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iJOINED ETCOR
P - ISSN 2984-7567
E - ISSN 2945-3577



The Exigency
P - ISSN 2984-7842
E - ISSN 1908-3181

The Effectiveness and Sustainability of the Barangay Micro Business Enterprises (BMBES) Act of 2002

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Received: 24 April 2023

Revised: 22 May 2023

Accepted: 05 June 2023

Available Online: 12 June 2023

Volume II (2023), Issue 2, P-ISSN – 2984-7567; E-ISSN - 2945-3577

Abstract

Aim: The Barangay Micro Business Enterprises (BMBEs) Act of 2002 is crucial in fostering Filipino entrepreneurial talent and contributing to the country's economic development. This research specifically examined the sustainability of the BMBEs Act in the City of Bacoor, Cavite.

Methodology: The study utilized a mixed-method sequential explanatory design, involving 33 registered BMBEs, one implementing agency, and three coordinating/cooperating agencies. Participants completed a survey questionnaire and took part in interviews.

Results: The findings reveal that the implementation of the BMBE law is moderately effective. Through t-tests for independent samples, no significant differences were observed among participants in assessing the effectiveness and sustainability of BMBEs. However, participants did identify particular challenges in the implementation of BMBEs. This study holds implications for small businesses and overall economic development.

Conclusion: The implementation of the Barangay Micro Business Enterprises (BMBEs) Act of 2002 in the City of Bacoor, Cavite is moderately effective. The assessment of the effectiveness and sustainability of BMBEs did not show significant differences among the participants, suggesting a consistent perception of the program's impact.

Keywords: Effectiveness, Sustainability, Barangay, Business, Enterprises

INTRODUCTION

The Barangay Micro Business Enterprises (BMBEs) Act of 2002, also known as Republic Act 9178, plays a crucial role in the economic development of the Philippines. The act defines BMBEs as business entities engaged in various activities such as production, processing, manufacturing, agro-processing trading, and services, with total assets not exceeding Three Million Pesos (3,000,000.00), excluding the land on which the business is situated (ChanRobles.com, n.d.).

The primary objective of the BMBEs law is to stimulate economic growth by empowering barangay micro businesses and fostering their entrepreneurial capabilities and skills. In addition, it focuses on integrating the informal and underground economic sectors into the mainstream economy. Through incentives, the BMBEs law aims to attract potential local entrepreneurs and encourage them to establish businesses in collaboration with the local government.

Approved micro-enterprises enjoy various incentives as stipulated in the BMBEs Law. These incentives include income tax exemption on income derived from the enterprise's operations, exemption from the Minimum Wages Law, priority access to a special credit window dedicated to financing BMBEs, and eligibility for technology transfer, production, management training, and participation in marketing assistance programs for BMBEs beneficiaries.

Micro-enterprises with an asset size below P300,000 are subject to simplified documentation requirements as stipulated in Department of Finance Order No. 31-05 (Department of Finance, n.d.). The presence of Barangay



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Micro Business Enterprises (BMBEs) is crucial for the economic development of the country as they serve as a breeding ground for Filipino entrepreneurial talent (Department of Trade and Industry [DTI], n.d.). The main objective of the BMBEs Act is to integrate small and medium enterprises in the informal sector into the mainstream economy, leading to job creation and improved quality of life for Filipinos.

Republic Act No. 9178, also known as the BMBEs Act, was approved on November 13, 2002, by Jose De Venecia Jr. (Speaker of the House Representative) and Franklin M. Drilon (President of the Senate). It was subsequently signed by President Gloria Macapagal Arroyo (ChanRobles.com, n.d.). The implementing rules and regulations of the act, Department Administrative Order No. 01 Series of 2003, were issued on February 7, 2003 (DTI, n.d.).

In Bacoar City, Cavite, the largest Negosyo Center in CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon) was recently launched at the new government center along Bacoar Boulevard. This center serves as a one-stop shop for entrepreneurs to process the necessary documents for establishing business establishments in the area (Rosal, 2019).

