

## **Key Success Factors and Entrepreneurial Orientations of The Beneficiaries of the One Town, One Product (OTOP) Program in the Province of Tarlac**

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— *Review of* —  
**Integrative  
Business &  
Economics**  
— *Research* —

### **ABSTRACT**

This research aimed to describe the key success factors and entrepreneurial orientations of the beneficiaries of DTI OTO Program in the province of Tarlac. The descriptive/correlational research was employed with 30 respondents. Half of the 30 businesses surveyed have 10-99 employees. Majority was earning revenues of PhP 5,000,000.00 or less and has recently invested PhP 5,000,000.00 or less. The entrepreneur and enterprise key success factors were extremely important to the respondents, network is very important and business environment is mildly important. The entrepreneurs are neutral on innovativeness and competitiveness, highly proactive, risk takers, and not practicing autonomy. The entrepreneur, enterprise, and business environment have relation to employment generation, as does the enterprise with sales. Innovativeness and risk taking have a positive effect on employment generation, and higher significance on sales. Risk taking has high significance to investment. The entrepreneur, enterprise, and business environment KSFs impact employment generation, and network to sales and investment. Innovativeness and risk taking have a direct influence on employment generation, while innovativeness, being proactive, risk taking, and competitive aggressiveness have a positive impact on average sales and investment. This study supports the relevance of success factors and entrepreneurial orientation towards the attainment of good business performance.

Keywords: key success factors; entrepreneurial orientations; one town, one product (OTOP) program, enterprises

### **I. INTRODUCTION**

Small and medium size firms make up a large component of the business sectors of the developing countries, including the Philippines. In the 2013 figures provided by the Philippine Statistics Authority (PSA), the Philippines has a total of 941,174 businesses comprising of 99.6% micro, small, and medium enterprises (MSMEs) and 0.4% large enterprises.

The significance and gravity of contribution of the small and medium sized businesses make them a very indispensable part of the economic sector of every country. Governments from around the world came up with some projects benefiting the small businesses to further help them survive and continue improving the economic output, employment, as well as the preservation of culture through the manufacture of local products. A very good model of assistance to SMEs was the OVOP (One Village One Product) in Japan.

The need to support local businesses has prompted other countries to study the model of OVOP Program of Japan, and they were inspired by the results. To date, OTOP programs were implemented in South Asian countries, including the Philippines.

OTOP-Philippines is a multi-sectorial program of the Philippine government, which started in 2004, which aimed at assisting local businesses, and involving the national government agencies (NGAs), local government units (LGUs), and the private sector. The assistance package available to entrepreneurs includes business counseling, skills and entrepreneurial training, latest technologies, marketing, and product designs and development.

The OTOP Program has significantly produced outputs during the incumbency of President Gloria Macapagal-Arroyo and President Benigno Aquino, Jr.

The assistance given to small and medium sized businesses by the government and private sectors has apparently given them the leverage to grow and prosper. The success of many businesses may also be attributed to the personal characteristics of the people who manage them, or they may have prospered by effective financial management, innovation, adaptation, and planning. Or it may be because of a recipe for success that come from the entrepreneur, the business itself, the people around, or the environment where the enterprise operates. These may be collectively called key success factors or KSFs.

Aside from the key success factors, another idea that could possibly contribute to the growth and success of an enterprise is the entrepreneur's orientation.

Entrepreneurial orientation (EO) is a description of how a firm formulates or chooses its strategies based on managerial philosophies. Through the years, entrepreneurial orientation has become one of the most studied concepts in the field of entrepreneurship. The first researches on EO have identified the core ideas of innovativeness, proactiveness, and risk-taking as possible orientations on entrepreneurial strategy formulation. Past researches uncovered the significant influence of EO on the performance of the firm.

The entrepreneur himself defines the entrepreneurial orientation of a firm because

in the first place, he is the decision maker. It is like the personality of the business itself.

The Province of Tarlac has been a recipient of the OTOP program of the Department of Trade and Industry. In its initial six (6) year run that is from 2004-2010 the project has unquestionably produced successful businesses. Some of the well-known OTOP products of Tarlac are iniruban, sweet potato products, bamboo products, sugarcane, and chicharon, among others. Some of these products have turned as inspirations in coming up with local festivals, the most popular of which is the Chicharon Festival in the town of Camiling.

This study was conceptualized primarily to describe the key success factors and entrepreneurial orientations of the entrepreneur-beneficiaries of the OTOP Program in the Province of Tarlac in the hope of providing a recipe for success for budding and existing entrepreneurs in the area.

### **Statement of the Problem**

The main problem of this research was to describe the key success factors and entrepreneurial orientations of the beneficiaries of the DTI OTOP (One Town, One Product) program in the province of Tarlac.

More specifically, it sought to give light on the following queries:

1. How are the businesses of the beneficiaries of the OTOP program in the Province of Tarlac described on:
  - 1.1. employment generation;
  - 1.2. average sales for the past three years; and
  - 1.3. amount of investment?
2. How do the beneficiaries of the OTOP Program describe the key success factors (KSFs) clustered according to:
  - 2.1. entrepreneur;
  - 2.2. enterprise;
  - 2.3. network; and
  - 2.4. business environment?
3. How are the entrepreneurial orientations of the beneficiaries described along:
  - 3.1. innovativeness;
  - 3.2. proactiveness;
  - 3.3. risk taking;
  - 3.4. competitive aggressiveness; and
  - 3.5. autonomy?
4. How do the performance variables of the businesses relate to:
  - 4.1. key success factors; and

- 4.2. entrepreneurial orientations of the beneficiaries?
5. To what extent do the key success factors and the entrepreneurial orientations influence the performance of the businesses?
6. What is the implication of the study to Business Administration?

### **Hypothesis**

From the statements of the problem, the following hypotheses were hereunto tested.

Ho1 There is no significant relationship between the performance variables and the key success factors and entrepreneurial orientations of the OTOP beneficiaries.

Ho2 The key success factors and the entrepreneurial orientations of the OTOP beneficiaries have no significant influence on the performance of their businesses.

## **II. METHODOLOGY**

The descriptive/correlational research was employed in this study. When it comes to sampling design, complete enumeration was used.

The researcher used the questionnaire in gathering data. The tool was divided into two parts: the first part is for the SMEs and the second part catered to the entrepreneurs.

The respondents in this study were the 30 successful entrepreneur-beneficiaries of the OTOP Program in the province of Tarlac.

The data were processed using statistical tools such as percentage, frequency, ranking, mean and standard deviation to aid in data analysis. The information was presented in tables to facilitate easier interpretation by the researcher.

For the relationship between two variables, more specifically performance with entrepreneurial orientations and performance with key success factors, the Pearson's correlation coefficient was used. Analysis on the possible causation between success factors and performance and between entrepreneurial orientation and performance were also determined using multiple regression analysis.

In the interpretation of the results in key success factors and entrepreneurial orientations, the following were utilized.

### **Importance Scale and Verbal Descriptions**

<b>Average Rating</b>	<b>Verbal Description</b>
1.00-1.49	Not important
1.50-2.49	Not very important
2.50-3.49	Mildly important
3.50-4.49	Very important
4.50-5.00	Extremely important

**Entrepreneurial Orientation Scale Average Ratings and Verbal Descriptions**

<b>Entrepreneurial Orientations Scale Average Ratings</b>	1.00-2.19	2.20-3.39	3.40-4.59	4.60-5.79	5.80-7.00
<b>Verbal Descriptions</b>	Very low	Low	Moderate	High	Very high

**III. RESULTS****1. Performance of the Businesses****1.1. Employment Generation**

Table 1 shows the firms' performance on employment generation.

**Table 1**  
**Employment Generation**  
**N=30**

<b>No. of Employees</b>	<b>F</b>	<b>%</b>
10-99	15	50
1-9	14	46.67
100-199	1	3.33
<b>Total</b>	<b>30</b>	<b>100</b>

Out of the 30 businesses surveyed, there were 15, which have 10-99 employees, while 14 were employing between 1-9 people. Meanwhile, there was one business with more than a hundred employees. This is the crochet business in the town of Ramos, Tarlac, which, at its peak of operations, has given employment to 150 people in the barangay where it is located.

Based on the MSME classification used in the Philippines, those with 10-99 employees are categorized as small business. On the other hand, businesses employing 1-9 are in the "micro business" category while firms with 100-199 employees are considered medium sized businesses.

The results indicate that the businesses operating under the OTOP program in the province of Tarlac are generally on a micro and small scale. This is consistent with the findings in several researches about businesses in the country which state that majority of them belong to micro and small businesses. Worth mentioning is the DTI 2013 report provided by the Philippine Statistics Authority (PSA). Of the 941,174 establishments in the Philippines, 99.6% (937,327) are micro, small, and medium enterprises (MSMEs) and the remaining 0.4% (3,847) are large enterprises. Of the total number of MSMEs, 90.3% (846,817) are micro enterprises, 9.3% (86,762) are small

enterprises, and 0.4% (3,748) is medium enterprises.

Interestingly, these small businesses fuel the economy of our country. Their growing number makes them an indispensable part of the economic life of our nation. They are the engines of growth and progress in the cities and countryside. They make use of the local resources and talents, helping alleviate their economic statuses.

### 1.2. Average Sales for the Past Three Years

Table 2 illustrates the average sales of the 30 firms for the past three (3) years.

