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Filipino Entrepreneurship in Manufacturing

JOHN J. CARROLL

ALMOST a half century ago, Henri Pirenne suggested that at each new stage of economic organization the leaders of the previous stage...

...withdraw from the struggle and become an aristocracy, which if it again plays a role in the course of affairs, does so in a passive manner only, assuming the role of silent partners. In their place arise new men, courageous and enterprising, who boldly permit themselves to be driven by the wind actually blowing and who know how to trim their sails to take advantage of it, until the day comes when, its direction changing and disconcerting their manoeuvres, they in turn pause and are distanced by new crafts having fresh forces and new directions.¹

If this be true, it is not a matter of merely academic interest for a country which is attempting to move along the road toward economic development and a greater degree of industrialization; for it is on the presence of an adequate supply of men who are willing and able to organize new industrial enterprises that the success of its industrialization program will depend. Yet little is known up to the present about the social origins of such men in an underdeveloped country: from what social strata and occupational groups they tend to come; what factors

¹ Henri Pirenne, "Stages in the Social History of Capitalism", *American Historical Review*, 1914, p. 494. In Reinhard Bendix and Seymour Martin Lipset, *CLASS, STATUS, AND POWER*, Glencoe, Ill., Free Press, 1953, p. 501.

favor their appearance; where they obtain their capital, technology and management skills.

The present article is a preliminary report on an attempt to answer some of these questions in the case of the Philippines. The writer has been engaged for a year in research into the social origins and career histories of Filipino entrepreneurs in manufacturing.² This is intended in part as an expression of gratitude to the Filipino businessmen and others whose cooperation has made the research possible.³

THE UNIT OF STUDY

In order to make the project manageable by one person in a reasonable period of time, and similarly to be able to state the limits within which the conclusions might be presumed to apply, a precise delimitation of the coverage of the study was necessary. In the first place, therefore, it was decided to limit the study to entrepreneurs who are Filipinos legally and—as far as could be determined—culturally. For it is already well known that in the underdeveloped areas of today much of the entrepreneurship has been provided by foreigners and immigrants; on the other hand, the indigenous sources of entrepreneurship are less well known and perhaps more important for the future. Secondly, it was decided to concentrate on manufacturing industries, but to exclude from the study the following: sawmilling, sugar milling, abaca, ramie and nipa processing, newspaper and magazine publishing, and purely repair work. These exclusions were made on either theoretical or practical grounds, i.e., the activities eliminated either are not manu-

² The term entrepreneur here and throughout this paper is used to refer to the organizer of the factors of production: land or natural resources; labor which includes technical and management skills as well as labor in the usual sense; and capital. The entrepreneur brings these three together and thus establishes a new industrial enterprise. Whether he personally provides the capital or technology from his own resources, or personally manages the enterprise once established, is immaterial.

³ Financial support for the research was provided by a United States National Science Foundation grant for this purpose, administered through Cornell University; which aid is hereby gratefully acknowledged.

facturing in the usual sense of the word (e.g. newspaper publishing and automotive repair shops) although so classified by the Department of Labor; or they are typically dispersed and so remote from urban centers that it would have been impossible to visit many of them in the time available. Finally, it was decided to concentrate on relatively large enterprises in terms of employment, since employment figures are the most readily accessible index of reasonably successful and significant entrepreneurship.

There were two main sources from which a list of firms to be included in the study was drawn. The first was a list of manufacturing establishments having 100 or more employees, provided by the Department of Labor.⁴ This was a list of *establishments*, the establishment being usually the individual factory. It was converted into a list of enterprises for purposes of this study by considering different factories engaged in the same type of production and owned by the same firm as belonging to the same socio-economic unit or enterprise.

The other main source employed in making up the final list of enterprises to be studied was the corporation files of the Securities and Exchange Commission.⁵ The records of approximately 300 enterprises were examined with the following purposes in view: to eliminate cases of government entrepreneurship; to make a tentative judgment as to who seemed to have performed the entrepreneurial role in a given case; and to eliminate cases in which the entrepreneur was not legally and culturally a Filipino. Identifying cases of government entrepreneurship was a simple matter; and the tentative identification of the entrepreneur made on the basis of corporation records

⁴ This list was compiled for the writer from the files of the Labor Statistics Division of the Department of Labor, through the cooperation of Mr. Honesto F. Bringas, Chief of the Labor Statistics Division, and Miss Francesca de Castro of the same division. Much time and effort went into compiling this list and the writer wishes to thank Mr. Bringas and Miss de Castro.

⁵ The author wishes to express his gratitude to Mr. Ner C. Reodica, Deputy Security and Exchange Commissioner, and to Mr. Gaudencio Mejia, Administrative Officer of the SEC, for making these files available to him.

could later be checked in the interview and by informal inquiries. But identifying a person's culture on the basis of such records would appear to be sociological sleight-of-hand and demands an explanation. The following assumptions were made:

1. Culture is not an all-or-nothing thing, but a matter of more or less. Hence the problem is to separate out one group which will be "more Filipino" and another which will be "less Filipino". The criterion need not be infallible so long as it is reasonable and may be expected to be valid in the great majority of cases, since we shall not attempt to prove anything from single cases.