The Go Negosyo Act, or Republic Act No. 10644, was enacted on April 22, 2016, and provides for the establishment of Negosyo Centers in all provinces, cities, and municipalities nationwide. It aims to simplify and unify business registration processes. Under this act, the DTI, through the Negosyo Centers at the city/municipal level, has the authority to issue the Certificate of Authority (CA) for BMBEs to avail of the benefits provided by Republic Act No. 9178 (DTI, n.d.).

The establishment of the Bacoar Negosyo Center demonstrates the City Government's commitment and support for Small and Medium Enterprises (SMEs) and the business sector. According to the official website of the City Government of Bacoar (www.bacoar.balikbayan.gov.ph), the center serves as a comprehensive service hub for entrepreneurs, providing a convenient and efficient one-stop shop for processing business requirements and accessing essential information for business growth. Furthermore, it encourages entrepreneurs to utilize the Bacoar Negosyo Center as their primary resource for business transactions.

In the City of Bacoar, Cavite, the implementation of the Barangay Micro Business Enterprises (BMBEs) law has been extended throughout the entire province. However, there is a lack of awareness among various barangays in the City of Bacoar regarding the implementation of the BMBEs law and its potential to address challenges faced by entrepreneurs in the underground economy. Surprisingly, there is a scarcity of studies and literature that have explored the effectiveness of the implementation of the BMBEs law among microentrepreneurs.

Research Objective

Research Objectives

The research objectives of this study are as follows:

1. To assess the participants' evaluation of the provisions of the Barangay Micro Business Enterprises (BMBEs) Law, specifically focusing on the objectives of the law, the registration process for BMBEs, incentives granted to BMBEs, information dissemination efforts, and other relevant provisions.
2. To evaluate the participants' perception of the sustainability of BMBEs in terms of its impact on economic development, social inclusion, environmental sustainability, and good governance.
3. To determine if there are significant differences in the assessment of the participants regarding the effectiveness and sustainability of the BMBEs when grouped according to their profiles.
4. To identify the challenges and issues encountered by the participants in the implementation of the BMBEs Act of 2002, particularly in their interactions with implementing agencies.

These research objectives aim to provide a comprehensive understanding of the sustainability and effectiveness of the BMBEs Act of 2002 in the City of Bacoar, Cavite, and shed light on the participants' perspectives and experiences related to its implementation.

Hypothesis

There is no significant difference in the assessment of the participants regarding the effectiveness and sustainability of the BMBEs when grouped according to their profiles.



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METHOD

The research employed a mixed-method sequential explanatory design, incorporating both quantitative and qualitative approaches. The study involved a total of 33 registered BMBEs, along with one implementing agency and three coordinating/cooperating agencies. Data collection was conducted through the administration of a survey questionnaire and interviews with the participants.

Procedure

The researchers obtained permission from the University of Perpetual Help System DALTA research committee. Written consent was obtained from all participants prior to their involvement in the study. The inclusion criteria for participant recruitment were as follows:

1. Business with assets not exceeding Three Million Pesos (PHP 3,000,000.00), excluding land.
2. Engaged in the production, processing, or manufacturing of products or commodities, including agro-processing, trading, and services.
3. Registered with the Department of Trade and Industry (DTI) for sole proprietorships, with the Securities and Exchange Commission (SEC) for corporations, and with the Cooperative Development Authority (CDA) for cooperatives.
4. Registered businesses located in the Municipality of Bacoor, Cavite, with a complete business address.
5. Operating their business within the City of Bacoor, Cavite.

The exclusion criteria were as follows:

1. Businesses not registered under the BMBEs program.
2. Medium and large enterprises.

The survey questionnaires were administered to the participants, providing information on the study's purpose, background, and guidelines for completing the survey and interview. No personal identifiers were collected; instead, each participant was assigned a tracking code to maintain anonymity.

Data analysis was conducted using SPSS version 24. Descriptive statistics, such as mean, were computed to describe the effectiveness and sustainability of BMBEs. The data satisfied the assumptions for independent sample t-tests and one-way analysis of variance. Independent sample t-tests were performed to examine gender differences in the effectiveness of the BMBEs law, and a one-way analysis of variance was conducted to analyze the impact of business type on the sustainability of BMBEs, with a significance level set at $p < 0.05$.

