. (National Content Standard for Entrepreneurship Education, 2004). Started formally in academic year 2006-2007 as a straight program, the creation of the Commission on Higher Education (CHED) Memorandum Order No. 17, Series 2005 (CMO # 17 S. 2005) known as the offering Bachelor of Science in Entrepreneurship, paved the way to becoming an entrepreneurial oriented educational institutions in the Philippines. Designed to address the growing unemployment in the country, the CMO mandated all Higher Educational Institutions (HEIs) to phase out all entrepreneurship programs offered as major of Bachelor of Science in Business Administration or

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

Entrepreneurial Management, and offer it as a single program instead. ("HEIs offering BSBA major in Entrepreneurship or Entrepreneurial Management shall be phased out in favor of the Bachelor of Science in Entrepreneurship.")

" Entrepreneurship Education is the building of knowledge and skills either "about" or "for the purpose of" entrepreneurship generally, as part of recognized education program at primary, secondary or tertiary-level educational institutions" (GEM Special Report: A Global Perspective on Entrepreneurship Education and Training, 2010).

During its first academic year, the Bachelor of Science in Entrepreneurship initially fails to address the following challenges which eventually affected the generation of a decent enrollment in most HEIs who offered the program.

2. ISSUES CONFRONTING THE VIABILITY OF THE BS IN ENTREPRENEURSHIP PROGRAM DURING ITS INITIAL STAGE:

1. No takers - due to unpopularity of the program. Newly graduates in secondary schools are not familiar what is and what is the program is all about.
2. No available resources – books and related teaching materials especially local ones are nowhere to be sourced.
3. No qualified teachers – faculty members who handle entrepreneurship courses are usually taken from those who handle business and related courses with no entrepreneurial background thereby having no idea what to teach.
4. No budget allocated to set up facilities like incubation room and others.
5. Other issues like no available professional organizations, curricular, co- curricular, and extra- curricular activities where students' exposure is necessary.
6. Capitalization to open a business – most of the students have difficulty in raising capital to start the business as required.

3. PROGRAM OBJECTIVES

The BS in Entrepreneurship prepares individual to start and manage their own business. It aims to develop entrepreneurs who are motivated and knowledgeable in identifying opportunities, developing and preparing business plans and actually starting and managing a business (CMO 17 S. 2005).

3.1 Opportunities for the Higher Educational Institutions (HEIs)

HEIs offering Bachelor of Science in Entrepreneurship must take upon them this opportune time to train individuals (enrolled in the BS in entrepreneurship) who are in the peak of creative stage of their lives. They, who are in their early 20's are those whose creativity is very active and usually produces significant contributions in the

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

country's economy. Bill Gates, together with his college classmate, Paul Allen; Steves Jobs and Wozniak; Mark Zuckerberg together with his college roommates and fellow Harvard University students Eduardo Saverin, Andrew McCollum, Dustin Moskovitz, and Chris Hughes; and just recently, Bobby Murphy now having a net worth of $1.5 billion, a Filipino-American co-founder of mobile app Snapchat is now the second world's youngest billionaire's at the age of 25 according to the latest list released by Forbes Magazines for the year 2015. One thing is common to all of them, they all have conceptualized their business in their early 20's while they were in college. This scenario confirms Dr. Sing Lin's findings that "the peak of creativity of most scientists occurred around the age range of 20 to 30 years" (From the article of Dr. Sing Lin Optimum Strategies for Creativity and Longevity).

4. THE ROLE OF EDUCATIONAL INSTITUTIONS IN ENTREPRENEURSHIP

Massachusetts Institute of Technology (MIT) has always been associated with major scientific and technological breakthroughs. But the break-through alone do not explain the impact that MIT has had for the world. For that, we have to look at the entrepreneurship which starts with the "Mens et Manus " (Mind and Hand) slogan on the Great Seal of MIT. For faculty, students, and alumni, MIT is all about making discoveries and inventions and then applying these discoveries and inventions to solve real problems. In a very tangible way, MIT faculty and graduates invent the future, and entrepreneurship – the building of new business - is often the road to that future. A 2009 Kauffman Foundation study entitled "Entrepreneurial Impact: The Role of MIT" reports that the then-active companies founded by MIT graduates employed about 3.3 million people and generated annual world revenues of $2 trillion, producing the equivalent of the eleventh-largest economy in the world. This rich legacy of high-impact companies spans a wide range of industries; recent examples include A123 Systems, Akamai, iRobot, InVivo Therapeutics and Dropbox. (*THE ECOSYSTEM – Nurturing Entrepreneurship at MIT*)

5. THE PHILIPPINE ENTREPRENEURSHIP EDUCATION LANDSCAPE

Now on its 9th academic year, some HEIs from all over the country already enjoyed quite a number of enrollees each semester. Most probably, this could be due to the continuous non- lifting of the moratorium of all BSBSA programs. ("Moratorium on the opening of all undergraduate and graduate programs in Business Administration, Nursing, Teacher Education, Hotel and Restaurant Management and Information Technology effective School Year 2010-2011" (CMO 32, S. 2010).