2. A person's culture is derived primarily from that of his parents; hence a person who did not have even one Filipino parent will usually be less Filipino in culture than one who did.

3. From the fact that the SEC records list a person as an alien or a naturalized citizen we can deduce that he probably did not have even one Filipino parent; for, at least until the Tan Chong case of 1947, it was possible for individuals born in the Philippines of one Filipino parent to obtain citizenship without the formality of naturalization.

4. From the fact that the group of original stockholders of a corporation is strongly foreign in composition, we may assume that the organizer of the group is probably foreign in culture and/or citizenship; the known propensity of minority groups everywhere to cling together is the basis of this assumption.

On the above assumptions, it was decided to eliminate at this point:

1. enterprises in which the entrepreneur was an alien or naturalized citizen;

2. enterprises in which the entrepreneur was still unidentified, but:

- a) more than half of the original stockholders had foreign names, including the filipinized form of Chinese names, *and*

b) more than half of these (i.e. one quarter of the total) were aliens, naturalized citizens, or had Chinese names in their unchanged form (i.e. three monosyllabic names without a Christian name).

There were a few more eliminations at this point, based on the fact that the ultimate unit of study was to be the entrepreneur rather than the enterprise; hence where one individual had founded several distinct enterprises, only the first of these—chronologically—was considered.

The above process yielded a list of 110 enterprises presumably founded by Filipinos, each presumed to have more than 100 employees, in the industries under study. Interviews were now sought with the individuals believed to have established them; where it was impossible to interview the entrepreneur, e.g., because he was deceased or out of the country or otherwise unavailable, interviews were sought with a close relative or early associate in the business. In 109 out of 110 cases interviews were obtained.⁶

In the early part of each interview the writer asked the interviewee to describe in his own words the establishing of the enterprise; he followed this with more detailed questions about the obtaining of capital, technology, management, etc. The chief purpose of these questions was to confirm or call in question the identification of the entrepreneur made tentatively at the SEC. Occasionally it was found necessary to revise this identification and seek an interview with the person newly identified as the entrepreneur. The writer's impression was that in general people were fairly clear in their own minds about who had performed the organizing or coordinating role, though not familiar with the word "entrepreneur". In the interviews also, the writer checked on the matter of nationality; and a number of entrepreneurs who had not had a Filipino parent but did not

⁶ This very gratifying rate of success in obtaining interviews is attributable, second only to the courtesy of the entrepreneurs themselves, to the cooperation of the Philippine Chamber of Industries and its Executive Secretary, Dr. Augusto Cesar Espiritu. The Chamber provided the writer with more than 100 letters of introduction, individually typed and signed by Dr. Espiritu

appear on the SEC records as naturalized citizens were dropped from the study after the interviews. From the 109 cases studied, 92 were found to be usable for analysis, as follows:

Interviews requested with	110
Interviews obtained with	109
Excluded after interview as not falling within scope of study	14
Insufficient data for identification of the entrepreneur (probably foreign) ..	3
Included in the study	92

The writer is well aware that there are many possible sources of error in the complex procedure just described: the fact that a firm having two plants with 90 employees in each would not appear on the list while one having only one factory with 100 employees would appear; the fact that by the time of the interview seven of the enterprises included had dropped to between 70 and 100 employees due to the separation of temporary employees, while others not included might have grown to over 100 employees; and about fifteen troublesome cases in which the identification of the entrepreneur was less certain than he would have liked it to be. Nevertheless it is to be noted that the usual bias due to failure to obtain interviews has been virtually eliminated; and the writer sees no reason for suspecting that errors attributable to the above factors would introduce any systematic bias into the statistical results.

The process of elimination by which the study was narrowed down is summarized in Table 1.

Table I

ELIMINATION OF ENTERPRISES FROM THE STUDY
Original number of enterprises, from Dep't of Labor list .. 385
Number of enterprises excluded:

On basis of industry:

Sawmilling	41
Sugarmilling	24
Publishing	12
Ramie decortivating	2

Nipa processing	1
Auto repair	1
Total excluded on basis of industry	<u>81</u>

On basis of nationality of entrepreneur:

Chinese	105
American	54
Spanish	9
Other	15
Total excluded on basis of nationality	<u>183</u>

Other exclusions:

Entrepreneur already included in the study	12
Government entrepreneurship .	9
Identification of entrepreneur doubtful	3
Interview refused, labor contractor only, gone out of business	5
Total other exclusions	<u>29</u>

Total exclusions	293
Included in study	92

It may be noted in passing that by the definitions employed in this study about two cases of foreign entrepreneurship were found for every case of Filipino entrepreneurship. And among the 92 entrepreneurs included as Filipinos 21 reported at least one grandparent born outside the Philippines and five of these reported one parent born abroad. Whether this represents a dangerous alienization of the economy or a beneficial contribution of entrepreneurship from abroad is a political rather than a sociological question.

