

Implementation of the BMBE Law (RA 9178): Bridging the Gap between Policy Awareness and Business Growth in Calapan City, Oriental Mindoro, Philippines

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Abstract

This study examined how Republic Act 9178, also known as the Barangay Micro Business Enterprises (BMBEs) Law, is being implemented in Calapan City. Using a mixed-methods approach, the research examined the background of registered BMBE owners, their level of awareness of the law, and the extent to which they use the incentives provided. Data were gathered from 30 registered BMBE owners selected through purposive sampling, along with in-depth interviews with 11 participants to gain deeper insights. The results showed that most BMBEs in Calapan City are small retail businesses that operate with minimal starting capital and limited technical skills. While many owners were aware of the law—particularly the tax exemption benefit—other incentives, such as access to credit and technology support, were rarely used. The analysis revealed a clear gap between what business owners know and what they can apply in practice. Even when owners are aware of the incentives, they often struggle to avail of them due to complex procedures, poor coordination among government agencies such as DTI, BIR, and local government units, and a lack of information at the barangay level.

Keywords: BMBE Law; RA 9178; Micro-enterprises; Awareness-Utilization Gap; Enterprise Development

1. Introduction

Micro, small, and medium enterprises (MSMEs) are significant to economic development because they stimulate employment, innovation, and poverty reduction, especially in developing nations [1]. MSMEs comprise approximately 90 percent of business enterprises and over half of total employment in most economies worldwide; thus, they are extremely significant to national and local economies [2]. Among the total business establishments in the Philippines, microenterprises account for 89.59 percent, but the majority face limited capital, inadequate managerial skills, and competition with large businesses, which threaten their survival and growth.

The Barangay Micro Business Enterprises (BMBE) Act of 2002, or Republic Act No. 9178, aims to help microenterprises through tax exemptions, simplified registration, and government programs [3]. Yet concerns remain about how well RA 9178 works in practice. Research shows a gap between policy and practice: many are unaware of incentives, few use them, and administrative barriers block microenterprises from using the law.

The issue is reflected in the declining number of active BMBEs in Calapan City, the commercial center of Oriental Mindoro. The objective of the study is to determine how much Republic Act No.9178, also referred to as the Barangay Micro Business Enterprises (BMBE) Law, has been implemented in Calapan City, focusing on the profile of the registered BMBEs, awareness and utilization of law incentives and benefits, correlation between awareness and utilization, and

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their contribution to sales and capital improvement. Following the framework by Codon (2025), this study aims to provide evidence-based information to address gaps in the application of the BMBE Law at the local level, thereby informing policy improvements and reinforcing micro-enterprise support mechanisms in other local settings.

2. Review of Related Literature

The Barangay Micro Business Enterprises (BMBE) Law, enacted by Republic Act 9178 in 2002, aims to help Barangay Micro Business Enterprises develop through tax exemptions, financial assistance, and easier registration. Registering BMBEs reduces informal operations and helps entrepreneurs grow. This study examines how well the BMBE Law is implemented and its role in developing BMBEs. Using the IPO (Input-Process-Output) model, it examines how BMBE benefits are perceived and used, and how they affect registered BMBEs.

2.1. Awareness and Utilization of BMBE Incentives

The level of awareness of the BMBE Law among micro-enterprises greatly determines whether they avail themselves of its benefits. According to Codon (2025), although the owners of small businesses in Gubat, Sorsogon, were aware of the provisions of the BMBE Law, most had limited awareness of the incentives it offered due to complex procedures and a lack of government support [4]. Similarly, Garambas and Pinos-an (2021) found that 96 percent of entrepreneurs in La Trinidad, Benguet, lacked complete knowledge of the BMBE Law, and even some municipal officials were not well-informed about its details [5]. According to Bringas and Almario (2023), BMBE-certified food businesses in Victoria, Laguna, enjoyed tax exemptions and training opportunities, which helped them enhance business efficiency [6]. But not every BMBE beneficiary was in a position to make full use of the available incentives. Tomas (2023) found that several BMBE recipients had difficulty obtaining tax exemptions from the Bureau of Internal Revenue (BIR) [7]. These difficulties usually frustrate entrepreneurs in the utilization of the full benefits of the BMBE Law. Likewise, Villegas et al. (2020) indicated that MSMEs in Nueva Ecija were aware of Negosyo Centers, but most were unfamiliar with the specific services and support programs, including those provided by the BMBE Law [8]. In line with this, the Department of Trade and Industry (DTI) developed the BMBE Online Registration System to facilitate registration and raise awareness of the law [9].

