

Poverty alleviation in the Philippines through entrepreneurship: An empirical analysis

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ABSTRACT

Increasing uncertainty in the Philippines has created challenges to pursue development strategies to achieve economic growth. The main objective of this study is to determine the relationship between poverty and entrepreneurship in the Philippines. This study constructs an empirical model estimating the effect of entrepreneurship on poverty in the Philippines. Results show that the more the households are engaged in entrepreneurship, the higher the chance of being alleviated from poverty. It is recommended that the government should create more programs supporting entrepreneurship.

JEL Classification: D0, D1, D2

Keywords: poverty, entrepreneurship

INTRODUCTION

Poverty alleviation is one of the key issues in an economy. Promoting small business for reducing poverty in developing countries has been collecting a drive among international development agencies and the respective economy governments. United Nations Development Programme (UNDP) has been developing 'Growing Sustainable Business' initiatives, which focus on business model that engages local partners, for poverty reduction in developing countries such as Tanzania, Zambia, Ethiopia, El Salvador, and Serbia and Montenegro (Agupusi, 2007).

In South Africa, small business development is seen as a "catalyst for economic growth, job generation, and poverty alleviation" (Agupusi, 2007). In support for business government strategies, Agupusi (2007) added that some institutions like Small Enterprises and Development Agency and Khula Enterprises Limited through its Department of Trade and Industry were established to initiate programs fostering new business start-ups and building the capacity of those existing ones.

In the Philippines, increasing uncertainty has created challenges to pursue development strategies to achieve economic growth. The Philippine economy is promoting economic growth with its continuous battle against its

internal dilemmas such as political disputes, unemployment, and unsustainable increase in population. It is one of the developing countries that need to address the critical problem of poverty. According to National Statistical Coordination Board (NSCB), poverty line of the Philippines marks a per capita income of PHP 16,871 per year. NSCB reported that around 20.5 percent of the population falls below the poverty line as of 2009.

Understanding the relationship between poverty and entrepreneurship is critical in aiming to improve policies designed to strengthen the economy. Landes (1998) claimed that entrepreneurship may also play a role over time in poverty alleviation.

The main objective of this paper is to determine the relationship between poverty and entrepreneurship in the Philippines. This study constructs an empirical model estimating the effect of entrepreneurship on poverty in the Philippines. Other explanatory variables factors such as education, family size and remittances are included in the study.

LITERATURE REVIEW

Conceptualization of Poverty

The United Nations High Commission for Human Rights (UNHCR) defines poverty as “deprivation of resources as well as capabilities, choices, security and power needed to enjoy an standard o living and other fundamental civil, cultural, economic, political and social rights”(UNHCR, 2004).

Poverty has been conceptualized in different perspectives. It is seen in the perspectives of lacking income, security, economic stability and predictability to sustain meeting basic needs (Dugguh, 2013). On the basis of interviews in developing countries made by Narayan, Patel, Schafft, Rademacher, & Koch-Schulte (2000), poverty is a multi-dimensional social phenomenon. Nonetheless, the most commonly narrowed definition by Narayan, Patel, Schafft, Rademacher & Koch-Schulte (1999) as cited in VanSandt & Sud (2012) is “ the lack of what is necessary for material being – especially food but also housing, land and others assets.... leading to physical deprivation”.

Measuring Poverty

Patel (2005) posits that indicators to measure poverty vary depending on the social, cultural and political system in a particular country. In measuring poverty globally, World Bank uses the same poverty line, expressed in common unit across countries. Using data from the 2005 Purchasing Power Parity Terms, reference lines are set at USD 1.25 and USD 2 per day (World Bank, 2010).The international poverty line of USD 1.25 per day at 2005 prices is the mean of the national poverty lines for the 10 to 20 poorest countries of the world.

At the country level, measuring poverty is commonly based on income and consumption levels. When a person’s level of consumption or income falls below the poverty line, which is the minimum level, he or she is considered poor.

Measuring poverty incidence in the Philippines commonly uses per capita income. For the purpose of this study, I have chosen to measure income-based poverty through the use of per capita income data from NSCB, which is reported

at the poverty threshold of PHP16,871 per year or PHP1,405.92 per month or PHP46.86 per day or the equivalent of approximately one US dollar.

Poverty Alleviation

Poverty alleviation remains largely a phenomenon. In the Philippines, it remains a main challenge to the government (Moreno, 2011). The Philippine economy was characterized by high economic growth in the 1960s and 1970s, slowdown in the early 1980s, tentative resurgence in the late 1980s, and complete recovery in the 1990s (Orbeta & Sanchez, 1996). This economic growth pattern affects per capita income in the process.