**Table 2**  
**Average Sales for the Past 3 Years**  
**N=30**

<b>Average Sales for the Past 3 Years</b>	<b>F</b>	<b>%</b>
PhP5,000,000.00 or less	25	83.34
PhP5,000,001.00-PhP10,000,000.00	2	6.67
PhP10,000,001.00-PhP15,000,000.00	1	3.33
PhP15,000,001.00-PhP20,000,000.00	1	3.33
PhP35,000,001.00-PhP40,000,000.00	1	3.33
<b>Total</b>	<b>30</b>	<b>100</b>

Majority of the businesses surveyed, that is 25 out of 30, were earning revenues of PhP 5,000,000.00 or less. Of the 25 businesses, 17 of them have average revenues of less than a million pesos a year. These were the micro businesses involved in sugarcane products, wine, meat business, food processing, delicacies, crochet, and handicrafts. On the other hand, there were two (2) which generated sales between PhP5,000,001.00 to PhP10,000,000.00. They were involved in native cakes and large scale and commercialized meat-processing business. The rest have the power to sell products amounting to PhP10,000,000 up to PhP40,000,000.00. These were the businesses that export local vegetables and restaurant business.

Judging from the findings, the bulk of the OTOP businesses do not have that earning power yet because they belong to the micro and small businesses. But many of them consider their sales to be satisfactory. Even though they have small earnings, they still manage to sustain their operations and be of help to the local economy, contributing to the tax revenues and employing people. They also promote local products and effectively utilize the skills of the people in the communities where they belong.

### 1.3. Amount of Investment

Table 3 shows the investment scenario of the OTOP business-beneficiaries.

**Table 3**  
**Amount of Investment**  
**N=30**

Amount of Investment	F	%
PhP5,000,000.00 or less	28	93.34
PhP5,000,001.00-PhP10,000,000	1	3.33
PhP15,000,001.00-PhP20,000,000.00	1	3.33
<b>Total</b>	<b>30</b>	<b>100</b>

The data reveals that majority, that is 28 of the firms surveyed, have invested PhP5,000,000.00 or less in the recent years. Of the 28, eight (8) of them have millions worth of investment, with the rest in hundreds and tens of thousands of pesos. There were two (2) which became bigger by more than PhP5,000,000.00 up to PhP20,000,000.00.

From the data discussed, the firms under the OTOP program in the province of Tarlac have modest to considerable amount of investment in the recent years, which is true for many micro, small and medium scale businesses nowadays. The entrepreneurs seemed to have learned the power of investment to their businesses so they started pouring in money to increase their inventories and make them more equipped in providing satisfaction to their customers.

## 2. Key Success Factors

### 2.1. Entrepreneur

Table 4 presents the entrepreneur-related key success factors and how the entrepreneurs described their importance in the achievement of success. The average ratings were described using the verbal descriptions.

**Table 4**  
**Entrepreneur**

Entrepreneur Related Key Success Factors	Mean	Verbal Descriptions
Good Management Skills	4.60	Extremely important
Charisma, Friendliness	4.53	Extremely important
Previous Working Experience	4.17	Very important
Hardwork	4.83	Extremely important
Ability to Manage Personnel	4.40	Very important
Social Skills	4.17	Very important
Reputation for Honesty	4.77	Extremely important
<b>Key Success Factor Entrepreneur</b>	<b>4.50</b>	<b>Extremely important</b>

There were seven (7) key success factors related to entrepreneur: good management skills, charisma or friendliness, previous work experience, hard work, ability to manage personnel, social skills, and reputation for honesty. These factors were

combined to give the entrepreneur key success factor of the respondents a mean equivalent of 4.50, which is extremely important according to the importance scale. This means that the entrepreneur is a key to business success. Highly associated with the said key success factor is the application of managerial skills, exercise of interpersonal skills with the clients, and giving much time and effort to make the business flourish. And also related is the practice of honesty in all the dealings with the clients, suppliers, and other stakeholders.

The respondents gave due consideration to the specific entrepreneur-related key success factors. The factors were either extremely important or very important. Those that were extremely important were good management skills (4.60), charisma or friendliness (4.53), hard work (4.83) and reputation for honesty (4.77). Meanwhile, previous working experience (4.17), ability to manage personnel (4.40), and social skills (4.17) were considered to be very important to the OTOP entrepreneur-beneficiaries. These findings corroborated some results generated by the researches of Zimmerman and Chu (2013), Bouazza et. al. (2015), and Stefanovic et. al (2010) that good general management, management capacities, interpersonal skills, and leadership skills are success factors in business.

From the findings, the entrepreneur-beneficiaries of the OTOP program in Tarlac were very particular with the skills that will make their business work and were also concerned with the way they deal with the customers. They prefer to be cordial and appealing to attract customers to buy their products. They spend enough time, give their full effort and do the extra mile in their businesses simply because these are their bread and butter. Also, in whatever they do, they try to be fair and truthful to all in terms of the products and services they offer. They believe that they will never go wrong with honesty.

Furthermore, they place great importance to what they have learned from the past, particularly in business, and they include that in their arsenal of business weapons to be able to operate successfully. They put premium when it comes to managing their people because they believe that effectively managed personnel can serve as ambassadors of goodwill for the business. This is also their way of exercising social responsibility. The entrepreneur-beneficiaries likewise put emphasis on effective interaction and communication with the clients and other stakeholders as a way of creating better understanding, leading to more business transactions, which will definitely benefit the businessman.

## **2.2. Enterprise**

Table 5 shows the key success factors related to the enterprise and how the

entrepreneurs define their significance to their businesses.

**Table 5**  
**Enterprise**

<b>Enterprise Related Key Success Factors</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Appropriate Training	4.33	Very important
Marketing/Sales Promotion	4.67	Extremely important
Good Product at Competitive Price	4.67	Extremely important
Good Customer Service	4.70	Extremely important
Maintenance of Accurate Records	4.43	Very important
<b>Key Success Factor Enterprise</b>	<b>4.56</b>	<b>Extremely important</b>

Enterprise related key success factors consisted of operational systems and strategies, and market offerings: appropriate training, marketing/sales promotion, good product at competitive price, good customer service and maintenance of good records. All of these are essential tools for the business to have smooth and productive operations and to effectively deal with the customers.

From the data presented, the overall rating for the enterprise related key success factor is 4.56, which suggests extreme importance to the respondents. Like what was stated earlier, the success factors related to the enterprise are essential tools for the business to have smooth and productive operations and to make it more responsive to the needs of the customers. The employees can function productively when they are provided with the necessary training. Products can be disposed if they are good enough for the customers, priced reasonably, or marketed using proven marketing and sales promotion strategies. Customers will likewise make a repeat purchase because of these, aside from the quality service given to them by the business. And the business can have an effective financial management if there is a good record keeping. All of these are what make enterprise related key success factors indispensable tools for the respondents.

The data shows that good customer service (4.70), marketing/sales promotion and good product at competitive price (both 4.67) were extremely important to the respondents. On the other hand, appropriate training (4.33) and maintenance of accurate records (4.43) were considered to be very important to the entrepreneurs. The data again partially supported the findings of the studies of Zimmerman and Chu (2013), Bouazza et. al. (2015), and Stefanovic et. al. (2010) that appropriate training, accurate record keeping, marketing, and competitive product and service are indispensable to entrepreneurial success.

From the results of the survey, it can be deduced that the entrepreneur-beneficiaries of the OTOP Program greatly consider not just business and personnel development strategies, but good products as well to compete well with other

businesses. The strategies were in line with the needs of the employees to provide customers the service they deserve and consistent with the basic idea in marketing, that is, the creation of products that are truly needed by the people. One of the strategies also adheres to the requirement in marketing that products must be communicated and promoted to gain attention from the customers, which may lead to purchase.

Moreover, the respondents seem to value the importance of monitoring the progress of their business through the regular maintenance of accurate records. They are very interested in their sales and expenses and use these records to determine whether their business is doing well or not. The respondents were very well aware of the basics of financial management and that is the religious record keeping of all the cash inflows and outflows to monitor the flow of cash and make an informed decision when it comes to finances.

### 2.3. Network

Table 6 is an illustration of the importance given by the respondents to the network-related key success factors.

**Table 6**  
**Network**

<b>Network Related Key Success Factors</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Support of Family and Friends	4.40	Very important
Position in the Society	2.83	Mildly important
<b>Key Success Factor Network</b>	<b>3.62</b>	<b>Very important</b>

In this research, the network-related key success factor is comprised of the support of family and friends and position in the society. Family members and friends may serve as weapons in creating a much larger network that can help the entrepreneur promote or finance the business. Likewise, a position in the society may give the businessman the opportunity to meet other people who can possibly serve the same purpose as the family members and friends.

The data presented on the table illustrates the significance of network-related key success factors to the entrepreneur-beneficiaries. The overall mean was 3.62, which indicates that network, in general, is very important to the respondents.

Exploring deeply into the network-related key success factors, the entrepreneurs consider their family and friends as stronger allies in their network. With a mean of 4.40, these people are considered to be very important for them. However, position in the society, with a mean of 2.83, is not regarded well by the respondents in the creation of their so-called “network”. Thus, it is deemed mildly important for them. The level of importance given is not that high, but it is still deemed as an important factor to business success. The perception of significance of societal position as a success factor

coincides with the finding in the study of Stefanovic et. al. (2010).