2.2. Implementation Challenges and Strategies

The effectiveness of the BMBE Law depends on enhanced beneficiary awareness and efficient implementation. According to a study by Alera, Evangelista, and Cipriano (2023), BMBE incentives—including tax and wage subsidies and training opportunities—also led to economic growth and employment in Bataan, but very few beneficiaries used these incentives regularly, suggesting that more stable guidance and training are required [10]. These challenges are associated with different structural and bureaucratic issues identified by Berja (2021) [11]. A lack of awareness of BMBE incentives may lead many microenterprises to not fully participate and to be content with the available support. Manipol (2023) found that registered microenterprises generally perceived BMBE incentives as effective, but the actual usage rate was uneven. Manipol also explored these variations by interviewing business owners, consumers, suppliers, employees, and government officers [12]. As Tomas (2023) stressed, BMBE tax exemptions cannot be used effectively due to the excessive burdens imposed by the BIR. Tomas recommends that the government simplify and promote tax procedures to encourage more microenterprises to comply with the law [7]. Studies indicate that BMBE incentives exist, but business entities encounter technical challenges that prevent them from accessing these benefits. The effectiveness of the law depends on simple registration processes that increase participation in BMBE and deliver the maximum benefits.

2.3. Growth and Development of Microenterprises

The BMBE Law aims to promote the growth and sustainability of microenterprises. Studies have shown this potential at varying levels of impact. Alera et al. (2023) found profit maximization was only loosely linked to incentives, suggesting the need for more comprehensive support [10]. Bringas and Almario (2023) examined the BMBE Law in Victoria, Laguna. Registered food-related microenterprises were exempt from income tax and had adjusted labor costs. Business owners could easily manage costs, redistribute funds, and promote reinvestment [6]. The Department of Trade and Industry (DTI) supports these findings and continues to promote BMBE registration, highlighting the advantages of training, tax exemptions, and access to loans.

3. Theoretical framework

3.1. Diffusion of Innovation Theory

The Diffusion of Innovation Theory (Rogers, 2003) describes how new ideas, policies, or technologies are transmitted through a social system by means of communication channels over time. Rogers identifies awareness as the initial and most important stage of adopting an innovation, since people need to be aware of a new idea or policy before they can consider its benefits and decide to adopt it (Rogers, 2003) [13]. In the context of this study, the BMBE Law is seen as an innovation, and its successful implementation depends on effective diffusion among micro-business owners. The application of the Diffusion of Innovation Theory offers a systematic perspective on how insufficient awareness may impede the adoption and engagement in the programs of the BMBE Law, and why the lack of awareness requires active communication and dissemination to target micro-entrepreneurs, especially in Calapan City.

3.2. Expectancy Theory

Expectancy Theory is a motivational theory that explains how people make decisions based on their expectations of outcomes, developed in 1964 by Victor Vroom [14]. According to the theory, motivation is a product of three elements: expectancy (the belief that effort will result in performance), instrumentality (the belief that performance will result in rewards), and valence (the value that is attached to the reward). When they have a clear picture of the benefits available (expectancy), identify the relationship between participation and rewards (instrumentality), and perceive the benefits, i.e., tax exemption or credit availability, provided to them (valence), entrepreneurs engage more in the BMBE program. Poor perception of benefits, lack of a relationship between program involvement and access to benefits, or perceived lack of value in available incentives would reduce owners' motivation to participate.

3.3. Public Service Motivation Theory

Public Service Motivation (PSM) Theory, originally developed by Perry and Wise in 1990, aims to understand the intrinsic motivation of individuals to serve the public and support society's welfare. According to the theory, highly motivated people in the field of civic responsibility, serving the greater good, are willing to make a big difference, driven by high levels of public service motivation [15]. The study uses PSM Theory to examine the correlation between the extent to which micro-entrepreneurs perceive the services offered by government agencies. The BMBE owners who are aware of the government's support for the BMBE Law are more likely to show interest in public programs and BMBE registration.

