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## **“ENTREPRENEURS’ SURVEY AT CAGAYAN STATE UNIVERSITY-ANDREWS CAMPUS, TUGUEGARAO CITY”**

**AUTHOR: GIEHLITO CAMMAYO DULIN**

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**ABSTRACT**-This research aimed to conduct an Entrepreneurs’ Survey at Cagayan State University-Andrews Campus, Tuguegarao City. Respondents were the 27 entrepreneurs in the University. The descriptive -quantitative research design was used in the study. Data were gathered through the use of a structured and validated questionnaire as the main instrument. The statistical treatment used were frequency counts, percentages, rank, weighted mean and chi-square correlation test. Results of the study revealed that all the respondents are married, female dominated and professionals with a mean age of 48. The businesses are all sole proprietorship in form and most of the owners used personal savings as start-up capital. The mean years in operation is 7. The entrepreneurs’ motivation in business was self-employment. The main financing strategy used in the business was selling on a cash basis. The entrepreneurs have high profitability in their businesses. The study revealed that there is a highly significant relationship between age and financing strategies adopted like “selling on a cash basis”, “cutting expenses” and “enter into consignment”. On the other hand, there is a significant relationship between the number of years in operation and set up financial goals as financial strategy while there is an association on selling on cash basis as financing strategy with the number of years in operation. Furthermore, there is no significant relationship between the financial strategies adopted and the respondents’ educational attainment.

The most pressing problems identified were high cost of rent, lack of understanding financial statements, limited space for expansion and completion.

**KEYWORDS:** business, employment, entrepreneurs, motivation, poverty

### **Chapter I**

**INTRODUCTION**-Entrepreneurs are individuals who generate new ideas on how to start enterprises based on conceptualized ideas. The members of society have high regard and respect to them for they play key roles in the industry and economic development of the society based on their initiatives. These entrepreneurs are considered as value adding



persons because the result of their initiatives have created jobs in society, the capital formation is promoted and the country's export trade is increased. The concentration of economic power is reduced, balanced regional development becomes possible, forward and backward linkages among the industries are created and equitable redistribution of wealth, income and even political power is ensured. Enterprises exist because of the creative concepts and business ideas of entrepreneurs put into reality. The results are considered outcomes responsible to address the gaps in the market in terms of goods and services withstanding all the risks and rewards of their decisions.

People indulge in business for various reasons and motivations. Some engage in business to add income for the family and to attain the quality life they dream for. Other individuals start to run the businesses of their choice because they love independence and enjoy working on their own pace without being supervised by the boss in their chosen jobs. While others may not have the capability and qualification to do good-paying job, they go for independent businesses in order to survive with high hopes that the business they are to establish will flourish and bring more earnings, more job opportunities, and may give assistance in the economic development of the country. Many entrepreneurs who have special skills and love to welcome challenges run independent businesses. Others may want to leave the fast-paced corporate environment and set their own schedules running their own enterprise. Still others want to be at home while earning and others may want to pursue a personal dream. These reasons may lead them to become entrepreneurs. Several motivational factors like the need for affiliation, need for power and need for achievement are also responsible for going into an independent business. (Vandevveer, R.c. & Menefee M.L, 2010).

Murphy, et. al. (1986) as cited by Shamsudin (2012), found out that entrepreneurs are motivated to start a business because of the factors like ambitious factors, compelling factors and facilitating factors. In ancient civilization, there were entrepreneurs who did independent businesses and this trend of history still continues. Shamsudin, et.al, (2012) has revealed that entrepreneurial intentions to start a business and the decisions that occur before the start-up shape the subsequent goals, strategies and structure of the new



business. Entrepreneurship is the economic activity of a person who starts, manages and assumes risk of a business enterprise. Others define entrepreneurship as the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction. Entrepreneurship is more than just starting one's business for enough profit but bearing social responsibility too. It involves searching for change, responds to it and exploiting change as an opportunity. It is the primary ingredient for economic growth, engine for job creation, income growth and poverty reduction (Cantillon, 2015 ).