Judging on the findings, the respondents still prefer their family and friends as the “movers” in their network. The entrepreneurs wanted to have a close business network related by blood and years of association and friendship. The preference given to family members is understandable since Filipinos are known to be very close with their family. In the Philippines, it is common to have extended families in residential compounds where close relatives live next to each other. Family members are trusted allies of the Filipino entrepreneur. The same preference is also given to friends. Local businessmen want their friends to be closer to them. This is because Filipinos are friendly people. They believe in what their friends can do for them. This belief extends in business. It is also a known fact that Filipino entrepreneurs rely on their friends to promote or finance their business. When a business is in the introduction period, friends are usually the first ones being invited to try the products they offer. And these people undoubtedly do their share of helping their entrepreneur friend further grow the business.

The respondents, in building their network, seldom use position in the society. It is because few of them were not lucky enough to be given some distinction or position in the society where they belong. For those who have the position, they take advantage of it but for many of the respondents, the readily available allies of family members and friends are still favored to comprise their business network.

#### 2.4. Business Environment

Table 7 shows the respondents’ perceived importance on the key success factors connected with business environment.

**Table 7**  
**Business Environment**

<b>Business Environment Key Success Factor</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Satisfactory Government Support	4.27	Very important
Access to Capital	4.40	Very important
Political Involvement	1.57	Not very important
<b>Key Success Factor Business Environment</b>	<b>3.41</b>	<b>Mildly important</b>

As shown in the table, the key success factors on the business environment centered on the government support, access to capital, and political involvement. These forces provide the things necessary for the business to further achieve growth and success. Government assistance projects may help improve the skills of the entrepreneur and the employees, the business system or procedures, or even its products and the way of dealing with the customers. Additional capital can make it possible for the business in procuring more inventories, machines and other inputs. Political involvement may

create sound business environment for the entrepreneurs.

The overall mean for the business environment key success factor was 3.41; clearly showing that it is mildly important for the entrepreneur respondents in the study.

Digging deeper into the specific key success factors, two (2) were considered very important by the respondents: satisfactory government support (4.27) and access to capital (4.40). Political involvement (1.57) is not very important to the respondents. But it still has a little importance to the entrepreneur-respondents. These data are consistent with the results in the studies of Zimmerman and Chu (2015) and Bouazza et. al (2015) claiming that political association and access to external financing are connected to firm's success.

From the results, we can construe that the beneficiaries of the OTOP program in the province are very open when it comes to government support and access to capital. They regarded these as a big boost to their entrepreneurial undertaking, supporting their claims to these factors as "very important" to their success. Many Filipino entrepreneurs are not that armed when it comes to business so whatever assistance being offered to them are greatly embraced. A case in point is the OTOP program in the province, which has offered a lot to the entrepreneur respondents when it comes to developing their entrepreneurial skills, their systems, techniques, products, and even the technology when it comes to production and manufacturing. The OTOP program was considered by many beneficiaries to have further led their business to success. Many opportunities were opened because of their involvement and cooperation with the OTOP program and brought them to new business horizons. Another resource that is lacking among small businesses in the country is capital. Some of the entrepreneur respondents, however, were lucky enough to have accessed some sources of financing which have led them to expanding their businesses.

The entrepreneur respondents were seldom involved in politics or do not see politics affecting their business that much which is why they believe that political involvement is not that very important to business success. Many Filipino businessmen distrust the institution of politics with all of its complexities and pressures. They try to move away from it as much as possible and concentrate more on the things that will surely give them a bigger chance of success in their businesses.

### **3. Entrepreneurial Orientations**

#### **3.1. Innovativeness**

Table 8 depicts the degree of innovativeness of the entrepreneur-beneficiaries of the OTOP program in the province of Tarlac.

**Table 8**  
**Innovativeness**

<b>Innovativeness</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Emphasis on R&D, technological leadership, and innovations	5.10	High
Very many new lines of products or services are offered	3.47	Moderate
Dramatic changes in the product or service lines	4.83	High
<b>Innovativeness Entrepreneurial Orientation Mean</b>	<b>4.47</b>	<b>Moderate</b>

As seen on the table, the average rating for innovativeness among the 30 respondents is 4.47, which means that the subjects are on the middle side of innovativeness based on the 5-point scale used in describing the entrepreneurial orientations. Significant efforts were initiated on product improvements. But the entrepreneurs are offering less product lines compared to their counterparts from the other provinces. Among them are the entrepreneurs selling okra, handicrafts, chicharon, and tinapa.

More specifically, the entrepreneurs have high emphasis on the use of latest product research, technologies, and innovative strategies with an average rating of 5.10. When it comes to the number of product offerings, the mean rating of 3.47 signals that the respondents do not have very good performance on that aspect of innovativeness. This is because they have no additional products for the past five (5) years. On the aspect of product changes or improvements, the average rating of 4.83 signifies that the beneficiaries are strongly inclined with that strategy. The entrepreneur who produces chichacorn, for example, produces products, that is different from that in Ilocos because it is whiter and crispier. In Paniqui, water lilly based products are produced with more enhancements in the design, and a restaurant in Tarlac City produces cakes and pastries with a significant twist, which is a big deal for the customers.

Interpreting the findings, innovativeness cannot be strongly counted as a focus or direction of the beneficiaries of the OTOP program in the province of Tarlac. Although there are signs in the products of some entrepreneurs, generally speaking, they are not yet that innovative. In relation to product improvement and product changes, they are showing signs that they are on that track. The same is true on the use of latest product research, technologies, and innovations. The respondents need to learn more about the art and benefits of product innovation so they could compete more successfully with the other OTOP products in the country.

### **3.2. Proactiveness**

Table 9 presents how proactive the entrepreneur-beneficiaries are in their business

operations.

**Table 9**  
**Proactiveness**

<b>Proactiveness</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Initiates actions responded to by competitors	5	High
First to introduce new products/services, administrative techniques, and operating technologies	5.07	High
Adopts a very competitive, “undo the competitors” posture	4.33	Moderate
<b>Proactiveness Entrepreneurial Orientation Mean</b>	<b>4.80</b>	<b>High</b>

The average rating of the entrepreneurs on proactiveness is 4.80, which is in the bracket of 4.60-5.79 on the EO (entrepreneurial orientation) scale. This means that the entrepreneur-respondents have a high sense of proactiveness or reactivity.

Looking at the specific parameters of being proactive, the respondents have high tendency to initiate actions worth emulating by other businessmen (5), and also with the strong inclination to first introduce new products, techniques and technologies in the market (5.07). In terms of competitiveness, the respondents adopt the neutral side (4.33).

There are realizations in the findings. The entrepreneur respondents are forward looking. They make things happen. They know the benefits of being the first in starting fresh moves and actions in the industry, and in pioneering new products, techniques, and technologies. Businesses can capitalize on these strategies, and can even use them to their advantage. The entrepreneurs, however, have their soft side when it comes to their competitors. They are not the type of players in the so-called “Red Ocean Strategy” where there is intense competition among the business firms and entrepreneurs. As such, there is friendly competition. The respondents seem to value their co-existence with their competitors. From the interviews conducted, there were those who said that they were happy seeing their competitors doing well in their business and providing the needs of their families.

### **3.3. Risk Taking**

The entrepreneur-beneficiaries’ manners of taking risk are shown in Table 10.

**Table 10**  
**Risk Taking**

<b>Risk Taking</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
A strong proclivity for high risk projects with high returns	4.67	High
Bold ranging acts are explored owing to the nature of the environment	5	High
Adopts a bold, aggressive posture to maximize probability of exploiting potential opportunities	5.03	High
<b>Risk Taking Entrepreneurial Orientation Mean</b>	<b>4.90</b>	<b>High</b>

As can be gleaned from the table, the overall risk taking rating of the 30 respondents is 4.90, which is described as high on the entrepreneurial orientation scale. On the particular indicators, the entrepreneur-beneficiaries, just like the overall description for proactiveness, have a leaning towards being a high risk taker: attraction or predilection to high risk projects is 4.67, adoption of bold, wide ranging acts is 5, and implementation of aggressive moves for opportunities is 5.03.

Similar status on the state of responsiveness previously discussed can be extended in risk taking among the 30 entrepreneur-respondents. The entrepreneur-beneficiaries of the OTOP program, in broad spectrum, like to take chances. They are bold in their strategies. Several circumstances still prevent many entrepreneurs from being converted into this kind of status, but obviously for the respondents, they seem to know the idea that the greater the risk one has entered into, the greater the possible rewards that can be possibly reaped in the future. The entrepreneur respondents welcome risky business opportunities and explore them with a wide range of strategies. They will do whatever they can to fully exploit some breaks in business. No stones will be left unturned in matters of business opportunities.

This conclusion agrees with the findings about Filipino entrepreneurs. In literatures, local entrepreneurs are either risk averse, risk takers, or calculated risk takers. Many Filipino entrepreneurs are largely calculated risk takers, making sense of the risks they encounter, and evaluating them whether they are reasonable for the business or not. But the respondents in this research belong to the other breed of entrepreneurs on risk taking. They are way above the common Filipino businessmen.

### **3.4. Competitive Aggressiveness**

Table 11 is a depiction of the competitive aggressiveness EO of the 30 beneficiaries of the OTOP program in Tarlac.

