

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law

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Abstract:

Barangay (Community) Micro Business Enterprise (BMBE) refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated. The government is encouraging those unregistered businesses to come out and be integrated with the mainstream of the economy.

A registered BMBE may avail sumptuous of benefits such as exemption from taxes, exemption from minimum wage law, technology transfer, production, and management training, and marketing assistance, and credit delivery from government institutions where in there are already more than ten thousand (10,000) registered BMBEs in the Philippines majority of them are in Metro Manila. The government believes that strengthening BMBEs would create employments and livelihoods and bring a better quality of life for the Filipinos. The City of Manila embraces a lot of small-time business players. The local government continues to encourage more investors and develop more strategies in order to intensify the economic progress of the city.

This study aims to assess the Effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law in the City of Manila in terms of Local Government Unit (LGU) support, information, education and communication, social acceptance, and economic impact to community and government and determine the challenges and issues encountered during business activities. The researchers randomly selected one hundred (100) registered microenterprises owners from 2010 up to 2016 in good standing from the selected areas in the City of Manila. To answer and analyze the problems specifically, the following statistical tools were used: frequency and percentage, weighted mean. Findings shows that the implementation of Barangay Micro Business Enterprise Law in the City of Manila is effective in terms of local government support, information, education and communication, social acceptance, and economic impact to community and government.

Keywords: *Effective, Barangay (Community) Micro Business Enterprise Law*

1. Introduction

A micro enterprise is a small business that is usually operate with fewer than ten people and is started with a small amount of capital. Microenterprises abound in the economy that we can see them everywhere. A lot of them are not registered with proper government agencies and are enjoying the freedom of not issuing receipts and paying taxes but, also missed the opportunity of growth that the licensed businesses enjoy.

Business enterprises are classified according to the size of their asset. Enterprises that possess an asset of below Three Million Pesos (P 3,000,000.00) are classified as Microenterprises. Business establishments who hold an asset of more than Three Million Pesos (P 3,000,000.00) but less than or equal Fifteen Million Pesos (P 15,000,000.00) belongs to Small Enterprises. Business industries who have an asset of more than Fifteen Million Pesos (P 15,000,000.00) but less than or equal One Hundred Million Pesos (P 100,000,000.00) are categorized as Small Enterprises. Those who generate an asset of more than Hundred Million Pesos (P 100,000,000.00) are Large Enterprises.

Micro, small and medium enterprises (MSMEs) are defined as any business activity or enterprise engaged in industry, agri-business or services, whether single proprietorship, cooperative, partnership, or corporation whose total assets inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated.

The government encouraged those unregistered businesses to come out and be integrated with the mainstream of the economy by enacting the Republic Act 9178 also known as the Barangay Micro Business Enterprise (BMBE). Under Section 3a of this Act, Barangay Micro Business Enterprise (BMBE) refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00).

A registered BMBE may avail sumptuous of benefits such as exemption from taxes; exemption from minimum wage law; technology transfer, production, and management training, and marketing assistance; and credit delivery from certain government institutions. The government believes that strengthening BMBEs would create more employments and livelihood, and bring a better quality of life for the Filipinos.

The City of Manila embraces a lot of small-time business players. The local government continues to encourage more investors and develop more strategies in order to intensify the economic progress of the city.

2. Methodology

This study utilized descriptive method of research. The descriptive method is also known as statistical research that describes the data gathered from survey questionnaires and interviews of the selected one hundred (100) registered micro business owners in Manila on the Effectiveness of the Implementation Barangay (Community) Micro Business Law. For responses in the study, the following scale and its corresponding verbal interpretations were used: 4.20 – 5.00 Very Effective (VE)/ High Concern (HC), 3.40 – 4.19 Effective (E)/ Concern(C), 2.60 – 3.39 Moderately Effective (ME)/ Moderately Concern (MC), 1.80 – 2.59 Less Effective (LE)/ Less Concern (LC), 1.00 – 1.79 Ineffective (IE)/ Not at All (NA).

3. Results and Discussion

Local Government Unit (LGU) Support	WM	VI
1. Conducts trainings and seminars to enhance the ability of BMBEs in business operation	3.72	Effective (E)
2. Give financial support/ assistance to BMBEs with minimal capital	3.38	Moderately Effective (ME)
3. Assists BMBEs with their application for financing from various accredited financial institutions	3.20	Moderately Effective (ME)
4. Reduces or exempt BMBEs from taxes, fees and charges that is locally imposed	3.90	Effective (E)
5. Assists BMBE regarding their transactions with other government agencies for technology transfer, production, management training and marketing assistance	3.16	Moderately Effective (ME)
Composite Mean	3.47	Effective (E)

Table 1: Effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law in terms of Local Government Unit (LGU) Support (N= 100)

Table 1 shows that the implementation of BMBE Law is effective in terms of LGU support, composite mean 3.47. LGU reduce or exempt registered BMBEs from taxes, fees and other charges in the business operations and conducts trainings and seminars to micro business owners. However, LGU's financial support/assistance to BMBEs with minimal capital, assisting with their application for financing from various accredited financial institutions and assisting BMBEs regarding their transactions with other government agencies for technology transfer, production, management training and marketing assistance are moderately effective.