An entrepreneur is an individual who spots a gap in the market and sets up enterprises. In this way he contributes to productivity, output, value addition, income and employment. He is an individual who, rather than working as an employee, runs a small business and assumes all the risks and reward of a given business venture, idea or goods offered for sale. He is often seen as a business leader and innovator of new ideas and business processes. (Medina, 1996)

Entrepreneurs are people with creative minds. They come from all types of backgrounds and create all kinds of businesses. In starting a business, an entrepreneur can enter into manufacturing, trading or service business depending upon his expertise and financial capability. One of the common businesses entered into by entrepreneurs is service business. Service businesses include the food sector like restaurants, snack house, cafeteria, canteens, hotels and tailoring. Regardless of the type of businesses set up, the microenterprises make up the largest business sector in the country.

In an educational institution like Cagayan State University, the presence of a service business is a necessity. It plays the role of providing the needs of the employees, visitors and students in terms of a variety of food choices during breakfast, break time and lunch. It does not only provide a place for students and employees to eat but also to socialize, adjust to college life as well as sometimes a place to study. School supplies are also offered as well as photocopying services.



The food service and photocopying businesses within the educational institutions whether school owned or privately managed are seen as an integral part of the student's development and college education.

At the Cagayan State University a number of privately owned and managed businesses are focused on food, school supplies and photocopying services. These businesses are located within the university. This is an indication that such kind of business activity is one of the most promising business not only school-based but every where.

The University particularly the College of Business, Entrepreneurship and Accountancy offers the program Bachelor of Science in Entrepreneurship. As a faculty of the college, a research was conceptualize to study the status of entrepreneurs at Cagayan State University, Andrews Campus, Tuguegarao City as basis for extension program.

### **Objectives of the Study:**

Generally, the study aims to conduct an entrepreneurs' survey at Cagayan State University- Andrews Campus, Tuguegarao City.

Specifically, it seeks to answer the a) to determine the demographic profile of the respondents in terms of age, gender, status, educational attainment, form of business organization and number of years in the business; b) motivations of the entrepreneurs in business; c) Capital and its sources d) financing strategies employed; e) profitability f) significant relationship of the financing strategies adopted by the entrepreneurs when grouped according to age, educational attainment and number of years in business and problems encountered by the entrepreneurs.

### **Chapter II**

**RESEARCH METHODOLOGY**-The descriptive-quantitative design was employed in the study to describe and interpret the variables used such as the profile of the respondents, their motivations in business, financing strategies, profitability and problems encountered. The questionnaire was the research instrument used in the study. However, to supplement



the information gathered, interviews and observations were also done. The respondents were the 27 entrepreneurs at the Cagayan State University, Andrews Campus.

The data were tabulated, analyzed and interpreted using the descriptive statistics like frequency counts, rank, percentage and weighted mean. The chi-square correlation was used to test the relationship between the financial strategies adopted under set up financial goals, cash management, borrow from lenders, selling on cash basis, cut expenses and enter into consignment with the respondents' selected profile variables such as age, educational attainment and number of years in business.

### **Results and Discussion:**

**Table 1** shows that the mean age of the respondents is 48 with 65 as the oldest age and 26 as the youngest. The result affirms the findings of Kauffman Foundation(2009) that mid-career entrepreneurs are likely to enjoy successful business. He mentioned that the ideal age to start a business is 39. Majority of the respondents are at their middle ages capable of making contributions to the economy in terms of the services they are offering to their customer.

Majority of the entrepreneurs in the University are female. Females seek to do activities to help generate income to finance the family expenditures. This is affirmed by the result of the study on women entrepreneur in Denmark, that women delay their starting a business because they cannot rely on others for childcare. Hence, they find time to attend to their field of interest after their children are grown up.

On civil status, all the respondents are married. This implies that the respondents have more responsibilities to their families, thus, they have to engage themselves in any activity that would provide sufficient income for their survival.