**Table 11**  
**Competitive Aggressiveness**

<b>Competitive Aggressiveness</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Strong tendency to be ahead of the competitors in introducing novel products or ideas	4.33	Moderate
My firm is very aggressive and intensely competitive	4.43	Moderate
<b>Competitive Aggressiveness Entrepreneurial Orientation Mean</b>	<b>4.38</b>	<b>Moderate</b>

The mean rating for the competitive aggressiveness of the 30 entrepreneur-respondents is 4.38. This signifies that the entrepreneurs' competitive aggressiveness is on the neutral side based on the EO scale average rating bracket.

On the specific parameters of competitive aggressiveness, the respondents tend to stay in the middle of the game. The average rating on the aspect of race against competitors in introducing novel ideas or products was 4.33, while in the degree of firm aggressiveness and competitiveness, the mean rating was 4.43.

The results support the conclusion that the entrepreneur-beneficiaries are on the safe side when it comes to competitive aggressiveness. They do not take chances at competition and seem to maintain the status quo. They are not interested at the possible reward when competing with others became successful. Also, they do not want the complications and pressures of competing and seem to like the harmonious co-existence with other competitors. They seem to be happy seeing their competitors still operating in the market.

From the interviews among the respondents, what matters most to them is they survive the daily living requirements. They do not aim for very high sales and profits. Reasonable profit is enough for them. They would be happy seeing their competitors making money everyday and provide also for their families

### **3.5. Autonomy**

Table 12 presents the autonomy inside the firms managed by the 30 entrepreneur-beneficiaries.

**Table 12**  
**Autonomy**

<b>Autonomy</b>	<b>Mean</b>	<b>Verbal Descriptions</b>
Managers guide the work of teams or individuals	4.83	High
The manager provides the primary impetus for pursuing business opportunities	5.53	High
Supervisory approval is sought by individuals/employees for pursuing business opportunities	5.73	High
The manager plays a major role in identifying and selecting entrepreneurial opportunities.	5.77	High
<b>Autonomy Entrepreneurial Orientation Mean</b>	<b>5.47</b>	<b>High</b>

The table shows that the average rating for the autonomy EO is 5.47. This figure leans towards the situation where the manager is the powerful person on matters of work guidance, and decision-making on business opportunities.

The average ratings for the parameters under the autonomy EO support overall rating for the autonomy EO. Work guidance is implemented at a high level (4.83). There is a strong inclination towards the strategy where the manager is the initiator of business opportunities (5.53). Also, supervisor approval is highly required when individuals or teams decide on business breaks (5.73), and the manager plays a major role in identifying and selecting the prospects the business pursues (5.77).

Based on the findings, the entrepreneur-beneficiaries are not advocates of autonomy or freedom at work or in making decisions. This is not because the entrepreneurs do not trust their employees, but because they prefer to take matters into their own hands. They are still more knowledgeable on what business opportunities to pursue and explore and that is why they are the final decision makers.

The respondents also want to make sure that all things are going smoothly inside the organization, thus, regular supervision and guidance is necessary. Moreover, the entrepreneurs want to ensure that the outputs, whether that is work or products, are of the best quality. This is one way of maintaining the good reputation of their business.

#### **4. Relationship of the Performance Variables with the Key Success Factors and Entrepreneurial Orientation**

##### **4.1.1. Relationship of Employment Generation to Key Success Factors**

Table 13 shows the relationship of employment generation to the key success factors of the entrepreneur respondents.

**Table 13**  
**Relationship of Employment Generation to Key Success Factors**

VARIABLES CORRELATED	COEFFICIENT OF CORRELATION	RELATIONSHIP
Employment generation x Entrepreneur	.4349	Significant
Employment generation x Enterprise	.3774	Significant
Employment generation x Network	.1460	Not Significant
Employment generation x Business Environment	.4599	Highly significant
Critical values at two tail test .349 at 5% level .449 at 1% level		

As seen from the data presented, more important among the key success factors with significance in employment generation is business environment ( $r=.4599$ ). This means that a very good business environment will create a situation where a business firm will hire more employees. Other factors such as entrepreneur ( $r=.4349$ ) and enterprise ( $r=.3774$ ) also have positive relation on employment generation. Network has no relation or significance.

How the business environment factors affect employment is depicted in Table 14.

**Table 14**  
**Relationship of Business Environment Related Key Success Factors to Employment Generation**

BUSINESS ENVIRONMENT RELATED KEY SUCCESS FACTORS	COEFFICIENT OF CORRELATION, r Employment Generation
Satisfactory Government Support	0.5758**
Access to Capital	0.5934**
Political Involvement	0.2117ns
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

Satisfactory government support like One Town, One Product (OTOP) project, promotions, networking and others, as well as making funds available for micro, small and medium sized businesses can contribute to growth, thus making it imperative to employ more people. The OTOP project of the government, alone, has been instrumental in the increase in the network and expansion of the market of local enterprises. The need to sustain the demand for their products brought them to use the

strategy of hiring more employees. Additional capital also enabled the entrepreneurs to purchase more raw materials and machines, and has also provided the leverage to engage more employees working for them to further sustain their operations and be of service to the community by providing more products to the people.

Table 15 illustrates how the entrepreneur related key success factors relate to employment generation.

**Table 15**  
**Relationship of Entrepreneur Related Key Success Factors to Employment Generation**

ENTREPRENEUR RELATED KEY SUCCESS FACTORS	COEFFICIENT OF CORRELATION, r
	Employment Generation
Good Management Skills	0.4445*
Charisma, Friendliness	0.4377*
Previous Working Experience	0.4030*
Hard Work	0.4667**
Ability to Manage Personnel	0.4252*
Social Skills	0.4030*
Reputation for Honesty	0.4609**
Critical values at two tail test .349 at 5% level, .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

There were two (2) highly significant entrepreneur related key success factors related to employment: reputation for honesty ( $r=0.4609$ ) and hard work ( $r=0.4667$ ). The more the entrepreneur is being honest with regard to the human resource needs of the firm and the higher the value for hard work is, the more employees will be hired for the business. Meanwhile, good management skills, charisma, previous working experience, ability to manage personnel, and social skills all have positive connections to employment generation.

Table 16 shows the connection of the enterprise related key success factors to the generation of employment.

**Table 16**  
**Relationship of Enterprise Related Key Success Factors**  
**to Employment Generation**

ENTERPRISE RELATED KEY SUCCESS FACTORS	COEFFICIENT OF CORRELATION, $r$
	Employment Generation
Appropriate Training	0.3583*
Marketing/Sales Promotion	0.3865*
Good Product at Competitive Price	0.3865*
Good Customer Service	0.3889*
Maintenance of Accurate Records	0.3666*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

It is clearly illustrated in the table that all the enterprise related key success factors have significant effects to employment, and good customer service has the highest coefficient of correlation among them. Human resource is definitely necessary in providing satisfactory customer service. Proper training in business management, including managing people, stresses the importance of employees in business operations. Creating and promoting products also necessitate people to be more effective. The management of business records will be more efficient when the business has the right number of staff.

The findings support the conclusion that business environment, entrepreneur, and enterprise provide positive direction to employment generation among the firms managed by the entrepreneur-beneficiaries. The power of government assistance and capital, the knowledge and skills of the entrepreneur, and the systems and offerings of the enterprise are precursors of growth in business that can be maintained by employing more people. Employment generation has been a serious problem in the country, with many people having a hard time being deployed in jobs that suit them. Based on the conclusion, the power of the entrepreneur, enterprise, and business environment as key success factors must be capitalized to help solve this big issue in the country.

#### **4.1.2. Relationship of Average Sales to Key Success Factors**

Table 17 shows the relationship of average sales to the key success factors: entrepreneur, enterprise, network, and business environment.

**Table 17**  
**Relationship of Average Sales to Key Success Factors**

VARIABLES CORRELATED	COEFFICIENT OF CORRELATION	RELATIONSHIP
Average sales x Entrepreneur	.018	Not significant
Average sales x Enterprise	.382	Significant
Average sales x Network	-.132	Not significant
Average sales x Business Environment	-.061	Not significant
Critical values at two tail test .349 at 5% level .449 at 1% level		

From the data, all of the key success factors do not affect the average sales of the firms managed by the entrepreneur-beneficiaries, except for the enterprise ( $r=.382$ ) key success factor. The enterprise has positive relationship with sales and that means that effectively managed business will generate more revenues. This is the case of the micro, small, and medium enterprises subjected in this study. They have survived the many years of their existence because they have the arsenal of business tools needed to respond to the circumstances.

The specific enterprise related key success factors with a direct relation to sales generation are presented in Table 18.

**Table 18**  
**Relationship of Enterprise Related Key Success Factors  
to Average Sales**

ENTERPRISE RELATED KEY SUCCESS FACTORS	COEFFICIENT OF CORRELATION, r
	Average Sales
Appropriate Training	0.3627*
Marketing/Sales Promotion	0.3912*
Good Product at Competitive Price	0.3912*
Good Customer Service	0.3937*
Maintenance of Accurate Records	0.3711*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

The specific success factors of appropriate training for the employees, marketing/promotion, good product at competitive price, good customer service, and maintenance of accurate records associated with the enterprise key success factor can be

correlated with average sales. The sales generated by the firms managed by the entrepreneur-beneficiaries depend on these factors. The purchase of product actually starts from a good product with a reasonable price. Customers can't resist a good product, more so if it is even more practical to buy it because of its low price and benefits. The product will also go a long way when it is properly marketed and promoted by someone with exceptional customer service. A product, with all its benefits, must be properly communicated to the customers in order for them to appreciate it. And customers tend to have a repeat purchase when served by people with the right skills and attitude towards them. Good record keeping can also provide a clear picture of cost and expenses, thus providing a more reasonable pricing for products that can encourage purchase among customers, which translate into sales for the business.