A report in 1994 of consultants commissioned by the Presidential Commission to Fight Poverty (as cited in Orbeta & Sanchez, 1996) identified specific keys to alleviate poverty. Gaiha and Kulkarni (1998) posit that part of poverty reductions may be due to a higher average income without any change in its distribution. Increasing income is identified primarily a key to poverty alleviation.

Poverty is defined as “a call to action –for the poor and the wealthy alike – a call to change the world so that many more may have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities” (World Bank, 2010).

Addressing the concern of the global economy, 189 countries signed the Millennium Declaration that led to the adoption of Millennium Development Goals (MDGs). The poverty goal calls for reducing people living on less than a dollar by 2015 and would reduce the number of extreme poor by 363 million (World Bank, 2010).

Aside from the two associated targets of reducing half of people living in extreme poverty and half of people who suffer from hunger for the target period 1990-2015, eight goals of MDGs include the goal to achieve universal primary education. Apparently, education is one factor that affects poverty alleviation. VanSandt & Sud (2012) posits that “the education system is a logical candidate to advocate for the poor as part of the missions of social institutions”.

According to the 1990 World Development Report (as cited in Gaiha & Kulkarni, 1998), “there can be little doubt that educating the children of the poor greatly improves their chances of escaping poverty”. In addition, in 2010 study made by Mohammed & Madaji (as cited in Duggu, 2013), they supported that poverty is responsible for most serious crimes in Nigeria as a result of unemployment living below poverty line with low level of education.

According to Human Development Report, 2009 (as cited in VanSandt & Sud, 2012), some studies reveal that households having at least one migrant are able to reduce their poverty levels. Migration is due to lack of opportunity and in search of gainful employment (VanSandt & Sud, 2012). Consequently, remittances, defined as “the money transfers made by migrants to their families and friends back home”, have increasingly captured the attention of policymakers as their magnitude keeps rising and their role in economic development becomes more obvious (Dorantes, 2007).

The Philippines has been considered as one of the top recipients of remittances. The economy has been heavily relying on the incremental income of

Overseas Filipino Workers (OFWs) in augmenting its economic performance. Undeniably, the flow of OFWs is a long-standing phenomenon in the growth of the Philippine economy. Remittances of OFWs contribute as much as 2 percent of gross national product, representing only the documented ones (Orbeta & Sanchez, 1996). Accordingly, Orbeta & Sanchez, 1995 (as cited in Orbeta & Sanchez, 1996) pointed out that while neighboring countries attracts foreign direct investments, the Philippines sends its workers abroad.

Another concern of people living in poverty is the family size. Studies found that many couples living in poverty do not want as many children as they have (Campbell, 1968). He posits that having a large number of children is one of the major problems of the poor. Hence, he considered in his study the prevention of unwanted births that would have substantial economic impact on families living in poverty. Campbell (1968) concluded that for those living in poverty, the total economic benefit of unwanted birth prevented is 26 times greater than the cost per unwanted birth prevented.

In developing countries, there is considerable evidence of strong negative correlation between household size and consumption or income per person (Lanjouw & Ravallion, 1995). This means that the higher the household size, the lower the income per person becomes. Hence, it is often concluded that generally, people living in larger households are typically poorer (Lanjouw & Ravallion, 1995). However, Lanjouw & Ravallion (1995) cautioned about the relationship as the empirical results might be particularly sensitive to differences in the assumed size. They further concluded that the “widely cited evidence of a strong positive correlation between size and consumption per person is unconvincing, given that even poor households face economies of size”. Their study reveals that for Pakistan, a positive correlation between poverty incidence and household size drops depending on elasticity.

Furthermore, Orbeta & Sanchez (1996) considers that the structure of the economy delineates opportunities the poor can contribute in the economic growth. Both the World Bank and the United Nations recognize that the poor are participants in the design of economic development (London, 2007). The World Bank emphasizes the importance of making the poor actively contribute in the process of making markets work (Narayan, Patel, Schafft, Rademacher, & Loch-Schulte, 2000, as cited in London, 2007). Likewise, United Nations convened the Commission on the Private Sector and Development, which recommended that future development programs should place greater emphasis on market-based approaches to address the insufficiency of grant-based poverty alleviation approaches.