Ethical Considerations

1. Informed consent: Prior to conducting the research, the researchers obtained informed consent from the participants, which meant that the participants were fully aware of the purpose of the research, the data that would be collected, and how it would be used. The participants were also informed of their rights to refuse participation or withdraw from the study at any time.
2. Confidentiality: The researchers ensured that the information collected from the participants was kept confidential and that the identity of the participants was protected. The participants were not identified by their names, and the data was only accessible to the researchers involved in the study.
3. Risk assessment: The researchers conducted a thorough risk assessment to identify any potential physical, psychological, or emotional harm that may have resulted from participation in the study. Appropriate measures were taken to minimize or eliminate these risks.
4. Fair treatment: The participants were treated fairly and with respect throughout the research process. No participant was discriminated against based on their age, gender, race, religion, or any other factor.
5. Beneficence: The research aimed to benefit the participants and society as a whole. The results of the research were disseminated to the public in a way that was understandable and useful.
6. Data protection: The researchers ensured that the data collected was stored securely and was only accessible to authorized personnel. Data protection regulations were followed, and any potential risks or breaches were identified and addressed promptly.



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RESULTS

Perception of the participants on the effectiveness of BMBEs Law

Table 1: Participants' Perception of the Effectiveness of Implementation of BMBEs Law

Aspect	Effectiveness Score
Objective of BMBEs Law	3.20
Incentives	3.24
Registration	3.38
Availment of tax exemptions	3.39
Information dissemination	3.09
Other provisions	3.32

These findings provide insight into the participants' perspectives on the implementation of the BMBEs Law. The moderate effectiveness scores suggest that while there are positive perceptions of the law, there is room for improvement in various areas. Further analysis and exploration of the data will help in understanding specific areas that require attention and enhancement to improve the overall effectiveness of the BMBEs Law.

Perception of the Participants on the sustainability of BMBEs Law

Table 2: Participants' Perception of the Sustainability of BMBEs Law

Sustainability Aspect	Perception Score
Economic Development	3.82
Social Inclusion	3.90
Environmental Sustainability	3.46
Good Governance and Personal Security	3.68

According to the participants' perception, the aspects of economic development, social inclusion, environmental sustainability, and good governance and personal security are classified as 'sustainable' in relation to the BMBEs Law. The scores range from 1 to 5, with a higher score indicating a stronger perception of sustainability. It is important to note that these scores reflect the subjective perceptions of the participants and may not represent objective measurements of the law's sustainability.

Furthermore, the Micro Small Entrepreneurs (BMBEs) received higher scores on the sustainability of the BMBEs Law. This suggests that the BMBEs perceive the law as more sustainable, potentially due to the specific benefits and support provided to them by the law.

These findings provide insight into the participants' perceptions of the sustainability of the BMBEs Law, highlighting the aspects that are perceived as sustainable. However, it is essential to conduct further research and analysis to understand the underlying factors and potential areas for improvement in order to ensure the long-term sustainability of the BMBEs Law.



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Differences between gender in the assessment of BMBE Law

Table 3: Differences between Genders on the Assessment of Effectiveness of BMBEs Law

Aspect of BMBEs Law	Male Mean + SD	Female Mean + SD	t-value	p-value
Objectives of the Law	3.30 + 0.56	3.21 + 0.95	1.39	>0.05
Registration of BMBEs Law	3.36 + 0.78	3.07 + 0.80	1.39	>0.05
Incentives Granted to BMBEs	3.38 + 0.85	3.36 + 0.86	0.00	>0.05
Availment of Income Tax Exemptions	3.56 + 0.86	3.39 + 0.68	0.48	>0.05
Information Dissemination	3.39 + 0.68	3.29 + 0.66	0.07	>0.05
Other Provisions of the Law	3.29 + 0.66	3.18 + 0.89	-	-

The table presents the differences between genders in terms of the assessment of the effectiveness of the BMBEs Law. The means and standard deviations of the perception scores are provided for male and female respondents. The t-values and p-values are also included to determine the significance of the differences.

Based on the analysis, no significant differences were found between male and female participants in their assessment of the effectiveness of the BMBEs Law across various provisions. The t-values indicate the magnitude of the differences between the means of the two genders, while the p-values determine the significance level of these differences.