The distribution of the enterprises included, by industry, by year of establishment, by original size, and by present size, may be seen in the following tables.

Table 2

DISTRIBUTION OF ENTERPRISES BY INDUSTRY
 (Using two-digit code of Department of Labor)

<i>Code</i>	<i>Description</i>	<i>No. of Enterprises</i>
20	Food manufacturing industries, except beverages	5
21	Beverage industries	1
22	Tobacco manufacture	1
23	Manufacture of textiles	7
24	Manufacture of footwear, other wearing apparel, and made-up textiles	11
25	Manufacture of wood and cork, except furniture	7
26	Manufacture of furniture and fixtures	5
28	Printing and allied industries	4
29	Manufacture of leather and leather and fur products except footwear and other wearing apparel	2
30	Manufacture of rubber products	6
31	Manufacture of chemical & chemical products	9
32	Manufacture of products of petroleum & coal	2
33	Manufacture of non-metallic mineral products, except products of petroleum and coal	7
34	Basic metal industries	2
35	Manufacture of metal products, except machinery and transport equipment	6
37	Manufacture of electrical machinery, apparatus, appliances and supplies	7
38	Manufacture of transport equipment	5
39	Miscellaneous manufacturing industries	5
	Total	92

Table 3

**NINETY-TWO ENTERPRISES DISTRIBUTED BY TIME
OF ESTABLISHMENT AND ORIGINAL
NUMBER OF EMPLOYEES**

Original number of employees	Time of Establishment			Total
	Before 1945	1945-1949	1950-1960	
1-10	9	4	3	16
11-50	6	8	11	25
51-100	0	1	13	14
101-250	0	2	12	14
over 250	0	1	6	7
No answer	7	1	8	16
Total	22	17	53	92

Table 4

**NINETY TWO ESTABLISHMENTS DISTRIBUTED BY
ORIGINAL NUMBER OF EMPLOYEES
AND NUMBER IN 1961**

Number in 1961	Original Number						Total
	1-10	11-50	51-100	101-250	Over 250	No Answer	
70-99	0	5	1	0	0	2	8
100-150	6	8	7	5	0	2	28
151-250	4	6	1	6	0	4	21
Over 250	5	6	5	3	7	4	30
No answer	1	0	0	0	0	4	5
Total	16	25	14	14	7	16	92

It is not the writer's purpose to draw any important conclusions from the above tables, but mainly to supply a general description of the enterprises which form the basis of his study. Nevertheless, two trends are evident from a glance at Table 3: the increasing rate of industrialization since the war and particularly since 1950; and the increasing tendency for enterprises to "begin big" with more than 100 or even more than 250 employees. Other data which will be brought out later would relate this to at least a relative disappearance since controls began in 1950 of the "craftsman-entrepreneur" who begins with a small shop and builds it up. In great part he has been replaced by the "merchant-entrepreneur", forced out of commerce by controls but possessed of enough capital from his previous enterprises to go into manufacturing on a relatively large scale.

GEOGRAPHICAL ORIGINS

On the hypothesis that ethno-linguistic differences within the Philippine population may coincide with differences in values and economic activity, the entrepreneurs were asked about the first language they had learned in childhood. Here it had been expected, from casual comments which the writer had heard about Ilocano frugality and hard work, that the Ilocanos would have a disproportionately large representation among the entrepreneurs. Suffice it to say here that this hypothesis was rather dramatically disproven: not a single Ilocano appeared among the 92 entrepreneurs. On the other hand, while some ethno-linguistic groups—notably the Kapampangan, or Pampangos—were over-represented, first language turned out to be less significant than province of origin and even town of origin.

The entrepreneurs were asked about the province and town where they were raised until the age of twelve years. It was found that more than two-thirds of the 92 entrepreneurs were raised in Manila, Rizal Province, Bulacan, or Pampanga. Even industrial plants as far away as Iligan and Davao—for there were no geographical limitations on the study—were established by entrepreneurs from Manila and Central Luzon. Since the median year of birth of the entrepreneurs in the study was

1908, comparison of their places of origin with the geographical distribution of the Philippine population at the time of the 1918 Census is appropriate. The area just mentioned, which provided 68% of the entrepreneurs, had in 1918 only 10% of the Philippine population. If the percentage of entrepreneurs who grew up in an area be divided by the percentage of the total population living in that area in 1918, we shall have a measure of over-representation and under-representation.

Table 5

GEOGRAPHICAL ORIGINS OF ENTREPRENEURS COMPARED WITH 1918 POPULATION DISTRIBUTION

(1.00 indicates that individuals from the province in question have the same representation among the 92 entrepreneurs as among the total of 1918 population.)