Deciphering the data, it is right to say that the enterprise key success factor, featuring the elements of good product, promotion, and customer service, is a driver of sales among the small and medium enterprises in the OTOP program in the province of Tarlac.

#### 4.1.3. Relationship of Investment to Key Success Factors

Table 19 shows the kinds of relationship investment have on the key success factors.

**Table 19**

**Relationship of Investment to Key Success Factors**

VARIABLES CORRELATED	COEFFICIENT OF CORRELATION	RELATIONSHIP
Investment x Entrepreneur	-.047	Not significant
Investment x Enterprise	-.066	Not significant
Investment x Network	-.423	Significant
Investment x Business Environment	-.149	Not Significant
Critical values at two tail test		
.349 at 5% level		
.449 at 1% level		

Only one (1) key success factor has significant relationship with investment and that is the network. And surprisingly, it has negative effect on investment. That means, as the entrepreneur expands the network, the less is the support when it comes to funding. In the Philippines, there are cases where the people close to a person are also the same people who are difficult to borrow money from for business. The closeness of the entrepreneur to friends and family members makes it easy to forget the money borrowed for business. And this is where the latter have learned their lessons. But they can also lend their support in other aspects, like promoting the products through word of mouth, thus also helping the businessman in return.

Table 20 shows the association of network to investment.

**Table 20**

**Relationship of Network Related Key Success Factors to Investment**

NETWORK RELATED KEY SUCCESS FACTORS	COEFFICIENT OF CORRELATION, r
	Investment
Support of family and friends	-0.5141**
Position in the society	-0.3306ns
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

The data from the table stresses the significant but highly negative relationship of friends and family members to investment. Meanwhile, position in the society has no effect on investment.

Judging from the data, none among the key success factors can cause a positive direction for the investment as performance variable.

**4.2.1. Relationship of Employment Generation to Entrepreneurial Orientation**

Table 21 depicts the correlation of employment generation to the entrepreneurial orientations: innovativeness, proactiveness or reactivity, risk taking, competitive aggressiveness, and autonomy. Their effects on hiring employees were determined.

**Table 21**

**Relationship of Employment Generation to Entrepreneurial Orientations**

VARIABLES CORRELATED	COEFFICIENT OF CORRELATION	RELATIONSHIP
Employment generation x Innovativeness	.364	Significant
Employment generation x Proactiveness	-.034	Not significant
Employment generation x Risk Taking	.3748	Significant
Employment generation x Competitive aggressiveness	-.0519	Not significant
Employment generation x Autonomy	.022	Not significant
Critical values at two tail test .349 at 5% level .449 at 1% level		

There are two (2) entrepreneurial orientations that have a positive effect on employment generation: innovativeness ( $r=.364$ ) and risk taking ( $r=.3748$ ). Responsiveness, competitive aggressiveness, and autonomy were discovered to have no connection with the said performance variable.

Table 22 provides the specific innovativeness factors with relation to employment generation.

**Table 22**  
**Relationship of Innovativeness to Employment Generation**

INNOVATIVENESS	COEFFICIENT OF CORRELATION, r
	Employment Generation
Emphasis on R&D, technological leadership, and innovations	0.4153*
Very many new lines of products or services are offered	0.2825ns
Dramatic changes in the product or service lines	0.3933*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

The practice of innovativeness has positive correlation with employment generation. Looking at the parameters for innovativeness on Table 24, the emphasis on research and development and use of technology and innovations has significant effects on the number of employees hired. The employment of this strategy means additional people for the business. The same is true when there are breakthroughs in the products or services made by the enterprise. Products and processes have to be changed, improved, and adjusted, and that makes it labor intensive. It necessitates products to be much different from what was earlier offered in the market. They are either more embellished, tastier, more appealing, or responds better to customer needs. And those demands can be delivered if the entrepreneur has more manpower to do the other work required to create better products for the market. Thus, the more innovative the entrepreneur is, the greater is the need for workers.

Table 23 shows the connection of risk taking to employment generation.

**Table 23**  
**Relationship of Risk Taking to Employment Generation**

RISK TAKING	COEFFICIENT OF CORRELATION, r
	Employment Generation
A strong proclivity for high risk projects with high returns	0.3572*
Bold ranging acts are explored owing to the nature of the environment	0.3824*
Adopts a bold, aggressive posture to maximize probability of exploiting potential opportunities	0.3847*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

Another entrepreneurial orientation with direct effect on employment generation

is risk taking. Based on the table, all of the parameters are significantly related, indicating close connection to employment creation. The penchant to explore high-risk projects or decisions to explore bold wide-ranging actions to help achieve the firm's objectives requires the hiring of people. It can be considered as a risky undertaking because sometimes, an entrepreneur is not sure about the consistency in the work attitude and ethics of the people hired. At first, they present their good side but afterwards, they may lessen their productivity or lose their motivation. Further, hiring many people may be good for the business firm but there might be situations where they would possibly turn into liabilities. These are some reasons why hiring people sometimes could be very detrimental for the firm. But because the entrepreneur has the tolerance for risk, hiring more people can also be considered as an aggressive move to make the business move forward.

The findings indicate that the entrepreneur's desire to make better products and his tolerance for risks creates a situation where employees are highly welcome to enter the business firm.

#### 4.2.2. Relationship of Average Sales to Entrepreneurial Orientations

The correlations of average sales and entrepreneurial orientations of the entrepreneur-beneficiaries are illustrated in Table 24.

**Table 24**

#### **Relationship of Average Sales to Entrepreneurial Orientations**

<b>VARIABLES CORRELATED</b>	<b>COEFFICIENT OF CORRELATION</b>	<b>RELATIONSHIP</b>
Average sales x Innovativeness	-.452	Highly significant
Average sales x Proactiveness	.443	Significant
Average sales x Risk taking	.531	Highly significant
Average sales x Competitive Aggressiveness	.376	Significant
Average sales x Autonomy	.019	Not significant
Critical values at two tail test =.349 at 5% level, .449 at 1% level		

There are two (2) entrepreneurial orientations with highly significant effects on average sales: innovativeness (-.452) and risk taking ( $r=.531$ ). However, innovativeness has negative effect on sales, which means high innovativeness translates to lower sales. Proactiveness ( $r=.443$ ) and competitive aggressiveness ( $r=.376$ ), on the other hand, have significant effects. These findings imply that being responsive and competitively aggressive can help the entrepreneur generate revenues for the business. Meanwhile, autonomy has no significance to the performance variable.

Table 25 summarizes the relationship of innovativeness to average sales.

**Table 25**  
**Relationship of Innovativeness to Average Sales**

INNOVATIVENESS	COEFFICIENT OF CORRELATION, r
	Average Sales
Emphasis on R&D, technological leadership, and innovations	-0.5157**
Very many new lines of products or services are offered	-0.3508*
Dramatic changes in the product or service lines	-0.4884**
Critical values at two tail test=.349 at 5% level, .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

The effort to improve products can really have a higher effect on sales but on a negative side. This implies that the more innovative the product is, the lower its sales would be.

All of the parameters pertaining to innovation have negative relationship to average sales, which seem to be unlikely, but upon closer consideration, over innovation in a product can sometimes make it unwanted because of the learning curve involved. Products are purchased based on their fitness for use. This is true to senior citizens and people who do not want complicated things. And such products also tend to be more expensive than others. As such, the demand is low thereby affecting sales.

The relationships of the particular parameters of risk taking to average sales are recapped in Table 26.

**Table 26**  
**Relationship of Risk Taking to Average Sales**

RISK TAKING	COEFFICIENT OF CORRELATION, r
	Average Sales
A strong proclivity for high risk projects with high returns	0.5060**
Bold ranging acts are explored owing to the nature of the environment	0.5418**
Adopts a bold, aggressive posture to maximize probability of exploiting potential opportunities	0.5450**
Critical values at two tail test=.349 at 5% level, .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

The risk taking EO also has a bold effect on sales. An entrepreneur who is considered a risk taker is fond of exploring some opportunities, which are less rosy for some, but seen to give positive returns, including increase in sales. This is proven in the highly significant relationships of the risk taking parameters to average sales as shown in the previous table.

Table 27 explores the relationship of proactiveness to average sales

**Table 27**  
**Relationship of Proactiveness to Average Sales**

PROACTIVENESS	COEFFICIENT OF CORRELATION, r
	Average Sales
Initiates actions responded to by competitors	0.4614**
First to introduce new products/services, administrative techniques, and operating technologies	0.4679**
Adopts a very competitive, “undo the competitors” posture	0.3996*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

In the case of proactiveness, the positive relationship among the specific variables to sales is understandable since a pioneering work or effort will make a mark on the customers. A first mover in making some actions and in introducing new products, techniques and technologies has its own set of advantages and positive results on sales.

Table 28 shows the relationship of competitive aggressiveness to average sales.