Specifically, no significant difference was observed between male and female participants regarding the objectives of the law ($t(31) = 1.39, p > 0.05$), registration of BMBEs law ($t(31) = 1.39, p > 0.05$), incentives granted to BMBEs ($t(31) = 0.00, p > 0.05$), availment of income tax exemptions ($t(31) = 0.48, p > 0.05$), information dissemination ($t(31) = 0.07, p > 0.05$), and other provisions of the law ($t(31) = -$).

These findings indicate that gender does not play a significant role in shaping the perceptions of the effectiveness of the BMBEs Law among the participants. Both male and female respondents had similar assessments across the various provisions of the law.

Differences between business status in the assessment of Sustainability of BMBEs Law

Table 4 : Differences between Business Status on the Assessment of Sustainability of BMBEs Law

Sustainability Aspect	New Mean + SD	Renewal Mean + SD	t-value	p-value
Economic Development	3.73 + 1.09	3.59 + 0.82	1.96	>0.05
Social Inclusion	4.00 + 1.02	3.53 + 0.83	0.12	>0.05
Environmental Sustainability	3.76 + 1.23	3.44 + 1.04	0.33	>0.05
Good Governance and Personal Security	3.56 + 0.86	3.39 + 0.69	2.00	>0.05

Table 4 illustrates the differences between business status in terms of the assessment of the sustainability of the BMBEs Law. The means and standard deviations of the perception scores are provided for new and renewal business statuses. The t-values and p-values are also included to determine the significance of the differences.

The analysis indicates that no significant differences were found between new and renewal business statuses in their assessment of the sustainability of the BMBEs Law across various aspects. The t-values indicate the



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magnitude of the differences between the means of the two business statuses, while the p-values determine the significance level of these differences.

Specifically, no significant difference was observed between new and renewal business statuses regarding economic development ($t(31) = 1.96, p > 0.05$), social inclusion ($t(31) = 0.12, p > 0.05$), environmental sustainability ($t(31) = 0.33, p > 0.05$), and good governance and personal security ($t(31) = 2.00, p > 0.05$).

These findings suggest that the perception of the sustainability of the BMBEs Law does not significantly differ based on the business status (new or renewal) of the participants. Both new and renewal businesses have similar assessments across the various aspects of sustainability.

Problems experienced by the participants in the implementation of BMBEs Law

Leemeng Enterprises. There appears to be a limited comprehension regarding the BMBEs Act of 2002, particularly with regards to its non-exemption from local government taxes, fees, and charges. Additionally, there seems to be inadequate dissemination of information regarding the requisite procedures and requirements for application to the general public. The seminar conducted by DTI was deemed ineffective based on the experience of the attendee. The participants in the study reported encountering difficulties in the process of renewing permits and licenses. Additionally, they expressed a lack of knowledge regarding their exemption from the minimum wage law and their eligibility for income tax exemption.

M.V. Oida Sari-Sari Store: There appears to be a dearth of comprehension regarding the BMBEs Act of 2002, as evidenced by a lack of awareness regarding the exemption from local government taxes, fees, and charges, as well as the technology transfer, production and management training, and marketing assistance program. Additionally, there seems to be a lack of awareness regarding the availment of income tax exemption, as well as difficulty in computing taxes and a lack of knowledge regarding the special credit window/facility. Furthermore, it appears that the procedures and requirements necessary for application to the public have not been adequately communicated. Finally, there appears to be a lack of awareness regarding the exemption from the coverage of the minimum wage law.

Emsea Travel Hub: There appears to be a knowledge gap among the public regarding the BMBEs Act of 2002, as the procedures and requirements for application have not been effectively communicated. Additionally, individuals may not be aware of the income tax exemption, special credit facility, exemption from minimum wage laws, and technology transfer, production and management training, and marketing assistance programs. It is important to note that BMBEs may not be exempt from local government taxes, fees, and charges.

