Identifying potential for successful entrepreneurs

An adaptive strategic framework approach for assisting entrepreneurial programs in enhancing success: focus on out-of-school youth (UPLOAD JOBS for Mindanao)

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Introduction

• Entrepreneurship been identified as an untapped resource in developing countries

• Youth: Age 15 – 24
  - Approx. 18% of the world’s population; 85% in developing countries
  - Challenges:
    - Less capital in the form of skills, knowledge and experience, difficult access to finances, business networks and sources of information

• Billions of dollars in spending on youth training programs (i.e. United Nations Millenium Goals in 2000)

• How effective is this spending on developing successful entrepreneurs???
  – Limited longitudinal studies
Introduction, Con’t.

- Multiple variables influence an individual’s potential for becoming a successful entrepreneur (Chigunta 2002; Goel et al. 2007; Rasheed 2000; World Bank 2009).
  - Purpose behind venture
  - Characteristics
  - Background

**Figure 1.** Diagram developed to represent the two major routes leading to a successful entrepreneur (Chigunta 2002; Goel et al. 2007; Rasheed 2000; World Bank 2009).
Objectives

• Develop a screening tool to select potential entrepreneurs for success, prior to entering an entrepreneurship program, and will have the advantage of a simple format and ease of administration and interpretation.

• Approach:
  – Short and long term studies (2012 – 2015)
    I. OSY Screening tool, validate through relevant stakeholder feedback
    II. Monitor and evaluate OSY’s entrepreneurial progress throughout UPLOAD JOBS for Mindanao Project to determine program impact
I. OSY Screening Tool

- Extensive literature review: Characterizing a successful entrepreneur

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Definition</th>
<th>References</th>
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<tbody>
<tr>
<td><strong>Tolerance of Ambiguity</strong></td>
<td>Tend to perceive ambiguous situations as desirable; (Challenges allow for creativity)</td>
<td>Carter et al. 2003; GEM 2012; Thompson 2004; Schiebel 2002; Galloway 2006; Littunen 2000; Myers 1962;</td>
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<tr>
<td><strong>Risk taking propensity</strong></td>
<td>High tolerance for risk; (Risk = opportunity)</td>
<td>GEM 2012; Alsos 1994; Shank 2007; Driessen and Zwart 1999; Myers, 1962; Mengel 1972; Liles (1974), Broehl 1978; Ahmed 1985</td>
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<tr>
<td><strong>Internal Locus of control</strong></td>
<td>Believes that his/her behavior is guided by his/her personal decisions and efforts; (I am in control of my life and what happens)</td>
<td>Thompson 2004; Lescevica 2002; Schiebel 2002; Alsos 1994; Hansemark 2004; Paulhus 1983; Brockhaus1982; Perry et al. 1986; Lorrain and Dussault 1988; Bagley and Boyd 1987; Getwood et al.1995; Paulhus 1983; Hood and young 1993</td>
</tr>
<tr>
<td><strong>Need for Achievement</strong></td>
<td>Persistent in activities, highly motivated; (Nothing is impossible)</td>
<td>Carter et al. 2003; GEM 2012; Goel et al. 2007; Schmitt-Rodermund 2004; Finland et al. 1999; Alsos 1994; Galloway 2006; Bolton 2004; Cassidy and Lynn 1989</td>
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I. OSY Screening Tool, Con’td.

- Validate the screening process through relevant stakeholder feedback and involvement
  - Utilize the Analytical Hierarchy Process to determine preferences (weights)

I. Goal: To determine what professionals and entrepreneurs describe as being an entrepreneur

II. Preference for Success

III. Importance of Traits

1. Competitive
2. Strive to be the best
3. Determined
4. Always can Improve
   (McClelland 1961)

1. Hard-working
2. Independent
3. Control over future
4. Reward = hard work
   (Spector 1988)

1. Risk-seeking
2. Confidence to overcome adversity
3. Optimist
4. Bold in decision-making

1. Explore/try new things
2. Enterprising
3. Appreciates change
4. Up to date
I. OSY Screening Tool: Study Area

- Central Cotabato, Mindanao, Philippines
I. OSY Screening Tool: Results

- Results of Professional/ Expert Opinion for Success Preferences (Philippines)

