

# philippine studies

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## **On Entrepreneurship in the Philippines: The Filipino Manufacturing Entrepreneur**

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herein set forth might well be adapted to our instruction of ignorant Catholics in our rural areas. Ecumenical contacts are also multiplying, so that it is ever more necessary to cultivate a true ecumenical attitude among our people, one which bears the face of sincere charity toward our neighbor while strengthening the commitment to Catholic belief.

The last chapter on the Parish Mission would require much adaptation in the crowded and frequently ill-organized parishes of the Philippines. But the need for a solid sociological survey of our parishes could be recommended before beginning any new movement therein.

Every chapter concludes with a select bibliography which for the veteran in any of these preaching-forms may be the best help this little volume can offer. One would have liked to see a chapter on radio and TV preaching as well as some objective description of the Cursillo method by someone who has been trained in its use. In short, there is much here that may assist the young preacher and a few pointers that will be of value to the veteran.

SAMUEL R. WILEY, S.J.

## ON ENTREPRENEURSHIP IN THE PHILIPPINES

THE FILIPINO MANUFACTURING ENTREPRENEUR: Agent and Product of Change. By John J. Carroll, S.J. Ithaca, N.Y.: Cornell University Press, 1965. xix, 230 pp.

Economists have always regarded the entrepreneur as the agent of change. It is he who breaks away from the bonds of tradition to try new production functions, discover new sources of raw materials, develop new markets and carry out new managerial techniques. Schumpeter's theories on economic development and the business cycle, for example, are based on this concept of the entrepreneur.

With the growing concern for economic development in the developing countries, increasing attention has been given by sociologists, anthropologists and psychologists to the interaction between economic and non-economic factors in the implementation of development programs. As a result, the concept of the entrepreneur as the product of change has taken on added importance as an object of research in the field. For if entrepreneurs are essential to economic development and if their emergence in the economy is not merely due to chance, then it becomes vital to recognize the pattern of circumstances and the set of forces in society which give rise to entrepreneurs.

The book under review was written by a sociologist who was interested in finding out how entrepreneurship arose in the field of Philippine manufacturing during the nineteen fifties. It is based on descriptive statistical data which the author has gathered on the characteristics of the Filipino manufacturing entrepreneur, his background, his social structure and his entrepreneurial performance. The data in themselves are interesting and the author's interpretations even more so and, at the very least, thought-provoking. However, as he himself emphasizes: "...no general theory of entrepreneurship is being presented and no claim is made that *all* the important factors have been identified" (p. 187).

One of the factors whose importance has not been sufficiently stressed in the book is the need for credit-creation in the development of an economy. This is unfortunate because credit creation is precisely what enables the entrepreneur to carry on his innovation. Credit-creation and innovation are complementary for the first is meaningless without the second and the second is impossible without the first. It is the entrepreneur who, as Schumpeter puts it, "carries out new combinations," but it is the banker who serves as "the ephor of the exchange economy" who "makes possible the carrying out of new combinations, authorizes people, in the name of society as it were, to form them" (Joseph A. Schumpeter, *The Theory of Economic Development*. Cambridge: Harvard University Press, 1949, p. 74).

The reason for the importance accorded to credit-creation is based on the view that innovation implies a break from the traditional pattern of production. The entrepreneur must have the means by which to compete away from their previous employment the producers' goods he needs to carry out his innovation. Money here is thus considered not as a mere device to facilitate exchange, but as a power that enables the entrepreneur to bring his ideas to fruition. If credit therefore is generally available only to those with collateral to offer, the opportunities for entrepreneurs without substantial assets will generally not have the means with which to try out a new invention, open up a new market, find a new source of materials or reorganize an industry.

In the Philippines, access to credit is generally dependent on the availability of collateral rather than on the feasibility of a project. Thus, although doubts are expressed in the book about the validity of the claim, "a number of entrepreneurs claimed to have done no borrowing at the beginning [of their enterprise]" (p. 157). Similarly, "72 of the 92 enterprises in the study began under the financial control of the entrepreneur and/or his relatives" (p. 161).

It is in the light of such a credit situation that one should view the author's findings that the Filipino family firm "appears to have been very productive of entrepreneurs..." (p. 81.). Many of the entrepreneurs interviewed obtained their training from the family corporation, not so much because it is the best breeding-place of entrepreneurs as that credit conditions have to a large extent limited the opportunities for entrepreneurship (at least on the scale considered in the book) to the rich who constitute the basis of family corporations.

Similarly, such a credit situation probably explains why the emergence of a significant number of Filipino entrepreneurs took place in the nineteen fifties. It was during this period that Filipinos began to rely on political power to obtain their economic goals. Possession of a foreign exchange allocation, which was increasingly limited to Filipinos and usually accompanied by complementary import controls, gave the Filipinos access to credit facilities which hitherto had been generally limited to foreigners who had substantially more collateral to offer. This pragmatic attempt to substitute centralized decision-making for the market mechanism was probably inefficient as far as increasing the size of the economic pie was concerned. But it certainly succeeded in increasing the relative share of Filipinos in the pie.

The question remains whether, in the long run, the absolute share of Filipinos would have been larger if they had not used exchange and import controls to tamper with the market mechanism. In any case, it would be interesting, now that the complex machinery of controls has been dismantled and the umbrella of protection removed, if the author continued his study on the 92 Filipino manufacturing entrepreneurs to find out if they were truly entrepreneurs who merely needed a chance to try out their ideas or opportunists who have not been able to meet the test of the market.

ANTONIO V. AYALA

## TOWARD A POST-CONCILLAR CODE OF CANON LAW

✓ PASTORAL REFORM IN CHURCH GOVERNMENT. Concilium, Theology in the Age of Renewal, Volume 8. New York: Paulist Press, 1965. viii, 184 pp.