Orbeta & Sanchez (1996) affirmed that one of the causes of poverty is lack of employment opportunities. Hence, due to lack of opportunities, GEM 2009 (as cited in VanSandt & Sud, 2012) reported findings of researches that the poor are propelled into self-employment. The literature has characterized the self-employed or an entrepreneur in many different ways. Low, Henderson, and Weiler (2005) (as cited in Mojica, 2009) described an entrepreneur as “an individual who started his own business with several characteristics distinguishing him from other persons in the business world”.

Following the thought of Aminu, 2011(as cited in Duggu, 2013), entrepreneurship is perceived as the pursuit of lucrative opportunities that involves creating new systems, resources or processes with the objective of earning profit either for the manufacture of new goods or for services rendered.

Analyzing the relationship of entrepreneurship and poverty led to identifying measures of entrepreneurship. Entrepreneurship is defined as “the process by which individuals acquire ownership (property rights) in economic rents of their creation” (Montanye, 2006, as cited in Mojica, 2009). This definition gives importance to objectives of individuals, whether in business enterprise or in all aspects of life, in acquiring property rights to some economic benefit leaving the individual better off under perfect competition system (Mojica, 2009). Moreover, this definition not only provides a useful basis of distinguishing entrepreneurship theories from many variations in the literature but also a holistic appreciation of entrepreneurial profit known as economic rent (Mojica, 2009).

Entrepreneurial activities and capacities vary across countries and regions. Hence, this variation guides policy makers in identifying appropriate sound policies (Mojica, 2009). Literature on entrepreneurship shows that different variables were used as proxies to measure entrepreneurship due to limitations of available data (Mojica, 2009). Some indicators of entrepreneurship are firm formation rate and business owner share of the labor force (Acs and Armingotn, 2005, as cited in Mojica, 2009), number of startup businesses (Audretsch and Keilback, 2005; Camp, 2005; Van Stel and Suddle, 2005; as cited in Mojica, 2009). In the study of Low, Henderson, and Weiler, 2005 (as cited in Mojica, 2009), proxies were used to measure breadth and depth of entrepreneurial capacity in the US. Breadth symbolizes the quantity represented by the size of small businesses in a region and depth measures quality represented by the value created by the entrepreneurs both for themselves and the local economy. Furthermore, average income (i.e., the ratio of proprietor income to proprietor employment in a country); and revenue capture (i.e., percentage of income to sales) were both uses as measures of depth of entrepreneurship. Low, Henderson & Weiler, 2005 (as cited in Mojica, 2009) posits that with higher incomes and by generating more income per dollar of revenue, entrepreneurs add more value in the local economy.

Mojica (2009) agrees that a more precise measure of entrepreneurship is the number of business births per 1000 person in the labor force, and likewise permits entrepreneurial capacities compared between regions. The study made by Sadeghi, 2008 (as cited in Mojica, 2009) used this measure based on two concepts, establishment birth based on the first appearance in the registry and based on the positive employment reported. Results of the study revealed that there were differences in the magnitude of births using different methods but would have no significant differences in the pattern of change over time. Sadeghi (2008) concluded that the estimation of births of positive employment in the third month of a quarter and a zero employment in the previous four quarters as the preferred measure of births.

VanSandt and Sud (2012) illustrated how entrepreneurship can tackle poverty. A framework was developed wherein large firms operating in poverty ‘base-of-the-pyramid’ markets collaborate with and include the poor in their

supply chain succeed resulting in significant impact on their efforts to alleviate poverty.

Kevane and Wydick (2001) suggest that there is a tradeoff of economic growth in favor of poverty reduction in targeting microenterprise credit at women. The empirical results of their study showed that during childbearing years of women, female entrepreneurs are restricted in their ability to generate employment within their enterprises compared to other entrepreneurs for the reason that these women must allocate much of their time to care for their children.

While poverty has been defined as lack of what is necessary for material being, low income levels of informal sectors are actors in poverty (Ishengoma & Kappel, 2006). Low-income levels of some entrepreneurs are due to limited capital and access to financial and business support services. Access to capital remains a challenge to many entrepreneurs whose capitalization is limited as they depend on their own or family's savings to start and operate a business (Okpara, 2011).

Although Beck & Levine (2003) found no evidence that small and medium enterprises reduce poverty, Agupusi (2007) argues that small business development can contribute to poverty alleviation. Agupusi (2007) suggests that developing the sector, particularly the case of Alexandra in South Africa, is complex due to discouragement of entre culture among its black population. Hence, some South Africans, not only in Alexandra, seek formal employment rather than create a business. This is one reason why South Africa is reported to obtain below average compared to countries as Uruguay and Argentina based on total early-stage entrepreneurial activity (TEA) index as calculated by Global Entrepreneurship Monitor (GEM SA, 2006:26, as cited in Agupusi, 2007).