**Table 28**  
**Relationship of Competitive Aggressiveness to Average Sales**

COMPETITIVE AGGRESSIVENESS	COEFFICIENT OF CORRELATION, r
	Average Sales
Strong tendency to be ahead of the competitors in introducing novel products or ideas	0.371*
My firm is very aggressive and intensely competitive	0.380*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

On the side of competitive aggressiveness, an entrepreneur who will tend to be intensely competitive, coming up with some strategies that will win the customers, will produce revenues for the business. The desire to be ahead in rolling out new products will also have the same result for the company.

Unfortunately, in the case of the respondents, autonomy has no correlation with average sales.

From the results, one can't help but think that being responsive, bold, and competitive will certainly move mountains for the entrepreneur, especially in the case of sales. If the entrepreneur wants to generate a lot of money, then he must learn how to have the aforementioned qualities.

#### **4.2.3. Relationship of Investment to Entrepreneurial Orientations**

Findings on the correlation between investment and the entrepreneurial orientations

are presented in Table 29.

**Table 29**  
**Relationship of Investment to Entrepreneurial Orientations**

VARIABLES CORRELATED	COEFFICIENT OF CORRELATION	RELATIONSHIP
Investment x Innovativeness	-.411	Significant
Investment x Proactiveness	.391	Significant
Investment x Risk taking	.529	Highly significant
Investment x Competitive aggressiveness	.381	Significant
Investment x Autonomy	-.028	Not Significant
Critical values at two tail test=.349 at 5% level, .449 at 1% level		

A notable finding in this case is the high significance of risk taking ( $r=.529$ ) to investment. On the other hand, being proactive ( $r=.391$ ), and competitively aggressive ( $r=.381$ ) have significant relationship to investment. This implies that the presence of these qualities on the entrepreneur may well have a say on the money that is invested in the business. Innovativeness has a negative effect on investment while autonomy has no relation at all.

Table 30 provides a summary of the connection of risk taking parameters to investment.

**Table 30**  
**Relationship of Risk Taking to Investment**

RISK TAKING	COEFFICIENT OF CORRELATION, $r$
	Investment
A strong proclivity for high risk projects with high returns	0.5041**
Bold ranging acts are explored owing to the nature of the environment	0.5397**
Adopts a bold, aggressive posture to maximize probability of exploiting potential opportunities	0.5430**
Critical values at two tail test=.349 at 5% level, .449 at 1% level	

**Legend:** not significant (ns)      Significant (\*)      Highly significant (\*\*)

All the parameters have high significance to investment. This denotes that if a person is a risk taker, the higher is the amount of money that will be invested in the firm. A risk taker does whatever it takes to make the business prosper, including the channeling of funds to the business in order to make the necessary purchases and to be able to implement some strategies.

Table 31 illustrates the relationship of proactiveness to investment.

**Table 31**  
**Relationship of Proactiveness to Investment**

PROACTIVENESS	COEFFICIENT OF CORRELATION, $r$
	Investment
Initiates actions responded to by competitors	0.4072*
First to introduce new products/services, administrative techniques, and operating technologies	0.4129*
Adopts a very competitive, “undo the competitors” posture	0.3527*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

The factors related to proactiveness have significance to investment. That means being reactive to situation entails the spending of money. Being proactive requires the constant thinking and implementation of strategies to be ahead of the game and this also needs money. To many people, advertising a new product is a simple strategy but it involves many hours of researching and planning. That alone is already a big investment. The cost of developing a novel product is a different case, as well as the adoption of new systems or techniques, or the latest technologies. These strategies also require the budget office to release funds for the effective implementation.

Table 32 lists the parameters on competitive aggressiveness and their relationship to investment.

**Table 32**  
**Relationship of Competitive Aggressiveness to Investment**

COMPETITIVE AGGRESSIVENESS	COEFFICIENT OF CORRELATION, $r$
	Investment
Strong tendency to be ahead of the competitors in introducing novel products or ideas	0.3766*
My firm is very aggressive and intensely competitive	0.3853*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

The specific measures for competitive aggressiveness have positive relation to investment as depicted in the table. The desire to be ahead in rolling out new products and to make the firm very aggressive and intensely competitive must be coupled with the relentless search for possible sources of funds and investing them for the purposes mentioned.

By being competitively aggressive, the constant dream to outwit the competitors

takes the entrepreneur into the tedious activities of researching, planning, testing, and others to effectively win the battle against the competitors. And again, those require the channeling of funds into the business. There seem to be endless reasons why an entrepreneur needs to invest, but the focus to become aggressive and competitive necessitates being voracious on the generation and utilization of funds.

The relationship of innovativeness to investment is shown in Table 33.

**Table 33**  
**Relationship Innovativeness to Investment**

INNOVATIVENESS	COEFFICIENT OF CORRELATION, r
	Investment
Emphasis on R&D, technological leadership, and innovations	-0.4689**
Very many new lines of products or services are offered	-0.3190ns
Dramatic changes in the product or service lines	-0.4441*
Critical values at two tail test .349 at 5% level .449 at 1% level	

**Legend:** not significant (ns)    Significant (\*)    Highly significant (\*\*)

Remarkably, innovativeness has an indirect relation to investment. The specific measures support this finding. The focus on innovation and dramatic improvements in the product or service lines entails a lower amount of fund utilization. This is because of the learning experienced in the production, which has significantly reduced the need for funds. And also, Filipino entrepreneurs are known to exercise innovation using simple, tried and tested ways, siphoning less money from the budget.

Thus, it can be deduced from the results that again being responsive to situations, bold, and competitive will definitely develop the greed of the entrepreneur for money. However, the money will not go to him personally but will be put into productive use hoping that his business will be more competitive but still relevant and responsive to the society's needs.

## **5. Influence of Key Success Factors and Entrepreneurial Orientations to Performance**

### **5.1.1. Influence of Key Success Factors to Employment Generation**

The influences of key success factors to employment generation are shown in Table 34.

**Table 34**  
**Influence of Key Success Factors to Employment Generation**

KEY SUCCESS FACTORS	COEFFICIENT OF REGRESSION	PROBABILITY
Entrepreneur	14.23	.0473*
Enterprise	-19.96	.0348*
Network	-.4123	.9554 ns
Business Environment	18.17	.0180*
Multiple Coefficient of Determination=30.40% Overall Probability=.0358		

Legend: not significant (ns)      significant(\*)      highly significant(\*\*)

One can see clearly from the table that key success factors such as entrepreneur, enterprise, and business environment have significant influences to employment generation. The network factor has no significant contribution to the said performance variable. Considering the probability of each significant key success factor, the business environment ( $p=.0180$ ) has the greatest impact, followed by enterprise ( $p=.0348$ ) then the entrepreneur ( $p=.0473$ ).

The results imply that a good business environment, effective enterprise and skilled entrepreneur are predictors of employment generation.

The multiple coefficient of determination of 30.40% to the generation of employment is attributed to the change in the business environment, enterprise, and entrepreneur. It further means that there are about 69.60% variables, which are unaccounted for. This means that there are other key success factors not included in this study which are possible predictors of employment generation.

### 5.1.2. Influence of Key Success Factors to Average Sales

The influences of the key success factors to average sales are presented in Table 35.

**Table 35**  
**Influence of Key Success Factors to Average Sales**

KEY SUCCESS FACTORS	COEFFICIENT OF REGRESSION	PROBABILITY
Entrepreneur	3199964.88	.5820ns
Enterprise	-1611408.1	.7949ns
Network	15292654.6	.0464*
Business Environment	291276.76	.9406ns
Multiple Coefficient of Determination=10.29% Overall Probability=.0494		

Legend: not significant (ns)      significant(\*)      highly significant(\*\*)

The table shows that only one key success factor has a positive impact on average

sales, and that is network ( $p=.0464$ ). This suggests that the network of the entrepreneur is a catalyst of sales. The friends and family members of the entrepreneurs subjected in the study assist them in promoting their products, thereby driving up their sales. The other key success factors have no significant contributions in generating revenues.

The multiple coefficient of determination of 10.29% means that average sales may be credited to the network of the entrepreneur-respondents. This further implies that there are about 89.71% other variables with possible influences on average sales, which were not taken into account in this study.

### 5.1.3. Influence of Key Success Factors to Investment

Table 36 reveals the way the success factors impact investment.

**Table 36**  
**Influence of Key Success Factors to Investment**

KEY SUCCESS FACTORS	COEFFICIENT OF REGRESSION	PROBABILITY
Entrepreneur	916881.83	.7333ns
Enterprise	311502.88	.9413ns
Network	-1005009	.0328*
Business Environment	-470011.9	.7957ns
Multiple Coefficient of Determination=12.06%		
Overall Probability=.0480		

Legend: not significant (ns)    significant(\*)    highly significant(\*\*)

It is illustrated in the table that network key success factor ( $p=.0328$ ) has significant influence on investment. This leads to the conclusion that network can forecast the outcome of investment for the business. The other key success factors such as entrepreneur ( $p=.7333$ ), enterprise ( $p=.9413$ ), and business environment ( $p=.7957$ ) have no impact on investment.

The multiple coefficient of determination of 12.06% indicates that there are about 87.94% variables that are unaccounted for. This means that there is a big chance that other key success factors, which can forecast investment may be further discovered.

### 5.2.1. Influence of Entrepreneurial Orientations to Employment Generation

The way employment generation is influenced by the entrepreneurial orientations is presented in Table 37.