Manila	12.0	Sorsogon	1.3	Mt. Province	
Rizal	7.4	Laguna	1.2	(Baguio)	0.6
Pampanga	7.4	Iloilo	1.1	Negros Occid.	0.6
Bulacan	3.2	Batangas	1.0	Camarines Sur	0.5
Cavite	1.5	Capiz	0.8	Nueva Ecija	0.5
Tarlac	1.3			Bohol	0.3
Albay	1.3			Samar	0.3
				Cebu	0.1

No entrepreneurs at all came from: all of northern Luzon (except Baguio) down to and including Nueva Vizcaya and Pangasinan; all of Mindanao; the coastal provinces of Zambales, Quezon and Bataan in Luzon; Camarines Norte, Catanduanes, Marinduque, Masbate, Mindoro, Palawan, Antique, Negros Oriental, Leyte, Romblon.

One hardly need refer to a map of the Philippines in order to recognize that there is a pattern here: the representation of a province among the entrepreneurs is directly and very closely related to that province's accessibility from Manila. Most strongly overrepresented among the entrepreneurs are people raised in Manila itself. Next is a group from four provinces each of which is: close to Manila; not separated from it by natural barriers such as mountains or bodies of water; and itself possessed of a relatively well-developed internal communications system. The remainder of the entrepreneurs come

from places more distant from Manila but with relatively well-developed communications within the province itself and with Manila, those separated from Manila by water being generally lower on the list than those with railroad communication with Manila. A second glance at the map will convince one that the provinces unrepresented among the entrepreneurs, although they had in 1918 about 45% of the Philippine population, are: distant from Manila and/or separated from it by natural barriers; generally mountainous and even now possessed of poorly developed internal communications networks.

Even more specific confirmation of the relationship between a place's accessibility to Manila and the number of entrepreneurs which it produces is had if the towns of origin of the entrepreneurs be plotted in relationship to the railroad and interisland ports of 1918.⁷

Table 6
PLACES OF ORIGIN OF 92 ENTREPRENEURS, IN
RELATION TO 1918 RAILROAD AND
WATER TRANSPORTATION

Place raised to age of 12	No. of Entrepreneurs	% of Entrepreneurs
Manila and adjoining towns (Mandaluyong, Pasay, San Juan, Malabon)	39	42
Interisland ports, or towns within 5 km. of a railroad, other than towns listed above	44	48
Other or no answer	9	10
T o t a l	92	100

While the existence of a relationship between the accessibility of a place from the metropolitan center and the number of entrepreneurs it produces seems to be established, neverthe-

⁷ The 1918 CENSUS OF THE PHILIPPINES, Vol. I, has maps of the provinces which indicate the towns and railroad lines; and a list of interisland ports.

less some problems remain. Why has Pampanga, for example, been so much more productive of entrepreneurs than Cavite, which is closer to Manila and in 1918 had the railroad as far as Naic and Cavite City? And why has Pangasinan, which had the railroad from 1892 onward, produced no entrepreneurs at all? An answer to these questions would involve an analysis of the exact nature of the relationship between accessibility and entrepreneurship, which we cannot attempt here. It seems not to be simply that accessibility makes it possible for people to "get out" of small towns and seek their fortunes in the urban centers, for Ilocanos do "get out"; at the time of the 1948 census there were slightly more Iloko speakers (7.6%) than Kapampangan speakers (7.4%) among the male population of Manila. But the Ilocanos do not seem to become entrepreneurs. It is possible also that the railroad was routed through certain areas because the people there were more economically active and energetic; and in fact certain towns such as Malabon and Marikina in Rizal and Meycauayan in Bulacan which have produced far more than their share of entrepreneurs have long been centers of local industry. Hence not just the railroad but the whole culture and economy of an area may provide an atmosphere which is productive of entrepreneurs.

SOCIAL ORIGINS

FATHER'S SOCIO-ECONOMIC POSITION

At this point we return to the question raised by the passage from Henri Pirenne cited at the beginning of this paper. Are the Filipino manufacturing entrepreneurs really "new men", i.e., men not sprung from the wealthy landowners and businessmen of the previous generation but who have risen in their own lifetime from lower positions on the socio-economic scale? An answer to this question will throw additional light on the origins of entrepreneurship in a developing economy and will provide some information on the opportunities for socio-economic mobility within such an economy.

We are dealing here with socio-economic strata and the emphasis here is on the economic: we are attempting to measure movement from one wealth-stratum or income-stratum to another. It is not essential to our analysis that these strata be

marked off from each other by distinctive "styles of life" or distinctive functions in society, but only that those in an upper stratum have at a given time higher incomes than those in a lower stratum. On the basis of 1939 and 1948 Census data, giving average and median incomes for the various occupations reported and average incomes from a given amount of farmland, the following income-categories were established:

INCOME-CATEGORY	ESTIMATED ANNUAL INCOME (P)	
	1948	1939
"Lower": unskilled and semi-skilled laborers; businessmen without employees (i.e. peddlers and sari-sari store owners); tenant farmers and owner-cultivators without tenants.	below 600	below 1,100
"Lower middle": those with white-collar or technical skills; first-level supervisors; owners of retail businesses with a few employees; landowners with less than 25 hectares but with some tenants.	600-1,799	1,100-2,499
"Upper middle": professionals (other than grade-school teachers), executives and officials in large business or government; owners of import-export, wholesale, or large retail businesses; landowners with 25-150 hectares.	1,800-4,799	2,500-14,999
"Upper": owners of major businesses; landowners with more than 150 hectares.	4,800 and over	15,000 and over

A very rough estimate of the distribution of income-receivers in the Philippines according to these categories, in 1948, would be:⁸

"Lower"	below P1,100	72.0%
"Lower middle"	P1,100-P2,499	21.0%
"Upper middle"	P2,500-P14,999	6.9%
"Upper"	P15,000 and over	0.1%

⁸ Estimates are based on those of William I. Abraham in: United Nations, Technical Assistance Program, *THE NATIONAL INCOME OF THE PHILIPPINES AND ITS DISTRIBUTION*, New York, 1952, p. 20.

It is to be noted, finally, that these categories attempt only to state the *relative* positions of four broad occupational groups; changes in the value of money over time, or in the proportion of the population belonging to these occupational groups, would not destroy the usefulness of the categories. They would lose their validity only to the extent that large occupational groups were to change their relative economic position sufficiently to move into other income-categories, e.g., if semi-skilled laborers were to receive the same salaries as those with white-collar or technical skills.

An indication of the socio-economic origins of the entrepreneurs in the present study, and similarly some confirmation of the validity of the categories employed, can be had if we compare the socio-economic positions of the entrepreneurs' fathers with the educations received by the entrepreneurs themselves.

Table 7
FATHER'S SOCIO-ECONOMIC POSITION AND
ENTREPRENEUR'S EDUCATION

Entrepreneur's Education	Father's Socio-Economic Position					Total	Percent
	Lower	Lower Middle	Upper Middle	Upper	No Answer		
G.S. 1-4	5	—	—	—	—	5	5
G.S. 5-7	6	1	1	—	—	8	9
H.S. 1-3	2	2	1	—	1	6	7
H.S. 4	1	3	2	1	—	7	8
Coll. 1-3	2(2)	3(2)	2	4	—	11	12
Coll. 4	3(3)	1(1)	8(5)	12	—	24	26
P.G. & Pr.	—	5(5)	10(3)	15(2)	1	31	34
T o t a l	19	15	24	32	2	92	101
Percent	21	16	26	35	2	100	

Abbreviations: G.S. for Grade School; H.S. for High School; Coll. for College; P.G. or Pr. for Post-Graduate or Professional.

Numbers in parentheses indicate how many in that cell, already included in the total, worked outside the family business for some or all of their college expenses.

Percent distributions do not total to 100 in some cases because of rounding.

From the distribution shown in Table 7, the following facts can be ascertained:

1. There is a very close relationship between the socio-economic position of the entrepreneur's father, established according to the method just described, and the entrepreneur's own educational attainments. The relationship is, of course, expected; but the fact that it is observed tends to confirm the validity of the estimates of the father's socio-economic position.

2. Primarily the father's socio-economic position places a *floor under* entrepreneur's education: entrepreneurs coming from a given socio-economic level tend to have *at least* a given amount of education.

3. The father's socio-economic position does not in all cases place a *ceiling over* the entrepreneur's education, except that no entrepreneur from the lower class went beyond college graduation. But 5 out of 19 entrepreneurs from the lower stratum got as far as college by working for part of their expenses. Likewise 9 sons of the lower middle stratum reached their college level, 8 of them providing part or all of their own college expenses. Were it not for these self-help efforts of the entrepreneurs, it is reasonable to assume that the father's socio-economic position would have placed a ceiling over their educational possibilities. In the upper middle and upper strata as expected, self-help was less common; most entrepreneurs from these strata went to college, and most had their college expenses paid by their families.

4. The group of entrepreneurs is well educated, out of all proportion in relation to the Philippine population as a whole. Seventy-two percent of them reached college, whereas in 1948

only 2% of the total Philippine population reported having been to college. Even if the Manila male population aged 35-44 in 1948 be taken as a more appropriate term of comparison, only 12% of the latter reported having attended college;⁹ on the other hand, more than 25% of the entrepreneurs from our *lowest* socio-economic category—the son of a shoemaker, of an itinerant peddler, of a tenant farmer, etc. — went to college. It is possible that these findings indicate the importance of education as a vehicle of socio-economic mobility. The writer would suggest, however, that in many cases the mobility aspirations and determination to get ahead which are revealed in the efforts to get an education may have been ultimately more important than the education received.