3.4. Resource-Based View

According to the Resource-Based View (RBV), sustainable competitive advantage is based on the internal resources. The idea, first proposed by Birger Wernerfelt in 1984 and further developed by Jay Barney in 1991, holds that companies thrive through a long-term strategy that focuses on managing valuable, unique resources that cannot be duplicated and have no known alternatives [16]. As used in this research, strategic resources include legal and institutional mechanisms, such as tax exemptions, training programs, and access to credit. MSEs can pursue competitive advantages to enhance business sustainability and growth when they are aware of and can utilize these supports. Therefore, the RBV is consistent with the study's purpose of analyzing the effect of the introduction of the BMBE Law on the development of MSEs in Calapan City.

3.4.1. Scope and Limitations

This study assesses the extent of implementation of Republic Act No. 9178, also known as the Barangay Micro Business Enterprises (BMBE) Law, in Calapan City, Oriental Mindoro, using data from the Department of Trade and Industry (DTI) covering 2020 to 2024. The research employs a mixed-methods approach, combining quantitative survey data with qualitative interview data.

3.4.2. Statement of the Problem

This study aims to assess the extent of implementation of the Barangay Micro Business Enterprise (BMBE) Law in Calapan City by examining two key components: the level of awareness among BMBE owners and their utilization of the incentives and benefits provided under the law. Guided by Codon's (2025) study, this research aims to evaluate how registered BMBEs understand and apply the law's provisions, and how these provisions contribute to business improvement. Specifically, this study seeks to answer the following questions:

What is the profile of Barangay Micro Business Enterprises (BMBEs) in Calapan City in terms of:

- Type of Business (e.g., Trading, Services, Manufacturing);
- Start-up Capital; and
- Years of Operation?

What is the level of awareness among registered BMBE owners in Calapan City regarding the following incentives:

- Income Tax Exemption;
- Exemption from the Minimum Wage Law;
- Priority in Special Credit Windows; and
- Technology Transfer and Management Training?

To what extent are BMBE incentives and benefits utilized by Barangay Micro Business Enterprises in Calapan City?

Is there a significant relationship between the level of awareness of BMBE owners and the extent of utilization of the BMBE law?

How has the utilization of these incentives contributed to the business growth of BMBEs in terms of:

- Sales Volume; and
- Capital Accumulation?

3.4.3. Hypothesis

H₀: There is no significant relationship between the level of awareness of BMBE owners and the extent of utilization of the Barangay Micro Business Enterprise Law.

4. Materials and Methods

This study utilized a mixed-methods research design, combining descriptive-correlational and qualitative approaches to assess the implementation of the BMBE Law (RA 9178) in Calapan City. The quantitative component employed a structured, culturally adapted questionnaire to measure the level of awareness and extent of utilization among BMBE owners. To deepen the analysis, qualitative interviews were conducted to capture the lived experiences and challenges of the respondents. Using purposive sampling, the researcher identified 30 active BMBE owners from a total population of 74 registered businesses, with 11 participants comprising the qualitative sample to reach data saturation. Triangulation data was utilized to ensure a comprehensive understanding of how legal incentives translate into business growth.

5. Results and Discussion

Table 1 Profile of Respondents

Variables	Frequency	Percentage (%)
Type of Business		
Service	12	40%
Merchandising	18	60%
Total	30	100%
Start-up Capital		
Less than 100,000	22	73.33%
100,001 to 200,000	8	26.67%
Total	30	100%
Number of Years in Business		
0 to 3 years	14	46.67%

4 to 6 years	16	53.33%
Total	30	100%

Most respondents are involved in the merchandising business (60%), while 40% run service-based businesses. In terms of start-up capital, most respondents (73.33%) began their businesses with less than 100,000, while only 26.67% began with between 100,001 and 200,000. Regarding years of operation, respondents report that 53.33% have been in business for 4-6 years, whereas 46.67% have been in business for 0-3 years.

The dominance of merchandising reflects the low entry barriers and steady consumer demand associated with retail-based micro-businesses; a pattern also observed in national MSME statistics (PSA 2023) [17]. This implies that most entrepreneurs are in the business of meeting daily household needs through easily replicable business models that cater to those needs. The prevalence of low start-up capital highlights the financial vulnerability of micro-enterprises and their reliance on personal savings or small informal loans, which limit growth and access to formal support programs. (ADB,2025) [18]. The nearly equal proportions of emerging and comparatively established micro-enterprises imply that survival beyond the initial years is possible but remains fragile. Similar studies emphasize that firms with weak financial buffers were more likely to fail during economic shocks, and a 2023 survival analysis of MSMEs in Thailand showed that small firms have shorter business lifespans due to resource constraints. (Adam & Alarifi, 2021) [19].