Table 37

**Influence of Entrepreneurial Orientations to Employment Generation**

<b>ENTREPRENEURIAL ORIENTATIONS</b>	<b>COEFFICIENT OF REGRESSION</b>	<b>PROBABILITY</b>
Innovativeness	9.083	.0191*
Proactiveness	-3.430	.6283ns
Risk Taking	-8.327	.0345*
Competitive Aggressiveness	0.9575	.8904ns
Autonomy	0.9935	.8306ns
Multiple Coefficient of Determination = 17.52% Overall Probability = .03612		

Legend: not significant (ns)                      significant(\*)                      highly significant (\*\*)

From the data, innovativeness ( $p=.0191$ ) and risk taking ( $p=.0345$ ) have significant influence to employment generation. However, innovativeness has greater impact on hiring more employees than risk taking. Other entrepreneurial orientations, more specifically, proactiveness ( $p=.6283$ ), competitive aggressiveness ( $p=.8904$ ) and autonomy (.8306) have no significant contributions to employment generation.

The data implies that an out of the box thinking and taking risks are predictors of employment generation.

The multiple coefficient of determination of 17.52% implies that there are about 82.48% variables, which are not considered. This means that there are other “possible” undiscovered entrepreneurial orientations, which may predict employment generation. This further implies that 17.52% variance in the generation of employment is attributed to the change in the entrepreneur’s innovativeness and risk taker attitude.

**5.2.2. Influence of Entrepreneurial Orientations to Average Sales**

Table 38 shows the influence of entrepreneurial orientations to average sales.

Table 38

**Influence of Entrepreneurial Orientations to Average Sales**

<b>ENTREPRENEURIAL ORIENTATIONS</b>	<b>COEFFICIENT OF REGRESSION</b>	<b>PROBABILITY</b>
Innovativeness	-4899544	.0052**
Proactiveness	1607307	.0340*
Risk Taking	7303434.6	.0016**
Competitive Aggressiveness	-1862482	.0273*
Autonomy	378062.2	.7306ns
Multiple Coefficient of Determination = 65.16%, Overall Probability = .0051		

Legend: not significant (ns)                      significant(\*)                      highly significant (\*\*)

It reveals that innovativeness ( $p=.0052$ ), proactiveness ( $p=.0340$ ), risk taking

( $p=.0016$ ), and competitive aggressiveness ( $p=.0273$ ) have positive impacts on average sales. Based on the probability, risk taking is the greatest influencer of sales, followed by innovativeness. Competitive aggressiveness and proactiveness have lower influences, thereby contributing less to the multiple coefficient of determination. Autonomy has no significant contribution to the said performance variable.

The multiple coefficient of determination of 65.61% means that average sales may be credited to the innovativeness, proactiveness, risk taking, and competitive aggressiveness of the entrepreneur. This further implies that there are about 34.84% other variables with possible influences on average sales.

### 5.2.3. Influence of Entrepreneurial Orientations on Investment

Table 39 depicts the power of entrepreneurial orientations on investment.

**Table 39**

#### **Influence of Entrepreneurial Orientations to Investment**

<b>ENTREPRENEURIAL ORIENTATIONS</b>	<b>COEFFICIENT OF REGRESSION</b>	<b>PROBABILITY</b>
Innovativeness	-2746999	.0006**
Proactiveness	1039047	.0160*
Risk Taking	1039047	.0002**
Competitive Aggressiveness	3856971	.0131*
Autonomy	-1127329	.8914ns
Multiple Coefficient of Determination = 74.51%/Overall Probability = .0094		

Legend: not significant (ns)                      significant(\*)                      highly significant (\*\*)

There are four (4) orientations with significant influence on investment. These are risk taking ( $p=.0002$ ) with the highest influence, followed by innovativeness ( $p=.0006$ ). Proactiveness ( $p=.0160$ ) and competitive aggressiveness ( $p=.0131$ ) have lower influences on investment. The presence of influences in these entrepreneurial orientations means they can determine the direction of investment. Being innovative, proactive, risk taker, and aggressive with the competitors can predict the amount of investment in the firm.

The 74.51% variance in investment leads into the conclusion that any change in it may be attributed to the change in the four (4) orientations, with risk taking leading the pack, followed by innovativeness, competitive aggressiveness, and proactiveness.

## 6. Implication of the Study to Business Administration

This study on key success factors and entrepreneurial orientations of the entrepreneur-beneficiaries of the OTOP program in the province of Tarlac is very significant to the field of Business Administration and small business management in

the country. It supports the relevance of success factors and entrepreneurial orientation in the quest towards the attainment of good business performance. The evaluation on the relationships and influences of the success factors and entrepreneurial orientations on performance, along with the knowledge that were generated from it, may be explored by the entrepreneurs which possibly help them craft their own recipes of entrepreneurial success. This great output may be extended to future businessmen, and may also serve as inspiration to students taking up business and entrepreneurship, teachers, researchers, and agencies related to business.

Since there were key success factors and entrepreneurial orientations that were found to have relationship with each of the performance variables, we partially reject Hypothesis 1.

**Hypothesis 1.** There is no significant relationship between the performance variables and the key success factors and the entrepreneurial orientations of the OTOP beneficiaries.

And also, based on the results that some success factors and entrepreneurial orientations have influence on each of the performance variables, we relatively reject the second hypothesis.

**Hypothesis 2.** The key success factors and the entrepreneurial orientations of the OTOP beneficiaries have no significant impact on the performance of their businesses.

## APPENDIX

### APPENDIX A QUESTIONNAIRE

**Name of business:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Year established:** \_\_\_\_\_

**Name of owner/owners:** \_\_\_\_\_

#### I. Performance Indicators

Employment Generated: \_\_\_\_\_ (from start to present)

Average Sales for the past 3 years: \_\_\_\_\_

Investment: \_\_\_\_\_ (from start to present)

#### II. Key Success Factors\*

1. What are the things that made your business successful? For every key success factor identified, describe the degree of importance.

Key Success Factors	Importance				
	Unimportant (1)	Not very important (2)	Mildly important (3)	Very Important (4)	Extremely important (5)
1. Good management skills					
2. Charisma, friendliness					
3. Previous business experience					
4. Hardwork					
5. Ability to manage personnel					
6. Social skills					
7. Reputation for honesty					
8. Appropriate training					
9. Marketing /sales promotion					
10. Good product at competitive price					
11. Good customer service					
12. Maintenance of accurate records					
13. Support of family and friends					
14. Position in society					
15. Satisfactory government					

support					
16. Access to capital					
17. Political involvement					

*\*The questionnaire was developed by Hung M. Chu (Chu and Katsioloudes, 2001)*

*Items 1- 7: Entrepreneur*

*Items 8-12: Enterprise*

*Items 13-14: Network*

*Items 15-17: Business environment*

**II. A. Entrepreneurial Orientation**

1. How do you define your focus as an entrepreneur? Describe the intensity of that focus.

**EO Scale\*\***

<b>Innovativeness</b>		
In general, I the manager of my firm favor....		
A strong emphasis on the marketing of tried-and-true products or services.	1 2 3 4 5 6 7	A strong emphasis on R&D, technological leadership, and innovations.
How many lines of products or services has your firm marketed in the past five years (or since its establishment)?		
No new lines of products or services.	1 2 3 4 5 6 7	Very many new lines of products or services.
Changes in product or service lines have been mostly of a minor nature.	1 2 3 4 5 6 7	Changes in product or service lines have usually been quite dramatic.
<b>Proactiveness</b>		
In dealing with the competitors, I...		
Typically respond to actions which competitors initiate.	1 2 3 4 5 6 7	Typically initiate actions to which competitors then respond.
Seldom have the first business to introduce new products/services, administrative techniques, operating technologies, etc.	1 2 3 4 5 6 7	Often have the first business to introduce new products/services, administrative techniques, operating technologies, etc.
Typically seek to avoid competitive clashes, preferring a “live-and-let live” posture.	1 2 3 4 5 6 7	Typically adopt a very competitive, “undo-the-competitors” posture.
<b>Risk Taking</b>		
In general, I as the manager have...		
A strong proclivity for low-		A strong proclivity for high

risk projects(with normal and certain rates of return).	1 2 3 4 5 6 7	risk projects (with chances of very high returns).
In general, I as the manager believe that....		
Owing to the nature of the environment , it is best to explore it gradually via cautious, incremental behavior.	1 2 3 4 5 6 7	Owing to the nature of the environment, bold wide-ranging acts are necessary to achieve the firm’s objectives.
When confronted with decision-making situations involving uncertainty , I....		
Typically adopt a cautious “wait-and see” posture in order to minimize the probability of making costly decisions.	1 2 3 4 5 6 7	Typically adopt a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.
<b>Competitive Aggressiveness</b>		
In general, I being the entrepreneur have a....		
Strong tendency to “follow the leader” in introducing new products or ideas.	1 2 3 4 5 6 7	Strong tendency to be ahead of other competitors in introducing novel ideas or products.
My firm makes no special effort to take business from competition.	1 2 3 4 5 6 7	My firm is very aggressive and intensely competitive.
<b>Autonomy</b>		
The firm...		
Supports the efforts of individuals and/or teams that work autonomously.	1 2 3 4 5 6 7	Requires individuals or teams to rely on the manager to guide their work.
In general, I as the entrepreneur believe that....		
The best results occur when individuals and/or teams decide for themselves what business opportunities to pursue.	1 2 3 4 5 6 7	The best results occur when the manager provide the primary impetus for pursuing business opportunities.
In my firm		
Individuals/employees, and/or teams pursuing business opportunities make decisions on their own without constantly refering to their supervisors.	1 2 3 4 5 6 7	Individuals/employees and or teams pursuing business opportunities are expected to obtain approval from their supervisors before making decisions.
Employee initiatives and inputs play a major role in identifying and selecting he entrepreneurial	1 2 3 4 5 6 7	The manager plays a major role in identifying and selecting the entrepreneurial

opportunities the firm or business pursues.		opportunities the business pursues.
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**\*\*Adopted from the studies of Miller/Covin and Slevin (1989), Lumpkin and Dess (2001) and Lumpkin, Coglisier, and Schneider (2009)**