Quick Saver Diesel Part Supply and Calibration: The findings suggest that there is a significant knowledge gap among BMBE owners regarding the provisions of the BMBEs Act of 2002. Specifically, they lack understanding of their non-exemption from local government taxes, fees, and charges, as well as the procedures and requirements for application to the public. Additionally, they are not aware of the income tax exemption and encounter difficulties in renewing permits and licenses. Furthermore, BMBE owners struggle with computing their taxes and are not cognizant of their exemption from the coverage of the minimum wage law. Lastly, they are not aware of the technology transfer, production and management training, and marketing assistance program, and are subject to high interest rates on the special credit window/facility.

ZJ888 Enterprises: Insufficient comprehension regarding the BMBEs Act of 2002 has resulted in inadequate exemption from local government taxes, fees, and charges. The procedures and requirements necessary for application have not been effectively communicated to the public, leading to difficulties in permit and license renewal. Additionally, there is a lack of awareness regarding income tax exemption, exemption from the coverage of the minimum wage law, special credit window/facility, and technology transfer, production, management training, and marketing assistance program.



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DISCUSSION

The establishment and promotion of Barangay Micro Business Enterprises (BMBEs) encourage the formation and growth of micro-businesses by providing incentives and benefits (Republic Act No. 9178). This study aims to assess the effectiveness and sustainability of the BMBEs Act of 2002 and examine potential differences between participant groups in terms of their perceptions of effectiveness and sustainability.

The participants in this study perceived the implementation of BMBEs as moderately effective, which may be attributed to the relative novelty of the law. It is possible that micro and small entrepreneurs are not fully familiar with certain provisions of the law, such as the integration of micro-enterprises into the mainstream economy to generate more jobs, livelihood opportunities, and improve the quality of life for Filipinos (Republic Act No. 9178). Additionally, clear and consistent qualifications for BMBEs registration by the City or Municipality, exemptions for employees with minimum pay, and access to social security and healthcare benefits are some aspects that may require further awareness among BMBEs (Department of Finance Order No. 31-05).

Regarding sustainability, the participants perceived the BMBEs law as contributing to economic development, social inclusion, environmental sustainability, good governance, and personal security. For example, the BMBEs create job opportunities in various barangays of Bacoor City, Cavite, supporting economic development. They also facilitate equity and meeting the needs of marginalized groups, promoting social inclusion. Additionally, BMBEs registered employees and the businesses themselves are encouraged to fulfill environmental responsibilities, contributing to environmental sustainability. Furthermore, the law promotes privacy and security of business/company data for the BMBEs, fostering good governance and personal security.

Our survey did not identify any significant differences in the perception of participants regarding the effectiveness and sustainability of the BMBEs law. Both men and women shared similar views on the implementation of the law as moderately effective. Furthermore, participants from new businesses and those seeking renewal perceived the BMBEs law as sustainable in its impact.

CONCLUSIONS

Based on the findings of this study, it can be concluded that the implementation of the Barangay Micro Business Enterprises (BMBEs) Act of 2002 in the City of Bacoor, Cavite is perceived as moderately effective. The participants expressed their awareness of the objectives, registration process, incentives, and information dissemination related to the BMBEs law. However, there may be a need for further education and awareness among micro and small entrepreneurs to fully utilize the benefits and opportunities provided by the law.

Furthermore, the participants viewed the BMBEs law as contributing to sustainability in terms of economic development, social inclusion, environmental responsibility, and good governance. They recognized the positive impact of the BMBEs in generating job opportunities, promoting equity, fulfilling environmental responsibilities, and protecting business/company data.

RECOMMENDATIONS

1. The local government and relevant agencies should conduct continuous awareness campaigns and educational programs to ensure that micro and small entrepreneurs are fully aware of the provisions and benefits of the BMBEs law. This will help maximize the potential of the law in promoting economic growth and empowering entrepreneurs.
2. Efforts should be made to streamline and simplify the registration process for BMBEs, ensuring that the qualifications and requirements are consistently communicated and easily understood by entrepreneurs. This will encourage more businesses to register and avail themselves of the benefits provided by the law.
3. The local government, government agencies, and relevant stakeholders should collaborate to provide comprehensive support to BMBEs, including access to financing, technology transfer, training programs, and marketing assistance. This will enhance the sustainability and growth of BMBEs, contributing to the overall economic development of the city.



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