Table 2 Level of awareness of respondents on the provisions of the BMBE Law

	Mean	Interpretation
Business can avail reduction or exemption from local taxes and fees.	2.97	Moderately aware
Business is exempted from income tax for income arising from the operations of the enterprise.	3.40	Moderately aware
Exempted from the compliance with the Minimum Wage Law	3.37	Moderately aware
Employees are entitled to the same benefits given to any regular employee such as social security and healthcare benefits.	3.37	Moderately aware
Business can avail loan through a special credit window that will service your business' financing needs	3.13	Moderately aware
Business and employees can avail of production and management training.	3.07	Moderately aware
Awareness that your business has access to technological transfer from the government agencies, such as DTI, DOST, etc.	3.03	Moderately aware
Business can receive marketing assistance	2.77	Moderately aware
Overall Mean:	3.14	Moderately aware

Note: 3.51-4.50=highly aware; 2.51-3.50= moderately aware; 1.51-2.50= slightly aware; 1.0-1.50= not aware

Weighted mean scores ranged from 2.77 to 3.40, indicating a moderate level of awareness across all indicators. The highest level of awareness of respondents on the BMBE Law is income tax exemption (WM=3.40), and the lowest is for marketing assistance (WM=2.77). The overall mean awareness score was 3.14, indicating moderate awareness.

The highest mean was observed for awareness of income tax exemption, suggesting that fiscal incentives are better known to micro-entrepreneurs, as they are directly associated with tax compliance. Codon (2025) also found that, despite limited awareness of the BMBE Law, tax-related incentives were among the better-known benefits [4]. Awareness of the exemption from the Minimum Wage Law was also moderate, suggesting partial comprehension of labor-related incentives among registered BMBEs. Likewise, the recognition of priority access to credit windows was moderate, indicating that respondents had heard and understood the concept but had little knowledge of how it was applied in practice. The low awareness of marketing assistance aligns with Tomas's (2023) findings that several BMBE

beneficiaries reported that, despite the law providing marketing support, this support is not actually as available or clearly expressed [7]. The lack of concrete examples of direct engagement may prevent micro-entrepreneurs from associating marketing initiatives with the BMBE program. These results imply that awareness campaigns emphasize fiscal incentives more than developmental interventions, resulting in uneven knowledge across provisions.

Table 3 Extent of utilization of tax incentives under the BMBE Law

Exemption from taxes and fees	Mean	Interpretation
I am filing my micro-business Income Tax Return on or before its due date.	3.63	Highly utilized
I am filing my micro-business Income Tax Return on an accurate basis.	3.63	Highly utilized
My micro-business pays less amount or avails exemption from local taxes, and charges.	2.57	Moderately utilized
My micro-business avails Income Tax Exemption.	2.63	Moderately utilized
I am enjoying exemption from taxes and fees.	2.27	Slightly utilized
Overall mean:	2.95	Moderately utilized

Note: 3.51-4.50=highly utilized; 2.51-3.50= moderately utilized; 1.51-2.50= slightly utilized; 1.0-1.50= not utilized

Utilization levels ranged from slightly utilized to highly utilized. The highest utilization of tax-related provisions is in filing the Income Tax Return (ITR) on time and correctly (both with a mean of 3.63, highly utilized), while the overall enjoyment of tax exemptions recorded the lowest mean. (Mean 2.27, Slightly Utilized). The overall utilization of tax incentives was moderate.

High utilization of basic tax filing requirements indicates that respondents adhere more to mandatory tax procedures than to optional incentives. Codon (2025) noted that micro-entrepreneurs often adhere to simple tax requirements despite their lack of awareness of BMBE subsidies [4]. The low enjoyment of tax exemptions is consistent with Abaquita et al. (2024), who reported that MSME owners tend to feel confused when dealing with BMBE-related procedures, resulting in an unwillingness to use it [20]. This low uptake was also caused by differences in LGU implementation. Research has revealed that accreditation challenges and a lack of understanding of eligibility limit the use of income tax exemptions among the MSMEs (Manipol, 2023). [12].

These results emphasize the need to bridge the gap between policy availability and actual adoption and encourage LGU participation to ensure that micro-enterprises can fully enjoy the benefits of the BMBE Law.