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Table 1. Higher Education Graduates in Bachelor of Science in Entrepreneurship

Row Labels	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
01	34	36	36	38	32	39	52	58	66	391
02	158	142	132	69	112	70	82	14	192	1,071
03	42	23	22	22	66	243	250	130	404	1,202
04	1	-	-	4	20	64	116	94	273	572
05	136	79	267	257	235	222	318	336	424	2,274
06	-	12	-	149	47	85	65	163	322	843
07	-	-	16	2	24	122	153	151	167	635
08	-	-	-	-	-	131	39	211	116	497
09	-	-	-	-	-	-	-	19	8	27
10	-	9	-	-	-	18	13	47	18	105
11	-	-	-	-	-	-	33	112	129	274
12	-	-	-	-	-	1	14	-	-	15
NCR	47	42	44	62	107	74	297	405	589	1,667
CAR	-	-	8	18	31	29	85	55	85	311
CARAGA	-	-	-		2	38	17	15	27	99
4B	163	104	68	73	121	163	163	114	141	1,110
Total	581	447	593	694	797	1,299	1,797	1,924	2,961	11,093

Source: Commission on Higher Education, 2014

Table 1.0 shows the BS in Entrepreneurship graduates per region (Row labels). The top five regions with most number of graduates are region 5 (2,274), National Capital Region (NCR) (1,667), Region 3 (1,202), Region 4B (1,110) and Region 2 (1,071).

Table 2.0 Micro, Small, and Medium Enterprises (MSMEs) Comparative Data

Year	Total	Micro	%	Small	%	Medium	%	Total Contributions of MSMEs %		Large	%
2012	944,897	844,764	89.78	99,027	9.78	4,095	0.40	940,886	99.56	4,011	0.44
2009	780,437	710,832	91.4	63,529	8.2	3,006	0.40	77,367	99.63	3,080	0.37
2003	810,362	743,628	91.76	60,785	7.5	2,922	0.36	807,335	99.63	3,027	0.37
2000	894,114	820,927	91.09	67,166	8.18	3,037	0.37	891.130	99.64	2,984	0.36

Source: Department of Trade in Industry (DTI), 2014

Table 2.0 shows the number of Micro, Small, and Medium Enterprises (MSMEs) from 2000 to 2012. Notice the decline in the total number of established business (MSMEs) from year 2000 (891,130) to 2003 (807,335), to year 2009 (777,367). The scenario is different in the large businesses which show increased from 2000 (2,984), 2003 (3,027), 2009 (3,080) and in 2012 (4,011). It is quite discouraging though that, despite the number of BS in Entrepreneurship graduates (3,112) from academic year 2004-2005 to 2008-2009 the number of MSMEs still dropped.

Figure 1.0 Distribution of MSMEs by Region (NSO, 2009)