## APPENDIX B

### Active OTOP Tarlac Beneficiaries

Name of Business	Entrepreneur	Company Address	Product Line
1. Aroma Anao	Perry Grande	Pob. 1, Anao, Tarlac	Ylang Ylang essential oil, perfumes
2. Biossence	Ronald Guerrero	Brgy. Sa. Jose South, Anao, Tarlac	Soaps and detergents
3. Francia's Mango Delicacies	Ma. Lourdes Francia	Brgy. San Roque, Bamban, Tarlac	Choco-mango delicacies
4. Consolacion Dela Cruz Meat Dealer	Consolacion Dela Cruz	Camiling Public Market, Camiling, Tarlac	Chicharon Camiling, processed meat
5. Lilia Martin Meat Dealer	Lilia Martin	Camiling Public Market, Camiling, Tarlac	Chicharon Camiling, processed meat
6. Rosalina Soriano Meat Stall	Rosalina Soriano	Camiling Public Market, Camiling, Tarlac	Chicharon Camiling, processed meat
7. Mila's Tinapa Factory	Mila Tolentino	Brgy. Talaga, Capas, Tarlac	Tinapa (smoked fish) processing
8. Talaga Smoked Fish	Maria Tuazon	Brgy. Talaga, Capas, Tarlac	Tinapa (smoked fish) processing
9. Luisa's Meat Products	Luisa Gutierrez	Brgy. San Jose, Concepcion, Tarlac	Tocino, longganisa, ham, hotdog
10. Stacy's Food Products	Luisa Gutierrez	Brgy. San Jose, Concepcion, Tarlac	Tocino, longganisa, ham, hotdog
11. Stephen's Meat Products	Yolanda Tiamzon	Brgy. San Jose, Concepcion, Tarlac	Tocino, longganisa, chicharon
12. Gene's Sugarcane-Based Products	Eugene Capinding	Brgy. Danzo, Gerona, Tarlac	Processed sugarcane, panucha, vinegar
13. Yadao Sugarcane Products	Naty Yadao	Gerona, Tarlac	Sugarcane based products
14. W. Balaba Upgraded Muscovado Plant	Apolonio Balaba	Brgy. Malayep, Gerona, Tarlac	Muscovado sugar blocks
15. AITI Agro Coop, Inc.	Helen Matsuoka	Brgy. San Roque, La Paz, Tarlac	Fresh okra

16. Great Eastern, Inc.	Sonny Lumbang	Brgy. Balanoy, La Paz, Tarlac	Fresh okra
17. Greenstar Phils., Inc	Rolando Sarte	Brgy. Caramutan, La Paz, Tarlac	Fresh okra
18. HI-LAS Marketing	Bobby Amores	Brgy. Sierra, La Paz, Tarlac	Fresh okra
19. Sungreen Farms	Aurea Calimlim	Brgy. Dumarais, La Paz, Tarlac	Fresh okra
20. Nambalan Woodcraft and Furniture	Teofilo Bacho	Brgy. Nambalan, Mayantoc, Tarlac	Wooden furniture
21. Don Benito Sweetpotato Wine	Vida Bagamaspad	Poblacion, Moncada, Tarlac	Wine
22. Paniqui Water Lily	Sylvia Soriano	Poblacion, Paniqui, Tarlac	Water lily bags, novelty items
23. Tresvalles Corn Husk Flowers	Beth Tresvalles	Poblacion, Pura, Tarlac	Corn husk handicrafts
24. R. Molina Food Products	Rodolfo Molina	Brgy. Linao, Pura, Tarlac	Chichacorn (Corn crunch)
25. Linao Farmers MPCI	Cerelino Gamboa	Brgy. Linao, Pura, Tarlac	Corn production
26. AMREY Fashion Wear	Amelia Beltran	Brgy. Guiteb, Ramos, Tarlac	Crochet and knitted blouses
27. D' New Ramos Crochet	Saturnina Buccat	Brgy. Pance, Ramos, Tarlac	Crochet blouses and dresses
28. DUFMAC Brooms	Roseller Toledo	Poblacion, San Clemente, Tarlac	Tiger grass production, soft brooms manufacturing
29. Western Furniture MPCI	Samuel Tababa	Brgy. Iba, San Jose, Tarlac	Wooden furniture, door, jambs
30. San Manuel Malunggay	Jose Villa Agustin, Jr.	Poblacion, San Manuel, Tarlac	Malunggay production
31. Wood Inspirations Crafts	Karmen Blesilda Pascual	Gabay Street, Pob. East, Sta. Ignacia, Tarlac	Bamboo based products
32. Pascasio Pottery	Tony Pascasio	Poblacion, Sta. Ignacia, Tarlac	Pottery products
33. 3FGR Enterprise	Rico Ramos	Brgy. Calingcuan, Tarlac City	Home made peanut butter, processed fruit jams
34. Betty's Native Cakes	Jean Junio	18 San Roque, Tarlac City	Native cakes
35. Cindy's Bakeshop	Benigno Chua	Poblacion, Tarlac City	Cakes, breads, and pastries
36. Gertie's Bakeshop	Gertrudes Garcia	Capitol Gardens Subd., Tarlac City	Cakes, breads, and pastries

37. Homemade by URDU	Myrna Agatha Joy Sarinas	Burgos St., Tarlac City	
38. Kevynel's Food Products	Hector Ramos	Zone 5, Maliwalo, Tarlac City	Sweet beans
39. Lita's Delicacies	Carmelita Yumang	Brgy. Baras Baras, Tarlac City	Pastillas, barquiron, tamarind candy
40. Macapinlac Cake House	Henry Macapinlac	Poblacion, Tarlac City	Cakes and pastries
41. Potter's Hand Processed Foods	Susan Dy	Blossomville Subd., Tarlac City	Chili garlic paste, vinegar, Chinese bagoong
42. Rosemary's Bakeshop	Divina Fernandez	Brgy. San Rafael, Tarlac City	Yema roll, baked products
43. Tita Glo's Delicacies	Ma. Gloria Capaz	18 San Roque, Tarlac City	Brownies
44. Lalapac Sugarcane Farmers MPC	Noly Lorenzo	Brgy. Lalapac, Victoria, Tarlac	Processed sugarcane, panucha, vinegar, basi wine

### ACKNOWLEDGEMENTS

The researcher is very much indebted to several people who shared their expertise, knowledge, time, utmost cooperation and valuable support in the completion of this piece of work. He acknowledges with sincerest gratitude and extends his deepest appreciation to them.

To **Dr. Myrna Q. Mallari**, his adviser, for her untiring and unselfish guidance; her time and all her relevant suggestions during the course of the study which made the research more organized and comprehensive;

To **Dr. Elizabeth Amurao**, for her insights that broadened the researcher's perspective;

To his statistician, **Dr. Arnold E. Velasco** of Tarlac Agricultural University, for helping him process and interpret the data gathered;

To the members of the panel, **Dr. Renato Mercado**, Dean of the College of Business and Accountancy, **Dr. Jhonel Panlilio**, **Dr. Susan Ramirez**, and **Dr. Elvira Mercado**, for their insights, comments, and suggestions, which aimed at the further improvement of the study;

To the **30 entrepreneur-respondents** from the 16 towns and city in the province of Tarlac who made the study possible by allowing the researcher to come to their doors and unselfishly shared their time and whatever information required from them;

To his **teachers** at the University of the Philippines in Clark Field, Pampanga and Tarlac State University for all the knowledge in business management and administration they have inculcated to the researcher, which made it easier for him to

prepare his manuscript;

To **Ms. Leslie C. Lopez and Dr. Esmeralda Rodriguez** of Tarlac Agricultural University, for conscientiously editing the paper;

To **Macky**, his “apple of the eye” laptop, which is always there to absorb and safe keep all the ideas and files of the researcher;

To **Ms. Marie Tabamo** of DTI Tarlac, for sharing her expertise about OTOP and giving the brochure of active OTOP beneficiaries in the province of Tarlac;

To his cousin **Adrian Duque**, who did all the driving to be able to visit all the respondents and some attractions in the province;

To his **colleagues** at the Tarlac Agricultural University, for all the laughter, inspiration, words of encouragement, support and prayers they shared to the researcher;

To his **friends**, for their camaraderie and pleasant company;

To his Anti Delia, Uncle Ruben, Anti Norma, and **relatives**, for their financial and moral support;

Special acknowledgement is also due to his mother **Josefina** and sisters **Joji** and **Jaylyn**, for their understanding, moral, and financial support that inspired and pushed him to finish the study, and to his late father **Jaime**, whom the researcher knows is always around to guide him in all his endeavors;

And above all, to the **Almighty God**, who gave him strength and determination to continue this undertaking in spite of the many obstacles he encountered during the course of the study.

To them, this piece of research work is affectionately dedicated.

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