Table 3a Extent of utilization of minimum wage law-related provisions under the BMBE Law

Exemption from minimum wage law (MWL)	Mean	Interpretation
I am paying my employees' compensation on a timely basis.	3.60	Highly utilized
I am paying my employees following the Minimum Wage Law	3.37	Moderately utilized
I am enjoying Minimum Wage Exemption	2.57	Moderately utilized
My micro-business avails Minimum Wage Exemption.	2.43	Slightly utilized
I provide my employees with certain benefits such as SSS, PhilHealth, HDMF, etc.	2.63	Moderately utilized
My micro-business is capacitated to pay at or above the Minimum Wage.	2.77	Moderately utilized
Overall mean	2.90	Moderately utilized

Note: 3.51-4.50=highly utilized; 2.51-3.50= moderately utilized; 1.51-2.50= slightly utilized; 1.0-1.50= not utilized

The highest score was for paying employees' compensation on time (Mean = 3.60, highly utilized), and availing the Minimum Wage Exemption provision received the lowest mean (Mean = 2.43). The overall utilization of minimum wage law provisions is moderate (overall mean=2.90).

The fact that timely wage payment is ranked highly shows that micro-entrepreneurs consider it important to ensure wages are paid on time to avoid labor conflicts and maintain good labor relations. As affirmed by Fadhilatunisa et al. (2025), wage timeliness is essential to maintaining workplace harmony, particularly in small businesses [21]. It shows

that the respondents are very obedient to simple employer requirements that have direct consequences. On the contrary, low usage of wage exemptions indicates ignorance or a lack of knowledge regarding wage benefits related to BMBE. The capability to comply with the Minimum Wage Law is moderately used (Mean 3.37), but exemptions require further procedures that may not be fully understood by the majority of BMBE owners. In general, this indicates that while respondents comply with necessary labor requirements, they do not fully utilize labor-related incentives and exemptions. According to Fadhilatunisa et al. (2025), MSMEs tend to prioritize financial survival over compliance and partially implement labor standards [21]. Manalo et al. (2025) further explained that limited capital constrains small firms' ability to maximize wage-related benefits [22]. Thus, the moderate overall utilization reflects compliance driven by obligation rather than proactive use of BMBE incentives.

Table 3b Extent of utilization of credit delivery programs under the BMBE Law

CREDIT DELIVERY	Mean	Interpretation
I consider a lower interest rate in availing Credit Delivery.	2.50	Slightly utilized
My micro-business avails credit delivery from the participating government.	1.87	Slightly utilized
I consider a convenient means of payment in availing Credit Delivery.	2.37	Slightly utilized
I consider the ease of credit application in availing Credit Delivery.	2.33	Slightly utilized
I consider longer payment terms in availing of Credit Delivery.	2.37	Slightly utilized
Overall mean:	2.29	Slightly utilized

Note: 3.51-4.50=highly utilized; 2.51-3.50= moderately utilized; 1.51-2.50= slightly utilized; 1.0-1.50= not utilized

All indicators were rated as slightly utilized, with an overall mean of 2.29. The highest-rated item is the consideration of lower interest rates when availing credit (WM= 2.50), while the lowest mean was the actual availing of credit from participating government agencies (WM= 1.87). Low engagement with formal credit facilities suggests that respondents recognize the importance of affordable borrowing but remain cautious about applying for loans. This poor use is consistent with the overall financial situation of MSMEs in the Philippines, where credit availability remains a structural problem [23]. Furthermore, empirical research shows that a significant share of small and medium-sized businesses is credit-constrained, primarily due to excessive borrowing costs and insufficient collateral. Lending to microenterprises has remained low despite the Magna Carta for MSMEs' required credit-allocation schemes, underscoring enduring institutional and regulatory constraints. In conclusion, even though formal credit programs are theoretically accessible, information gaps, perceptions of credit risk, difficulties with collateral, and the complexity of formal borrowing are probably the causes of the "slightly utilized" scores in the data.