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<th>Internal Locus of Control</th>
<th>Need for Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight</td>
<td>0.226</td>
<td>0.282</td>
<td>0.172</td>
<td>0.319</td>
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- Results of OSY Screening for UPLOAD JOBS for Mindanao Training:
  - Barangays (7): Pacao, Nes, Nabawalag, Dunnguan, Aroman, Malapang, Rangaban
    - Gender equality
    - Announced 1 month prior
  - Total Screened: 131
    - (42 females, 89 males)
  - Total Selected for training: 60
    - Top 3 from each barangay
    - 60:40 (Male: Female)
II. Monitor OSY: Longitudinal Study

UPLOAD JOBS for Mindanao Project (2012 – 2015)

– Goal: Seek to provide out-of-school (OSY) with workforce skills that will help them become more productive members of society.
– 2 trainings/ year, Action Survey during each training

Monitoring Activities:
– Action Survey
  • References: Panel Study of Entrepreneurial Dynamics, University of Michigan; Global Entrepreneurship Monitoring (GEM) Program
  • Organization of Survey:
    – Background Information (Baseline)
    – Start-Up
    – Venture Information
– Individual Interviews, Metrics (TBD/ In-Progress)
II. Monitor OSY: Longitudinal Study

- **Baseline Findings**
  - Entrepreneurial training (UPLOAD JOBS for Mindanao)
    - Action Survey: No prior business plan or entrepreneurial venture experience
    - Overall low pre-screen scores (Avg. 46.41)
    - Rangaban ranked last overall (pre-screen), ranked #2 in business plan competition
  - Business Plan Competition, support screening selection

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<tr>
<th>Scores</th>
<th>Max</th>
<th>Min</th>
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</thead>
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<tr>
<td>Overall</td>
<td>87.63 (M)</td>
<td>-77.07 (F)</td>
</tr>
<tr>
<td>Female</td>
<td>82.11 (Nes)</td>
<td>-77.07 (Aroman)</td>
</tr>
<tr>
<td>Male</td>
<td>87.63 (Nes)</td>
<td>-17.09 (Malapang)</td>
</tr>
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<tr>
<th>Business Plan</th>
<th>Barangay</th>
<th>Pre-Screen Group Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Heavenly Banana Chips</td>
<td>Pacao</td>
<td>73.04</td>
</tr>
<tr>
<td>2. Wonder Mushrooms</td>
<td>Rangaban</td>
<td>47.98</td>
</tr>
<tr>
<td>3. Tinagtag King</td>
<td>Nabawalag</td>
<td>61</td>
</tr>
<tr>
<td>4. Coco Sugar</td>
<td>Aroman</td>
<td>60.4</td>
</tr>
<tr>
<td>5. Coco Delight</td>
<td>Pacao</td>
<td>60.2</td>
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Conclusions

- Youth Entrepreneurship to boost local economies
- Professionals in developed and developing countries characterize entrepreneurs similarly
  - Need for Achievement (Philippines)
- Screen survey: Innovative tool for identifying entrepreneurs, can be replicated
- Potential for impact through training (UPLOAD JOBS for Mindanao)
  - Comparative analysis (OSY within and outside of training program)

**Schedule of Activities, UPLOAD JOBS for Mindanao Project (Longitudinal Study)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tr>
<td>July 2012</td>
<td>Project Inauguration; Needs Assessment</td>
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<tr>
<td>December 2012</td>
<td>OSY Pre-Screen, Selection of 60 OSY</td>
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<tr>
<td>January 2013</td>
<td>First training module, Action Survey</td>
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<tr>
<td>July 2013</td>
<td>Second training module, Action Survey/ Interviews</td>
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<td>2013 – 2015</td>
<td>Continuous monitoring and evaluation</td>
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Thank you!

Any Questions?

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