

# Challenges to Entrepreneurship

## *OFW & Families*

**Maria Angela dlc. Villalba**

### **The Role of Migrants & Remittances to Sustainable Development**

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**UNLAD KABAYAN**

Migrant Services Foundation, Inc.

*A people who can build their own livelihood  
and a sustainable economy for society.*



Migration is seen as a strategy to diversify, secure and improve livelihoods. (Stark, Oded and DE Bloom, 1985)

- *Given their ties to their countries of origin, diaspora members are willing to risk starting or engaging in business activities...their knowledge of the local, political, economic and cultural environment, their personal connections and linguistic abilities may give them “first mover” advantage when investing in or starting businesses in their countries of origin (MPI, 2010)*

# Who is an entrepreneur



It is the pursuit of opportunity beyond the tangible resources that is currently within control. *(Stevenson)*

Entrepreneurship had been a key element in the process of advancement of the economy and society. *(Schumpeter)*

Innovative, opportunity-seeking, resourceful, value-creating change agents. *(Jean Baptiste)*

An entrepreneur is one who sees an opportunity to create wealth in an innovative way and takes risks in undertaking the enterprise.

# Qualities of an entrepreneur



- *Opportunity seeking*
  - *Risk taker*
- *Innovative*
  - *Passionate*
- *Problem solver*
  - *Creative*

# What can entrepreneurship do?



- **Builds local enterprises**
  - Adds financial value to remittances
- **Secures income after migration**
  - Generates local jobs & enhances labor skills
- **Develops home-grown entrepreneurs**
  - Brings capital that remains in the country



# Philippine migration:



## *11 million Overseas Filipinos in more than 150 destinations*

- high % of women
- in their most productive years

## *US\$ 24 billion remittances*

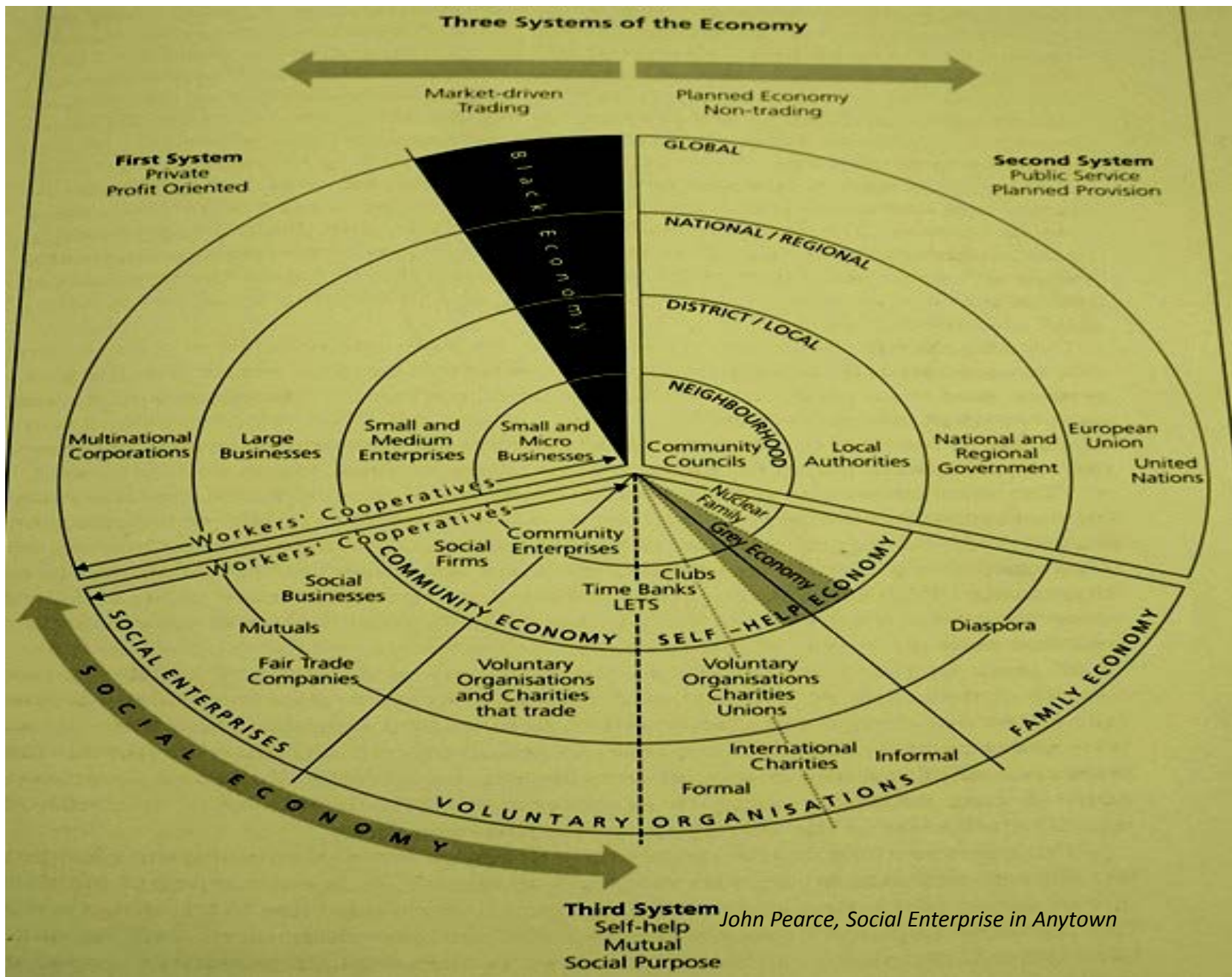
- 75-90% of salary is sent home
- 27% had savings,
- 7% had meaningful investments