Majority of the respondents are professionals. The degrees finished were business administration, commerce, engineering, information technology, nursing, education, hotel and industry management and tourism.

All the respondents started their business with sole proprietorship form of business organization. This is due to its simplicity in formation and the minimal amount of capital required to start the business.



The table shows that the mean years of the entrepreneurs in operating their business is 7 with 1 year as the shortest and 18 years as the longest.

**Table 1. Distribution of Respondents according to Characteristics**

Descriptive characteristics	Frequency	Percentage
<b>Age</b>		
61 – 70	2	7
51 – 60	11	41
41 – 50	8	30
31 – 40	4	15
20 – 30	2	7
Total	27	100
Mean Age = 48		
<b>Gender</b>		
Male	7	26
Female	20	74
Total	27	100
<b>Civil Status</b>		
Single	0	0
Married	27	100
Total	27	100
<b>Educational Attainment</b>		
Post graduate	1	4
College Graduate	21	77
College Level	1	4
2 year Course	2	7
Vocational Course	1	4
Elementary graduate	1	4
Total	27	100
<b>Form of Business Organization</b>		
Sole proprietorship	27	100
<b>Number of years in business</b>		
1 – 3	5	19
4 – 6	6	22
7 – 10	13	48
11 – above	3	11
Total	27	100
Mean years in operation 7		



As shown on **table 2**, self-employment ranked first as the respondents motivation in going into business. Putting up business provides employment and income to the individual. Thus, to earn a living as a motivation ranks second. People who find difficulty in getting a job and inclined in business start operating their own businesses. A small percentage considered additional source of income as a motivation in entering into business. For people to satisfy their needs and wants in life, they look for possible ways of earning more income. One of the respondents claimed that his motivation in business is to continue their family business while one claimed dissatisfaction from job was his motivation to go into business. This shows that people enter into business with varied motivations. The motivations of the respondents in the study affirms the findings of Mbobo, S and Hunter A (2006) that the Zimbabwe women went into business for the possibility of making more money for the family and making business a livelihood strategy. However, the motivations revealed in present study contradicts the results of other researchers especially in developed countries, that women are encouraged to become entrepreneurs because of family related life-style and are less motivated by wealth creation (DeMartino and Barbato, 2002).

**Table 2. Respondents distribution as to their Motivations in business**

Motivations in business*	Frequency	Rank
Continue family business	1	8
Dissatisfaction from job	9	2.5
Earn a living	9	2.5
Self-employment	13	1
Additional source of income	2	7
Total	27	

\*Multiple answers

**Table 3** revealed that most of the respondents made use of their personal savings to finance their businesses. This shows that the respondents depended on equity in financing their business. This is affirmed by the results of a statistical survey in Canada that 76% of business in British Columbia is financed by personal savings. Financing business by own



savings relieve the owners from paying interest. Four of the respondents made use of borrowings as their source of capital in the business. The borrowings were from their relatives and friends. Finance from friends and family is often used to finance start-up or relatively new businesses like service business. Recent surveys suggest that one in ten businesses currently use close friends and family as bankers. It is because of its easy access and free from rigid requirements. ([http://www.accaglobal.com/gb/en/business\\_finance/right-finance/micro-businesses, html](http://www.accaglobal.com/gb/en/business_finance/right-finance/micro-businesses.html))

**Table 3. Respondents distribution as to Source of Capital in business**

Sources of Capital	Frequency	Percentage
Own Savings	23	85
Borrowings	4	15
Total	27	100

The proceeding **table 4** shows that majority of the respondents started with an initial capital ranging from P10,000 – P50,000 which is the capital requirements for micro enterprises. However, after operating for a number of years it can be seen that some of the respondents had increases on their capital. The initial average mean capital of the respondents was P52,240.74 and a present average mean capital of P71,611.00. This shows that the entrepreneurs are engaged in livelihood activities which are directed towards meeting their consumption needs or categorized on the livelihood type of micro enterprises. (Chua 2004).