Information, Education and Communication of Authorities on BMBE Law	WM	VI
1. Promote BMBE Law thru advertisements and/ or announcement around the City of Manila	3.16	Moderately Effective (ME)
2. Properly communicate and explain BMBE implementing rules and regulations to the public thru meetings, seminars and informative materials	3.60	Effective (E)
3. Properly present the incentives offered by BMBE Law in order to encourage micro enterprises and entrepreneurs to become BMBE registered	3.82	Effective (E)
4. Properly communicate the procedures and requirements needed in application to public.	4.18	Effective (E)
Composite Mean	3.69	Effective (E)

Table 2: Effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law in terms of Information, Education and Communication (N= 100)

As shown in table 2, composite mean 3.69, the information, education and communication provided by implementing authorities in promoting BMBE Law are effective. The procedures and requirements needed in registration, the incentives offered by BMBE Law are properly presented. The implementing rules and regulations of BMBE are properly communicated

and explained to the public thru meetings, seminars and informative materials. The promotions of BMBE Law thru advertisements and/ or announcement around the City of Manila is moderately effective.

Social Acceptance on BMBE Law	WM	VI
1. Encourages potential entrepreneurs to establish new businesses	3.42	Effective (E)
2. Helps to give opportunities to grow, compete and develop entrepreneurial skills	3.90	Effective (E)
3. Encourages informal micro businesses around the vicinity to integrate in the mainstream	3.76	Effective (E)
4. Better standard of living after registration.	3.24	Moderately Effective (ME)
Composite Mean	3.58	Effective

Table 3: Effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law in terms of Social Acceptance (N= 100)

The social acceptance in table 3 shows that the implementation of BMBE Law composite mean 3.58 is effective. BMBE Law give the registered micro business owners opportunities to grow, compete and develop their entrepreneurial skills.

It encourages informal micro businesses around the vicinity to integrate in the mainstream and establish new businesses and have better living compared to their life before registration.

Impact of BMBE to the Community and Government	WM	VI
1. Increase the capital size resulting to business growth	4.17	Effective (E)
2. Increases return on investments	3.72	Effective (E)
3. Generate more profit and minimizing expenses on microenterprises	3.86	Effective (E)
4. Generate more jobs and increases employment	3.98	Effective (E)
5. Lower the poverty level in the community	3.34	Moderately Effective (ME)
Composite Mean	3.81	Effective (E)

Table 4: Effectiveness of the Implementation of Barangay (Community) Micro Business Law in terms of Economic Impact to the Community and Government (N= 100)

The implementation of BMBE Law on its economic impact to the community and government composite mean 3.81 is effective. BMBE Law helps to increase the capital size resulting to business growth. Generate more jobs and increases employment, and more profit and minimizing expenses on microenterprises on imposed law. Increases return on investments of micro business owners and moderately effective in lowering the poverty level in the community.

Challenges and Issues	WM	VI
1. BIR (Tax) Compliance	3.56	Concern
2. Permits and Licenses Renewal	4.02	Concern
3. Limited Capital	2.83	Moderately Concern
4. Loan Payment	3.24	Moderately Concern
5. Mismanagement	1.92	Not at all
6. Poor location of the business	2.64	Moderately Concern
7. Access to credit	3.17	Moderately Concern

Table 5: Challenges and Issues Encountered During Business Operations (N= 100)

Table 5 revealed that the permits and licenses renewal (weighted mean 4.02) and BIR (tax) compliance (weighted mean 3.56) are the concern challenges and issues of the registered micro business owners. Loan payment, access to credit, limited capital and poor location of the business are moderately concern.

4. Conclusion and Recommendation

The implementation of Barangay (Community) Micro Business Enterprise (BMBE) Law in the City of Manila is effective in terms of Local Government Unit (LGU) support, information, education and communication, social acceptance, and economic impact to the community and government. The concern challenges and issues encountered by the micro business owners in their business operations are permits and licenses renewals and BIR (tax) compliance. The researchers proposed strategies to enhance the effectiveness of the Implementation of Barangay (Community) Micro Business Enterprise Law.

It is recommended that the Local Government Unit (LGU) together with Department of Trade and Industry(DTI) shall create and approve ordinances and resolutions that will support BMBEs in the community. Conduct more trainings and seminars to micro business owners. Assist the BMBEs to acquire from the government agencies technology transfer and

marketing assistance. Establish special credit window that will exclusively cater the needs of the BMBEs and simplify the application and process of acquiring certificate of authority as well as the application for income tax exemptions.

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