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

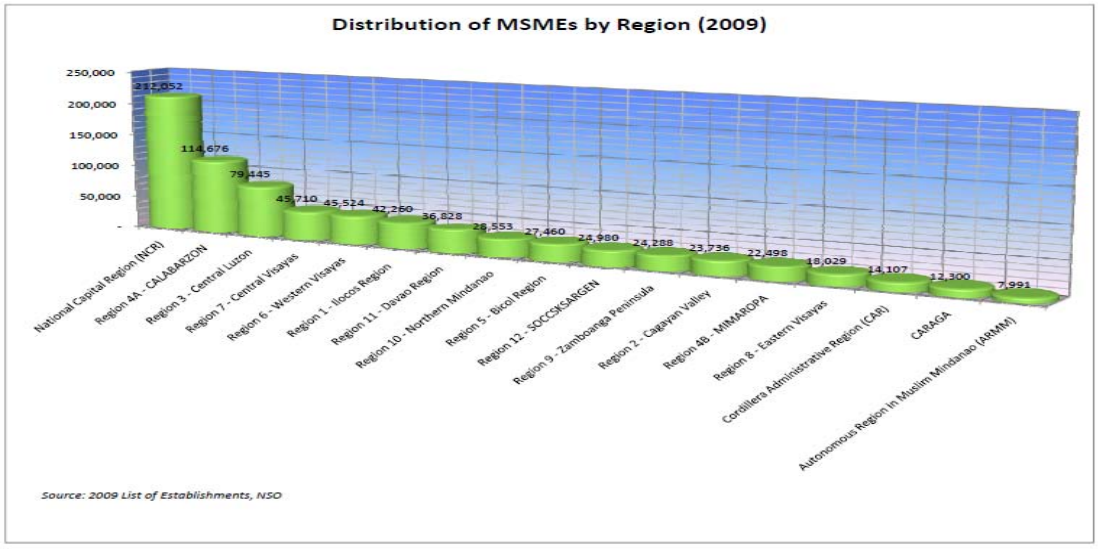

Figure 1.0 shows the distribution of the MSMEs per region. Notice that, of the top 5 HEIs in the total number of graduates (based on CHED), only NCR (#2) and Region 3 (#3) are in the list. Region 5 who occupies top spot in the most graduates is in number 9. While 4B which is in number 4 in most graduates is in number 13. Region 4A (CALABARZON) on the other hand, which is not in the top 5 in most graduates, is second to NCR in the number of established business.

6. Contributions of Micro, Small, and Medium Enterprises in the Philippine Economy

MSMEs generated a total of 4,930,851 jobs in 2012 versus 2,658,740 for the large enterprises. This indicates that MSMEs contributed almost 64.97% of the total jobs generated by all types of business establishments that year. Of these, 47.0% or 2,316,664 jobs were generated by micro enterprises; 41.8% or 2,061,090 by small enterprises; and 11.2% or 553,097 by medium enterprises. Despite this huge percentage gap compare to large enterprises with 0.4%, the Philippines is still struggling to be an economically viable nation.

Take note that, despite the huge difference between micro (844,764) and small (92,027) in the number of business establishments, jobs generated however, by small is very close with only a difference of 255,574 (5.2%). Though most entrepreneurial activities in the Philippines are necessity driven (Habito, GEM 2007) This can be further explained that majority of the micro enterprises engaged in business by personal motives or by survival.

7. Second Phase Challenges and Interventions

Having no available data for HEIs who offered BS in Entrepreneurship, the researcher opted to conduct an interview with department heads in some schools in some parts of the country (NCR, Eastern Visayas, Northern and Southern Luzon), and found out

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

that only about 1% of their graduates engaged in business after graduation while the rest got employed.

It is disappointing to note that the program which is supposed to help solve unemployment problem in the country didn't turn out as planned. The number should have shown significant contributions in the development of MSMEs.

It is therefore imperative for the academic sector involve in this discipline, at the very least to provide solutions that would make students become entrepreneurs even while they are still studying. A course requirements, curricular, co-curricular, and extra-curricular activities that will contribute in the stimulation of entrepreneurial mindset among the students should be designed to ensure positive results.

A number of approaches can be done to ensure compliance in the program. Approach may vary depending on the needs of the locale where the Higher Educational Institution operates. An example of this is Babson's and one of GEM's founders Professor Greene's approach below.

7.1 "Four Approaches to Teaching Entrepreneurship as Methods , 2010)."

1. Starting businesses,
2. Serious games and simulations
3. Design-based learning
4. Reflective practice

8. The ultimate goal of the program

Transforming from an employment to entrepreneurially minded individual is the ultimate desire of the program. Once a student enrolled in the program, the challenge starts. Difficult maybe as some of them not taking it seriously, just the same something must be done. Advocates, educators, and those who have stake in this endeavor must find ways even going out of their way just to see the program succeed. This is the only way where we can justify the creation of the program as well as the reason for entrepreneurship educators to exist.

9. Conclusion:

Based on the above discussion the Philippine Entrepreneurship education program did not provide significant contributions in the development of Micro, Small, and Medium Enterprises. (MSMEs). Today, most HEIs in the country are in the crossroads, whether to infuse more capital to improve the program by way of setting up facilities contributory to students entrepreneurial undertakings but face no enrollment at least in the next two academic year due to the full implementation of the

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

K-12 program.

10. Recommendations

1. Devise a curriculum which is focus on the enterprise development for start-up with inputs coming from an entrepreneur, NGOs, and entrepreneurship advocates.
2. Curricular, co-curricular, and extra-curricular activities should be properly designed to stimulate students' creativity.
3. Actual business operations should be required during student's sophomore year.
4. HEIs offering BS in Entrepreneurship program should provide honest to goodness incubation and other support facilities that will complement the students' business undertakings.
5. The government should provide due accommodation to students who will apply for documentation of the proposed business. (e.g. special price in securing business and related permits)
6. The government should consider the giving of incentives to all newly graduates who will engage in business after graduation from college.
7. Government, Private, Non-Government Organizations (NGOs), and other civic organizations to provide technical, financial, and other assistance and simplify the requirements in availing thereof.
8. Local government units, to provide some financial and other assistance or any other incentives to students who will engage in business.

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ISSN: 2304-1013 (Online); 2304-1269 (CDROM)