5. The answer to Pirenne's question turns out to be a rather undecisive "yes and no", or an even more exasperating, "It depends on your frame of reference". Only 25% of the entrepreneurs, all big businessmen, had fathers who were in the upper socio-economic category; in that sense a majority of the entrepreneurs *are* "new men" and have been upwardly mobile in their lifetime—21% have been extremely mobile, from the lowest to the highest stratum in their own lifetimes. On the other hand, the upper stratum, from which 35% of the entrepreneurs came, has never been as much as 1% or probably even 0.1% of the Philippine population. That this stratum should produce 35% of today's entrepreneurs indicates that it has not precisely retired from the field but on the contrary is, in proportion to its size, the most fruitful source of manufacturing entrepreneurs.

MOBILITY OVER TWO GENERATIONS

In the interviews, questions were asked which were designed to provide an estimate of the socio-economic positions of both grandfathers of the entrepreneur, of his father-in-law, and of the entrepreneur himself at various points in his career. This was done in the hope that it would be possible to see socio-

⁹ CENSUS OF THE PHILIPPINES, 1948, from Vol. III, Ch. V., Tables 2, 6, 9.

economic mobility as a process extending over two generations. In order to simplify the placement of grandfathers, the four strata previously employed were reduced to three by combining the two "Middle" strata into one. The results, for the paternal grandfather's socio-economic position and the father's education, are shown in Table 8.

Table 8

**PATERNAL GRANDFATHER'S SOCIO-ECONOMIC
POSITION AND FATHER'S EDUCATION**

Entrepreneur's Father's Education	Grandfather's Socio-economic position				Total	Percent
	Lower	Middle	Upper	No Answer		
None	3	—	—	6	9	10
G.S. 1-4	3	1	1	3	8	9
G.S. 5-7	3	4	—	2	9	10
H.S. 1-3	—	2	—	1	3	3
H.S. 4	—	2	—	1	3	3
Coll. 1-3	—	7	—	—	7	8
Coll. 4	1	4	4	1	10	11
P.G. & Pr.	4	7	12	1	24	27
No. Answer	—	2	—	14	16	18
T o t a l	14	29	17	29	89	99
Percent	16	32	19	32	99	

For abbreviation see Table 7.

Total is 89; paternal grandfathers of three never lived in the Philippines.

Percentages do not total 100 because of rounding.

It will readily be noted that even the fathers of the entrepreneurs were far better educated than the general population of the Philippines in their generation or even now. Secondly, it will be noted that almost one-third of the entrepreneurs did not know enough about their paternal grandfathers to provide a basis for an estimate of his socio-economic position; and that the *fathers* of those who did not remember their grandfathers tended to be more poorly educated than the *fathers* of those who did remember their grandfathers. Statistical tests showed it to be practically certain that these differences between the educational levels of the two groups of fathers had not occurred by chance: the probability that they had is less than one in one thousand. Hence it was concluded that there was "selective forgetting" of grandfathers whose sons were poorly educated and who themselves were presumably low in socio-economic position. Hence, for a "best estimate" of the socio-economic origins at the grandfather's generation of our entrepreneurs, it was decided to distribute the grandfathers whose own socio-economic position was unknown but whose sons' educations are known among the economic strata in proportion to the education of the sons. For example (cf. Table 8), all six of the grandfathers whose sons had no education at all were assigned to the lower socio-economic category; likewise three-fifths of those whose sons had only 1-4 years of grade school. The 14 cases in which neither the grandfather's socio-economic position nor the father's education were known were distributed in the same proportion as the 15 for whom the father's education was known.¹⁰

This procedure, applied also in the case of maternal grandfathers and the entrepreneurs' fathers-in-law, produced the results shown in Table 9.

¹⁰ The technique was used, of course, only for obtaining an overall estimate; for in most cases fathers of a given educational level came from two or more socio-economic strata and there was no way of determining which individual grandfathers should be assigned to which of the strata.

Table 9
SOCIO-ECONOMIC MOBILITY OVER TWO
GENERATIONS: ENTREPRENEURS' FAMILIES
(In Percentages)

	Paternal Grand- father (89)	Father (90)	Entre- preneur's First Job (90)	Before Founding Enterprise (92)
Upper	22	35	2	58
Middle	42	43	75	39
Lower	35	21	23	3
Total	99	99	100	100

	Maternal Grand- father (91)	Father- In-law (88)	One Year After Founding (92)	Final or Present Position (91)
Upper	11	23	65	100
Middle	62	53	34	0
Lower	27	24	1	0
Total	100	100	100	100

Numbers in parentheses indicate the totals on which percentages are based.

Not all percentages total to 100 because of rounding.

From Table 9 a number of interesting conclusions can be drawn:

1. There has been considerable mobility from the grand-father's generation, in the sense that about 78% of the entrepreneurs descended from paternal grandfathers who were not in the upper socio-economic category. Nevertheless, the grandsons of upper-strata individuals are tremendously over-represented: although they can hardly comprise 1% of the general Philippine population, they comprise 22% of our entrepreneurs.

2. The greater part of this mobility, if mobility be understood as moving from *any* of the lower categories into the upper category, has been achieved in the lifetime of the entrepreneurs themselves, and most of it also since founding their enterprises. Hence entrepreneurship has often been a means of socio-economic mobility. We shall see shortly, however, that its importance as a means of mobility appears to have varied considerably over time.