## *Most diverse in types & levels of employment*

- From domestic work to doctors
- Elementary to professional work
- Agriculture to financial services









# A development paradigm





# Economy & labor realities

# Philippine economy & labor...



## Economic Growth drivers:

- ✓ Consumption-led ;
- ✓ Rentier base
- ✓ Export oriented

Population (15 yrs. + ): 62.1 m

Labor force: 40.0 m

Employment rate: 3.2% 37.3 m

Unemployed: 6.8% - 2.7m

Underemployed: 18.4% 6.9m

# Labor quality...



- Mediocre

- ✓ Low quality jobs & low productivity
- ✓ Below tertiary education: 71%
- ✓ 3 for every 10: laborer & unskilled: 31.6% (DOLE)

- Large Informal sector:

- ✓ 44.7% (36 million, DOLE, 2012)
- ✓ 77.0% (ECOP 2006)

- ✓ Discipline & work ethics



# Barriers to Entrepreneurship

# OFW ground realities...



- ✓ Breaking the cycle of dependency
- ✓ Dealing with competing interests and power agendas
- ✓ Slow process of capital build-up
- ✓ Lack of knowledge in business and entrepreneurial skills
- ✓ Competitive business environment

# Structural fences...



- Lack of capital;
- Legal disincentives
  - ✓ High business tax
  - ✓ Lack of coherence & conflicting laws & regulations
- High development cost
  - ✓ Lack of infrastructure support
  - ✓ Market and marketing disorder
- Bureaucratic and Corruption;
- Competition with big and foreign business;
- Access to technology
- Lack of trustworthy managers & workers

# Global threats





# Overcoming Barriers

# What can government (and us) do?



## 1. Enabling policy environment

- ✓ Shift & coherence in economic policy
- ✓ Tax and other incentives
- ✓ Innovative financial support package

## 2. Operational support

- ✓ Power supply – reliable & reasonable
- ✓ Business development services (BDS)
- ✓ Access to appropriate technology

## 3. Capacity development

- ✓ Financial and entrepreneurial training
- ✓ Strengthening value and work ethics

# Factors to consider...



1. Trust relationship
2. Spaces for education and training
3. Government support: policy, technology, infrastructure
4. Presence of entrepreneur -champions and successful enterprise models
5. Support community in destination and home countries: government, family, CSOs.

# Adding value to coco industry...





# Adding value to local industry...



**MAG-IMPOK, MAMUHUNAN  
ITATAG ANG KABUHAYAN  
SA SARILING BAYAN!**

**Maraming Salamat Po!**