METHODOLOGY

This study is grounded on the concept of Werhane, Kelley, Hartman & Moberg (2010) that profitable partnerships are the solution for poverty alleviation. In the published book of Werhane et al. (2010), they posit that multinational enterprises for profit can have moral obligation to help poverty alleviation through partnerships with the poor for mutual benefit. In addition, this study is based on the theory of Werhane (2002) that a particular configuration of a system or a system affects individuals, e.g., organization affects the community and vice versa. This implies that outcome of organizational activities like entrepreneurship affects the public, which includes the poor, and vice versa.

Concurring with the premise of Werhane et al. (2010) and the theory of Werhane (2002), the methodology employed in this paper involves the analysis of the relationships of poverty in the Philippines on income from entrepreneurial activities, investment in education, family size and remittances of household members abroad. To evaluate these interrelationships, the following logistic empirical model is specified:

$$pufpcincome = B_0 + B_1 pufeainc + B_2 pufeduc + B_3 pufsize + B_4 pufconab + \varepsilon \quad (1)$$

The specification in equation (1) includes *pufpcincome* as a proxy for poverty, outcome measured with a dichotomous variable, assigning outcome 1 for households earning per capita income at poverty line of 16,871 pesos a year and below; and outcome 0 otherwise.

Logistic regression analysis is employed to estimate the parameters of the model wherein the possible outcomes are described by probabilities as a function of the explanatory variables. The estimation chooses parameters that maximize the likelihood of observing the sample values. The descriptions and expected signs of the explanatory variables are given in Table 1, and ε is an error term.

Table 1: Explanatory Variables of the Empirical Model

Name of Variable	Description of Variable	Measurement	Expected Sign in Equation	Source
pufeainc	Total income from entrepreneurial activities	PHP for year 2011	-	Low, Henderson & Weiler (2005); VanSandt & Sud (2012); Agupusi (2007)
pufeduc	Investment in education	PHP for year 2011	-	Gaiha & Kulkarni (1998); World Devt. Report (1990)
pufsize	Family size	headcount of members	+	Lanjouw & Ravallion (1995); Campbell (1968)
pufconab	Income from remittances abroad	PHP for year 2011	-	Human Devt. Report (2009); Dorantes(2007)

Data

This study employed data from the Annual Poverty Indicator Survey for 2011, consisting of 42,063 households in the Philippine regions shown in Table 2.

Table 2. Data Profile of Households in the Empirical Model

Region	Frequency	Percent	Cumulative
Region I - Ilocos Region	2,324	5.53	5.53
Region II - Cagayan Valley	2,051	4.88	10.41
Region III - Central Luzon	3,303	7.85	18.26
Region IVA - CALABARZON	4,082	9.70	27.96
Region IVB - MIMAROPA	1,734	4.12	32.08
Region V- Bicol	2,300	5.47	37.55
Region VI - Western Visayas	2,852	6.78	44.33
Region VII - Central Visayas	2,799	6.65	50.98
Region VIII - Eastern Visayas	2,283	5.43	56.41
Region IX - Zamboanga Peninsula	1,752	4.17	60.58
Region X - Northern Mindanao	1,861	4.42	65.00

Region XI - Davao	2,383	5.67	70.67
Region XII - SOCCSKSARGEN	2,164	5.14	75.81
Region XIII - Caraga	1,767	4.20	80.01
National Capital Region	4,793	11.39	91.40
Cordillera Administrative Region	1,761	4.19	95.59
Autonomous Region in Muslim Mindanao	1,854	4.41	100.00
Total	42,063	100.00	

Table 3. Frequency of Per Capita Income Data of Households in the Model

Per Capita Income (in Philippine Peso)	Frequency	Percent	Cumulative
0 - 9,999	12,541	29.81	29.81
10,000 - 16,871	10,379	24.67	54.49
16,872 – 499,999	19,114	45.44	99.93
500,000 and above	29	0.07	100
Total	42,063	100.00	

RESULTS AND DISCUSSION

Logistic Regression

I summarized in this section the results of the logistic regression analysis to describe the relationship between the dichotomous characteristic of the dependent variable 'per capita income' as a proxy to 'poverty' and a set of independent variables in the study that determines the outcome. The logistic regression generates coefficients and their standard errors and significant levels, as follows:

Table 4. Logistic Regression Results

Poverty	Coef.	Std. Err.	z	P> z 	95% Conf. Interval	
pufedu	-.0001423	3.24e-06	-43.87	0.000	-.0001486	-.0001359
pufeainc	-.000017	4.60e-07	-37.02	0.000	-.0000179	-.0000161
pufsize	.4820894	.0067994	70.90	0.000	.4687629	.4954159
pufconab	-.0000451	1.14e-06	-39.45	0.000	-.0000473	-.0000429
cons	-1.012353	.0281813	-35.92	0.000	-1.067587	-.9571182

Table 5. Marginal Effects

Variable	dy/dx	Std. Err.	z	P> z 	95% Conf. Interval		X
pufeainc	-4.20e-06	.00000	-37.21	0.000	-4.4e-06	-4.0e-06	23198.5
pufeduc	-.0000351	.00000	-45.24	0.000	-.000037	-.000034	4045.88
pufsize	.1190621	.00168	70.72	0.000	.115762	.122362	4.59066
pufconab	-.0000111	.00000	-40.82	0.000	-.000012	-.000011	10006.9

Results of the logistic regression analysis show that for every peso earned from entrepreneurial activities, 44.49% probability of being poor will reduce by 0.000042%. This implies that the more Filipinos are involved in entrepreneurial activities, the higher their chances of creating wealth through achieving the business activity outcome targets. Consequently, it becomes apparent that the probability of a Filipino living in poverty when engaged with entrepreneurial activities will decrease.

Although entrepreneurial activities and capacities vary across countries and regions, findings of this study concur with the argument of Agupusi (2007) that small business development can contribute to poverty alleviation. Also, while Orbeta & Sanchez (1996) affirmed that one of the causes of poverty is lack of employment opportunities, being propelled into self-employment or starting one's own business is reducing the chance of living in poverty.

Similarly, results of the logistic regression analysis show that for every peso spent to education, 44.49% probability of being poor will reduce by 0.00351%. Investment in education plays a vital role in one's different aspects in life. Economically, literature reports that educating those living in poverty greatly improves their chances of escaping poverty. The higher the level of education, the lower the chance of being unemployed, whether in an organization or self-employed or engaged in entrepreneurship. Hence, for every peso spent by a Filipino in sending a child in school, there is around 50 percent likelihood of escaping his or her family from poverty.

On the other hand, results of the logistic regression analysis show that for every child born in the family, 44.49% probability of being poor will increase by 11.90621%. This analysis validates the reason of previous studies why many families living in poverty do not want many children. Having a large number of family is a major problem due to the higher cost of living relative to the income earned by the parents. Furthermore, this finding can be associated with the conclusion of Campbell (1968) that the total economic benefit of unwanted birth prevented is 26 times greater than the cost per unwanted birth prevented.

In addition, the results also affirm that in developing countries, there is considerable evidence of strong negative correlation between household size and consumption or income per person (Lanjouw & Ravallion, 1995).

Furthermore, the results of the logistic regression analysis show that for every peso received from abroad due to remittances, 44.49% probability of being poor will decrease by 0.0111%. Due to circumstances like lacking employment opportunities and the need to increase the income of households, sending family member abroad to augment expenses is an option most Filipinos undertake. Finding of this study supports the concept that increasing income through other avenues like migration of OFWs will help reduce the chance of the family to live in poverty.

CONCLUSIONS AND RECOMMENDATIONS

Using logistic regression analysis, this study empirically analyzes the relationship between poverty and entrepreneurship in the Philippines. This study constructs an empirical model estimating the effect of entrepreneurship on poverty in the

Philippines. Other explanatory variables factors such as education, family size and remittances are included in the study.

This analysis is grounded on the concept of Werhane, Kelley, Hartman & Moberg (2010) that profitable partnerships are the solution for poverty alleviation. While doing business activities, thereby creating wealth, enterprises for profit can help the poor by making them partners for mutual benefit. Noble prize winner Amartya Sen (Sen, 1999) argues that economic earnings are the starting point for studying poverty. Empowering the poor people to participate in growth is a key to alleviate poverty. In addition, this study also used as a basis the theory of Werhane (2002) that a particular system affects individuals, e.g., organization affects the community and vice versa.