3. As might be guessed from the table and can be seen in other data not included here, entrepreneurs coming from upper and upper-middle origins tended to begin their occupational careers at one level *below* their fathers, i.e., in the middle category. But only a few sons of the lower-middle category began below *their* fathers, which would have meant dropping into the manual-labor category. On the other hand, five from the lower stratum began their occupational careers *above* their fathers' level at the lower-middle level; of these five, four had been to college, and presumably education was the means by which they crossed the manual-non manual line.

4. Marriage does not seem to have been a common means of moving into the upper stratum, either for the entrepreneurs themselves or for their fathers. For more entrepreneurs than wives come from the upper stratum, and more paternal grandfathers than maternal grandfathers belonged to the upper stratum. At least at this level, more women than men "married upward". It has been suggested that this corresponds to a cultural norm in Philippine society: men may "marry down" but women should not.

SOCIO-ECONOMIC MOBILITY BY TIME PERIODS

Up to this point we have been speaking of the group of 92 entrepreneurs taken as a whole. Actually, in all that relates to socio-economic mobility, it is distinguishable into three distinct sub-groups corresponding to three distinct phases of the Philippine economy. The first sub-group is composed of entrepreneurs who began their enterprises previous to the year 1945; the second is composed of those who began between 1945 and 1949; and the third sub-group began during the "decade of controls" since 1950.

Table 10
THREE TIME PERIODS OF ENTREPRENEURSHIP, BY
ENTREPRENEUR'S SOCIO-ECONOMIC POSITION
IMMEDIATELY BEFORE FOUNDING ENTERPRISE
(In Percentages)

Entrepreneur's Socio-Economic Position Imme- diately before	Enterprises Founded			Total (92)
	Before 1945 (22)	1945-1949 (17)	1950-1960 (53)	
Upper	23	25	79	58
Upper Middle	32	29	21	25
Lower Middle	41	24	—	14
Lower	5	12	—	3
Total	101	100	100	100

Not all percentages total to 100 because of rounding.

Number in parentheses is the total on which percentages are based.

Table 11
THREE TIME-PERIODS OF ENTREPRENEURSHIP,
BY SOCIO-ECONOMIC POSITION OF
ENTREPRENEUR'S FATHER
(In Percentages)

	Enterprises Founded			Total (92)
	Before 1945 (22)	1945-1949 (17)	1950-1960 (53)	
Upper	9	18	51	35
Upper Middle	32	29	23	26
Lower Middle	18	24	13	16
Lower	41	24	11	21
No answer	—	6	2	3
Total	100	101	100	101

Numbers in parentheses indicate total on which percentages are based.

Not all percentages total to 100 because of rounding.

Table 10 appears to indicate a progressive and, in the recent decade, dramatic decrease in the amount of social mobility through entrepreneurship in manufacturing. While in the period before 1945 only 23% of the entrepreneurs were already of the upper stratum when they founded their establishments and 46% were of the lower two strata, in the period since 1950 79% were already of the upper stratum and *none* belonged to the lower two strata. And Table 11 suggests a similar pattern of decreasing mobility relative to the entrepreneurs' fathers: whereas before 1945 only 9% of entrepreneurs came from upper-stratum backgrounds, since 1950 more than half have come from this stratum; and those from the lower stratum have decreased from 41% to 11%.

Parallel to these changes, there are at least apparent changes over time in the industrial origins and mobility patterns of the entrepreneurs. The number and percentage of entrepreneurs who began their establishments as craftsman's shops has decreased steadily, viz.:

Before 1945	1945-1949	1950-1960
12 (55%)	5 (29%)	3 (6%)

At the same time there has been a decrease in the proportion of entrepreneurs who were in manufacturing immediately previous to founding their enterprises and an increase in the proportion who moved directly from commerce into entrepreneurship in manufacturing (Table 12).

Table 12

THREE TIME-PERIODS OF ENTREPRENEURSHIP, BY
ENTREPRENEUR'S INDUSTRY IMMEDIATELY
BEFORE FOUNDING ENTERPRISES
(In Percentages)

	Before 1945 (22)	1946-1949 (17)	1950-1960 (53)	Total (92)
Commerce	31	38	50	43
Manufacturing	50	32	22	31
Other	19	29	28	26
Total	100	99	100	100

Numbers in parentheses indicate totals on which percentages are based.

Not all percentages total 100 because of rounding.

With regard to the change in mobility patterns, the differences are most apparent if just two time-periods be considered: before 1950 those entrepreneurs who were mobile relative to their fathers (i. e. did not come from the upper social stratum) were in most cases mobile *after* starting their manufacturing enterprises; since 1950 the great majority of the mobile had reached the upper stratum *before* founding their manufacturing enterprises (Table 13). In other words, before 1950 entrepreneurship in manufacturing was a means of *achieving* socio-economic mobility: since 1950 it has been mainly a means of consolidating or enhancing an upper-stratum position *already acquired*.