**Table 4. Respondents' Distribution as to Initial and Present Capital**

Capital Range	Initial Capital		Present Capital	
	Frequency	Amount	Frequency	Amount
P10,000 - P50,000	16	P480,000	10	P300,000
51,000 - 100,000	9	679,500	12	906,000
101,000 - 150,000	2	251,000	3	376,500
151,000 - 200,000	0	0	2	351,000
Total	27	P1,410,500	27	P1,933,500
Average Mean Capital	P52,240.74		P71,611.00	





In **table 5** financing strategies increase the cash value of business to its present owners. It involves identifying investment opportunities, evaluating cash flows associated with investments, determining sources of financing, managing and evaluating cash flows in accordance with plans (Saldana, 2010). Table 4 shows that the financing strategy “selling on cash basis” ranks first as adopted by the entrepreneurs. This is because of the nature of business run by the entrepreneurs require regular cash disbursements. Cut expenses ranks second as the financing strategy. Based on interviews with the respondents, workers are paid on a daily basis because they are hired as the need arises. Entering into consignment ranks third as claimed by the respondents. Based on their experiences, they claim that the sales generated on consigned goods are utilized by them before its remittance to the seller. Cash management ranks 4<sup>th</sup> on their financing strategies. It indicates that the handling of cash is important in running a particular business. Setting up financial goals is also adopted, however, it ranks 5<sup>th</sup>. This should be given importance by the respondents especially as the business grows. The respondents make borrowings from lenders the least priority in financing in as much as they made use of their own savings in starting their business. Borrowing should be the last resort, to avoid expenses in terms of interest.

**Table 5. Respondents distribution as to financing strategies adopted in business**

Financing Strategies Adopted*	Frequency	Rank
Set up financial goals	5	5
Cash Management (time value of money)	8	4
Borrow from creditors	4	6
Selling on Cash basis	24	1
Cut expenses	15	2
Enter into consignment	10	3

\* Multiple answers

**Table 6** shows that the businesses are very profitable as shown on their net profit margin of 46% which means that for every P1 of sales, the entrepreneur earns 46 centavos. On the return on equity, it shows that for every P1 of capital invested it earns 54 centavos. The findings is affirmed Chua (2004) that microenterprises have high rates of return vis-a-vis the low level of investment.

**Table 6. Respondents' Distribution as to Profitability**

Profitability Indicator	Profitability Ratio
Net Profit Margin	46%
Return on Equity	54%

**Table 7** shows the test of significant relationship on the financial strategies adopted by the entrepreneurs when grouped according to selected profile. The table on age shows that the p-value is less than 0.01 showing a highly significant relationship with "selling on a cash basis". This shows that respondents ages 30-50 are more likely to adopt on cash basis than the rest of the respondents. This can be attributed to the kind of business they are engaged in. Cash is always needed as most of the commodities need in the business are expected to be business on a cash basis. Also, "cutting expenses" has highly significant relationship to age; it was found out that respondents aging 51-60 and 20-30 are more likely to adopt cutting of expenses than the rest of the age group. Moreover, financial strategies under "enter into consignment" has a highly significant relationship to age with respondents under age group 31-40 and 41-50 are more likely to adopt the said financial strategy. This implies the expertise of the entrepreneurs in using others' capital without interest.

On the other hand, there is a significant relationship between the number of years and "set up financial goals" since the p-value is less than 0.05. This means that respondents with business operations of 4 years and up are more likely to set up financial goals in their business operations compared to those with less than 4 years of operations. There is an association on the selling on cash basis as financial strategy on the number of years of operations since the p-value is less than 0.05. This reveals that businesses with a business operations of 4 years and up tend more likely to adopt selling on cash basis than those with less than 4 years of business operations. This implies that financing ones activities on cash basis is much cheaper than on credit.

However, there is no significant relationship on the financial strategies as to respondents' educational attainment is concern since the p-value is greater than 0.05.