Results of the logistic regression analysis show that the more Filipinos are involved in entrepreneurial activities, the lower the likelihood of living below the poverty threshold. Income from entrepreneurship increases the household income, thereby, helping them get out of poverty line. This finding concurs with previous studies that entrepreneurial activities can contribute to poverty alleviation (Agupusi, 2007; VanSandt and Sud, 2012; Ishengoma & Kappel, 2006; Low, Henderson, and Weiler, 2005, as cited in Mojica, 2009).

Since income from entrepreneurial activities reduce poverty based on the empirical results of this study and as reported in the literature, except for Beck & Levine (2003) that found no evidence that small and medium enterprises reduce poverty, I suggest that constraints faced by entrepreneurs that impede the progress of their businesses need to be addressed; including the argument of Agupusu (2007) that there is just an absence of entrepreneurial education to enter business and acquire a culture of entrepreneurship.

In the study made by VanSandt and Sud (2012) that illustrated how entrepreneurship can tackle poverty, I suggest to support their framework developed wherein large firms collaborate with and include the poor in their supply chain to alleviate poverty.

Even the low-income levels of informal sectors are actors of poverty (Ishengoma & Kappel, 2006). Their level of income is associated with the limitation of capital and access to financial and business support services. This challenge to many entrepreneurs (Okpara, 2011) needs some support from the government and non-governmental organizations (NGOs) to fund businesses starting up as well as the existing ones to expand. Particularly, micro-credit/finance in small-scale loans must be accessible. With the mission of reducing poverty, business organizations while creating wealth are recommended also to work in partnership with governments and NGOs. They have to be active in participating to programs and sessions dealing with how to master the skills of entrepreneurship, cooperative education and strategies to implement businesses including micro-entrepreneurship. This would involve the poor in their strategies. Management training is also suggested. In addition, encouraging youths is a way to increase their chances of becoming owners of small enterprises and successful entrepreneurs.

Although entrepreneurial activities and capacities vary across countries and regions, this variation guides policy makers in identifying appropriate sound policies (Mojica, 2009). Small business sector in contributing to providing to

provide employment and hence, could raise living standards given coherent and constructive policies. Existing poverty alleviation strategies need be reviewed. Government policies need to identify and focus on the problems. Policies on macroeconomic and openness of trade to entrepreneurship are to be dealt in terms of governance, institutions and infrastructure. Bureaucratic harassment is a fundamental constraint that discourages entrepreneurs. Well-functioning regulatory institutions suppress entrepreneurial activity. Weakness of infrastructure, like power outages in some regions is often a barrier to entrepreneurship.

I recommend that government policies and established support institutions for small business development must not neglect the informal sector, where the majority of the poor are to be found. I suggest incentives are to be given to informal and semi-formal sectors that lack the capacity and drive for implementation.

In agreement with a-priori expectation, the regression analysis also resulted to negative relationship between poverty and investment in education. Results show that for every peso spent to education, there is around 50 percent probability of reducing to live in poverty.

Congruent with the goals of MDGs targeting to reduce half of people living in extreme poverty by 2015, institutions partnered with the governments, must create more programs to support and achieve universal primary education.

On the other hand, results of the logistic regression analysis show a positive relationship of family size to poverty. This implies that the bigger the family size, the higher the chance of living in poverty. This validates the concept that in general, people living in larger households are typically poorer (Lanjouw & Ravallion (1995). However, Lanjouw & Ravallion (1995) posits that there is considerable evidence of strong negative correlation between household size and consumption or income per person in developing countries but they cautioned about the relationship as the empirical results might be particularly sensitive to differences in the assumed sizes given that even poor households face "economies of size".

Finally, the logistic regression analysis show negative relationship of poverty to remittances. This validates the Human Development Report, 2009 (as cited in VanSandt & Sud, 2012) that households having at least one migrant are able to reduce their poverty levels.

While the flow of OFWs is a long-standing phenomenon in the growth of the Philippine economy, the government with its policymakers must widen its support ensuring to protect the interest and welfare of the Filipinos working abroad.

Using the empirical data of the Philippines, I am able to make an analysis on how some variables stimulate the reduction of poverty in the Philippines. Consequently, by addressing the problem of poverty alleviation, entrepreneurs add more value in the local economy.

Likewise, other variables in the study such as education, family size and remittances, in contributing to higher income, alleviate poverty and thus, generate growth to the economy. Hence, opportunities to the poor contribute in the economic growth. Accordingly, based on the results of this study, I suggest

protecting the sectors, especially the small business sector; will also stimulate the economy to ensure sustainable growth. Further studies may explore variables related to poverty alleviation affecting economic growth of the Philippines.

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