Table 13

THE MOBILE ENTREPRENEURS,* BY TIME OF
ESTABLISHING ENTERPRISE AND ENTREPRENEUR'S
SOCIO-ECONOMIC POSITION BEFORE FOUNDING
(Percentages)

Entrepreneur's Position before Founding	Time of Establishment	
	Before 1950 (34)	1950-1960 (26)
Upper Stratum	18	84
Other Strata	82	16
T o t a l	100	100

* Mobile entrepreneurs are those whose fathers were not of the Upper Stratum.

These figures are all in accord with the observation made earlier in this paper, that there has been an increasing tendency over time for enterprises to "begin big". The writer believes

that they reflect a definite change in the mobility patterns and opportunities for entrepreneurship, brought about by: a) a shift in the pattern of manufacturing away from the "craftsman" type, which requires little original capital and can be built up gradually from very small beginnings, toward a "heavier" type of industry which requires a relatively large original investment; and b) the situation under the controls of the 1950's, when the all-important dollar allocations seem to have been available principally to those who were already well established economically and politically. It must be remembered, however, that time itself is a most important factor here: it takes time for an entrepreneur who has begun a small shop to build it up until it is large enough to be included in the present study. There may in fact have been as many craftsmen-entrepreneurs in the 1950's as in previous decades and a study done ten years hence might find their enterprises flourishing with over 100 employees each. Nevertheless, the writer feels that it is beyond serious doubt that the great *increase* in entrepreneurial opportunities of the 1950's has been available to the well-established merchant-entrepreneur rather than to the craftsman-entrepreneur. This conclusion, while disappointing to one who sees a relatively high rate of mobility as a socially desirable goal, is in accord with the facts of economic history elsewhere and may be an indication that industrialism is "taking hold" in the Philippines.

INDUSTRIAL AND OCCUPATIONAL ORIGIN, AND RELIGION

It has already been noted that the great majority of manufacturing entrepreneurs were engaged either in commerce or in manufacturing immediately before founding their own manufacturing establishments. The pattern of industrial origins back to the father's generation is given in Table 14. Because of the large number of those whose grandfathers' industry is unknown, estimates beyond the father's generation were not attempted, but Philippine labor-force data for 1948 are provided for purposes of comparison.

Table 14
INDUSTRIAL ORIGINS OF ENTREPRENEURS
(Percentages)

	Entre-preneur's Entre-preneur's Father (88)	Entre-preneur's First Job (91)	Entre-preneur's Job Imme- diately Before Founding (92)	Philippine Labor Force (Male), 1948
Agriculture & Fishing	26	8	6	68.3
Commerce	26	37	43	4.3
Manufacturing	18	26	31	6.0
Government	9	4	3	5.7
Professions	6	17	4	2.2
O t h e r	14	8	14	12.9
T o t a l	99	100	101	100.0

Numbers in parentheses are the totals on which percentages are based.

Not all percentages total 100 because of rounding.

It will be noted that even the fathers of the entrepreneurs were far more concentrated in commerce and manufacturing than was the general male labor force even in 1948 and far less concentrated in agriculture than the latter. And at each step, from father to entrepreneur's first job and from entrepreneur's first job to the last before entrepreneurship, there was further movement into commerce and manufacturing; but the main movement out of agriculture was made by the beginning of the entrepreneur's occupational career. A first job in one of the professions, notably law and school-teaching, provided for a sizeable number of entrepreneurs the stepping-stone between their father's industry and their own industry immediately before entrepreneurship.

With regard to occupation immediately before entrepreneurship, almost 80% of the entrepreneurs were already independent businessmen before founding their enterprises; and more than half of them were independent businessmen by the age of 28 years. One of the main influences of the War upon the careers of the post-war entrepreneurs was that it separated many of them from wage-and-salary employment: of the 70 post-war entrepreneurs, 24 had their own businesses in 1948 and 45 by 1945. Wartime and post-war "buy-and-sell" and postwar dealing in surplus provided a start for a number of the merchant-entrepreneurs.

No support is found in the data for the hypothesis, derived from the thought of Max Weber on the subject of the rise of industrial capitalism in Europe, that a Protestant religious orientation tends to favor attitudes and values conducive to entrepreneurship. Of the 92 entrepreneurs, only one was raised a Protestant and only two are now Protestants or died as Protestants. Of course, the questions asked in the interviews covered formal religious affiliation only; it is still possible that there is a relation between intensity of religious belief and practice and the presence or absence of entrepreneurial qualities. But the writer's belief is that: a) many of the attitudes associated by Weber with ascetical Protestantism have become disassociated—as Weber recognized—from their origins and are now part of the "modern" culture to which the Filipino entrepreneurs, far more than the average Filipino, have been exposed; and b) other attitudes associated with ascetical Protestantism may not have been as important for the Filipino entrepreneur of the 1950's as for the European industrial pioneer of 1750.