**Table 7. Test of Significant Relationship on the financial strategies adopted by the entrepreneur when grouped according to selected profile**

demographic profile	Financial Strategies											
	set up financial goals		cash management		borrow from lenders		selling on cash basis		cut expenses		enter into consignment	
	Chi-Square Value	p-value	Chi-Square Value	p-value	Chi-Square Value	p-value	Chi-Square Value	p-value	Chi-Square Value	p-value	Chi-Square Value	p-value
Age	2.901	0.575	4.328	0.363	6.830	0.145	17.795	0.001**	19.234	0.001**	14.792	0.05**
Educational attainment	5.540	0.354	2.220	0.818	1.342	0.931	3.616	0.606	6.487	0.262	6.331	0.275
number of years in business	8.475	0.037*	4.550	0.208	3.794	0.285	10.848	0.013*	4.771	0.189	7.839	0.059

Note: \*\*- significance at 1% level; \* - significance at 5% level

**Table 8** shows that the most pressing problems of the entrepreneurs is the high cost of rent, lack of understanding financial statements and the limited space for expansion. J. P. Morgan emphasized that understanding financial statements are very important because of its role in assisting entrepreneurs in the evaluation of their performance and as bases in making financial decisions. Based on interview, some of the entrepreneurs are thinking of expanding their services such as offering buffet meals and snacks on some days of the week however, the space provided by the University is very limited for such service. Competition is claimed to be the 7<sup>th</sup> problem encountered by the respondents. Competition is normal in any kind of business, however, it becomes a problem when it is a destructive competition.



The least problem encountered by the entrepreneurs is the loss of spoons and forks. The lost of some of the properties of the entrepreneurs is due to the use of common tables and chairs for all customers regardless of where the foods are purchased.

**Table 8. Distribution of Respondents as top Problems encountered**

Problems Encountered	Frequency *	Rank
High cost of Rent	27	1
Difficulty in preparing the requirements for the Bureau of Internal Revenue	20	10
Lack of understanding financial statements	26	2.5
Fluctuating demand of customers	23	9
Limited space for expansion	26	2.5
competition	25	7
Scheduling of classes	18	11
Entry of mobile vendors	22	8
Lost of plates, spoons and forks.	15	12

\*multiple answers

**CONCLUSIONS.** This study concludes that all the respondents are married and female dominated with a mean age of 48. Seventy percent of the respondents are professionals in their own field of specialization. All the respondents started their businesses as a sole proprietorship with 7 as the mean years in operation. Majority of the respondents used their own savings as start-up capital with selling on a cash basis as their financial strategy. The initial average mean capital and present average mean capital of the respondents are P52,240.74 and P71,611 respectively. On profitability, the entrepreneurs are very profitable on their business activities using the net profit margin and return on equity as profitability indicators.

The study revealed that that there is a highly significant relationship between age and the following financing strategies adopted such as “selling on a cash basis”, “cutting expenses” and “enter into consignment. On the other hand, there is a significant relationship between the number of years in operation and set up financial goals as a



financial strategy while there is an association on the selling on cash basis as financial strategy with the number of years in operation.

Furthermore, there is no significant relationship between the financial strategies adopted and the respondents educational attainment.

The most pressing problems encountered by the respondents is high cost of rent collected by the University Business Center, lack of understanding financial statements, limited space for expansion and completion and the least is the lost of plates, spoons and forks.

**RECOMMENDATIONS.** The College of Business, Entrepreneurship and Accountancy should design an extension program in terms of Capability Building along areas of Bookkeeping, Understanding Financial Statements and other business related trainings. The University Business Center should review their policies on the rent collected from the entrepreneurs if it is comparable with the current rates in the locality. The University should encourage the formation of an association or cooperative among the entrepreneurs to avoid destructive competition and to qualify them for assistance from the government. The entrepreneurs should provide identity on their plates, spoon and forks to avoid losses taken by mistake by others.

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