Table 3c Extent of utilization of Technology Transfer, Production, and Management Training, and Marketing Assistance under the BMBE Law

Technology Transfer, Production, and Management Training, and Marketing Assistance	Mean	Interpretation
My micro-business avails production and management training from participating government agencies.	2.13	Slightly utilized
My micro-business receives technology transfer from participating government agencies.	1.77	Slightly utilized
The relevant training that I attended improved my skills in operating my micro-business.	2.27	Slightly utilized
The technology that I received helped improve the operation of my micro-business.	1.90	Slightly utilized
My micro-business receives marketing assistance from participating government agencies.	1.83	Slightly utilized
The Marketing Assistance Program helps improve the marketability of my products or services.	1.90	Slightly utilized
Overall mean:	1.97	Slightly utilized

Note: 3.51-4.50=highly utilized; 2.51-3.50= moderately utilized; 1.51-2.50= slightly utilized; 1.0-1.50= not utilized

The six questions in this category fall within a slightly used range, with an overall mean of 1.97. The highest mean was observed for the item stating that the relevant training enhanced business skills (WM=2.27), while the lowest mean was for technology support (WM=1.77). Low utilization of capacity-building programs indicates limited participation in non-financial BMBE incentives. Although training is seen as beneficial, involvement remains limited, as reflected in the low overall utilization of training-related programs. The Asian Development Bank reports that, due to limited access to credit and digital financial services, MSMEs' ability to engage in entrepreneurial and capacity-building activities is reduced [24]. The very low utilization of technology transfer, as reflected in national data, shows that, despite expanding digital infrastructure, MSME digital adoption remains uneven. The World Bank highlights that the Philippines' MSMEs continue to face constraints in adopting digital solutions, often due to limited awareness, skills, and access, and is working with the government to strengthen digital financial services and innovation systems that could support small firms [25]. This is further indicated by low use of marketing assistance (WM 1.83-1.90), suggesting that micro-businesses are unable to visualize the direct relationship between government support programs and immediate sales or market growth. In general, the findings imply that the non-financial incentives of the BMBE Law are underutilized, underscoring the need to make outreach and accessibility easier and to provide more integrated training, technology, and credit support.

Table 4 Relationship between awareness of the BMBE Law and utilization of its incentives

Variable		Awareness
Exemption from Taxes & Fees	Pearson's r p-value	0.199 0.291
Exemption from Minimum Wage Law (MWL)	Pearson's r p-value	0.162 0.392
Credit Delivery	Pearson's r p-value	-0.155 0.413
Technology Transfer, Production, and Management Training	Pearson's r p-value	0.279 0.136

* p < .05, ** p < .01, *** p < .001

Spearman's rank correlation analysis was conducted to examine the relationship between awareness of the BMBE Law and utilization of its incentives. The results indicated that the four components of BMBE, namely Exemption from Taxes and Fees, Exemption from the Minimum Wage Law, Credit Delivery, and Technology Transfer, Production, and Management Training, had a p-value of more than the 0.05 significance level, indicating that there is no statistically significant correlation between the level of awareness and the actual usage of these provisions. This suggests that increased awareness does not always translate into increased BMBE program participation or compliance. These results show a knowledge-practice gap: even though entrepreneurs are informed, they are either unable or unwilling to engage. In a similar vein, knowledge of credit programs showed a negative, albeit non-significant, association ($r = -0.155$), suggesting discouragement due to stringent conditions. Overall, the results show that raising awareness won't increase the use of BMBE benefits. The lack of correlation demonstrated the need for stronger implementation tools, streamlined processes, and more effective support from government agencies.

Table 5 Utilization of incentives contributed to the business growth of BMBEs in terms of Sales Volume and Capital Accumulation

	4 Greatly Improved	3 Moderately Improved	2 Slightly Improved	1 No Improvement
Increase in daily/monthly sales volume	1	2	3	5
Increase in total Capital or Assets	2	2	3	4

Values were derived through qualitative content analysis of interview responses.

Table 5 shows the results of the interview with the corresponding 11 respondents for qualitative; 5 of the respondents stated that their business has no improvement in terms of sales volume, while 3 respondents stated that their business has slightly improved; on the other hand, 2 businesses have moderately improved, and 1 business has greatly improved. Furthermore, 4 respondents reported no improvement in capital accumulation, while 3 businesses reported slight improvement, 2 moderate improvement, and 2 great improvements. Findings reveal that the use of BMBE generally has a low influence on the growth of microenterprises in Calapan City. The majority of respondents reported slight or no improvement in key indicators, such as sales volume and capital accumulation. In addition, generating employment and acquiring inventory or equipment are the challenges they face. The tax exemptions offered some small relief on costs and allowed some enterprises to make small savings; however, they could not create long-term growth or expansion. The little progress achieved indicates that BMBE incentives are more of a relief mechanism for the administration than effective growth incentives. In general, the results indicate a clear gap in implementation, as the current benefits do not lead to significant business development outcomes, and there is a need to enhance credit availability, specialize capacity-building, and increase government involvement.

Table 6 Summary of themes from the qualitative analysis

Thematic analysis revealed three dominant themes emerging from the qualitative responses

Themes	Description	Implications	Coded Excerpts
Low Awareness and Limited Access	Respondents lack information about BMBE benefits; no orientations, no follow-up, confusing processes, and remote areas unserved.	Poor dissemination limits participation and prevents utilization of program benefits.	<p>"We are not aware of any of the benefits being offered." (R3)</p> <p>"I am not aware of any benefits. I only hear about them from others." (R2)</p> <p>"We haven't received any information yet... maybe they lack advertisement." (R8)</p>
Minimal Felt Impact on Sales and Capital	Benefits (mainly tax exemption) do not meaningfully improve business income, capital, or expansion. Capital still comes from loans or personal funds.	The program does not significantly enhance economic outcomes for micro-enterprises.	<p>"The benefit didn't really help improve my sales." (R1)</p> <p>"We don't really feel the benefits that much—only lessens expenses a bit." (R5)</p> <p>"Our capital is always a struggle; prices of ingredients are high." (R11)</p>
Need for Stronger Implementation and Coordination	Respondents request clearer processes, easier loan requirements, active visits, and better coordination between DTI, BIR, and local offices.	Weak execution undermines trust and limits program effectiveness.	<p>"They should send invitations or emails and conduct orientations." (R3)</p> <p>"They keep passing responsibility to each other." (R10)</p> <p>"I hope they visit businesses listed under BMBE to provide assistance." (R9)</p>

The qualitative results support the quantitative results by explaining why utilization remains low despite moderate awareness. The respondents also highlighted that they lack proper information about the benefits of the BMBE, as there are no orientations, follow-ups, or effective promotion by implementing agencies. Even though they are registered, some

micro-entrepreneurs also reported not understanding which incentives they should receive or how to obtain them. In addition, it was noted that BMBE benefits, particularly tax exemptions, did not have a significant impact on sales, capital, or overall business growth. Most owners remain personally dependent on microfinance lending to make ends meet, suggesting that the incentives provided may not be sufficient to address the more fundamental financial constraints. Active outreach, business visits, and simplified processes are the key elements that many respondents mentioned to ensure that BMBE benefits would be more accessible. These issues align with the quantitative results of low use of incentives, which should be further recorded. In general, the mixed-methods results show that policy efficiency depends not only on policy design but also on local implementation.

6. Conclusion

The results show that the BMBE sector in Calapan City is dominated by small, low-capital, retail-based companies with limited technical capacity, characterized by ease of entry and familiarity with the local market but low innovativeness. The vulnerability of young microenterprises is evident in the financial constraints that limit their potential to grow, adopt technology, and participate in government support programs.

Results also show that BMBE incentive use has only a slight influence on business growth. Particularly, the growth in sales volume and capital accumulation among beneficiaries was very minor or insignificant. Though tax exemptions provided some relief on costs and yielded small savings, these benefits failed to translate into high revenue growth or capital expansion. The findings indicate that BMBE incentives are currently being implemented as effective relief measures but not as drivers of business development.

The BMBE Law has moderate awareness; while tax exemptions are highly familiar, other significant incentives are unevenly distributed, highlighting problems with information dissemination, poor communication among implementing agencies, and a lack of orientation at the barangay level. There is a significant knowledge-practice gap because no action is taken on awareness. The procedure is complex, guidance is inconsistent, and there is a lack of inter-agency coordination, which further inhibits the effective use of incentives and limits their impact on business development.

Based on these findings, the researchers recommend that government agencies prioritize using the current incentives rather than creating new programs. The institutionalization of barangay-level orientations should be implemented to ensure fair access to information, and inter-agency coordination among the Department of Trade and Industry, the Bureau of Internal Revenue, and Local Government Units should be strengthened to provide clear and consistent guidance while simplifying administrative processes. For future studies, using longitudinal and multi-stakeholder approaches can provide deeper insights into BMBE implementation and its effects on micro-enterprises' sustainability and growth.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare that they have no conflict of interest in the research conducted.

Statement of informed consent

The identities of poll respondents are kept completely private. Along with the ethical guidelines used for conducting research, the data collected and processed are also safeguarded and kept private. To protect business owners' privacy, all information gathered from the survey is kept completely confidential. To avoid any concerns about misconduct with their respondents, the researchers conducted their surveys in a very professional manner.

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