

The Impact of COVID 19 on Barangay Micro Business Enterprises in Zamboanga City, Philippines

Maria Teresa A. Sta. Ana
Western Mindanao State University

Esa H. Jumail, Jr.
College of Public Administration and Development Studies

Abstract:- The Barangay Micro Business Enterprises (BMBEs) is a law enacted on 2002 that aims to develop Filipino entrepreneurial spirit by providing a vibrant business environment. Moreover, this law also created the Small and Medium Enterprises Development Council (SMED) in the country to supervise and implement the provision of law. This program of the government was disrupted by the devastating impact of the Covid-19 pandemic in 2020. The BMBEs and SMEs were largely affected by the disease as movements of goods and services to include people were limited and even immobilize. This paper delves into the specific impact of the disease to the BMBEs in the identified community in Zamboanga City. Descriptive data analysis method was utilized to be able to get an estimate numerical data and the qualitative explanation of the responses of the participants. The study revealed that the disease impacted the transaction, processes and production of good and services of the identified BMBEs in Zamboanga City. There were numbers of enterprises decided to shut down their operations to cut the cost of continuous loses of their enterprises. Moreover, government aids were selective and unsustainable. The impact of the pandemic affected not only the enterprises in the city. Functionalities of education, health to include families were also disrupted. This experience shall serve as lessons learned for the state and local actors. Holistic approach should always be considered and people should always be at the center.

Keywords:- Covid19, Barangay Micro Business Enterprises, Community, Descriptive, Impact.

I. INTRODUCTION

The strict lockdown ran from mid-March to end of May 2020 in the National Capital Region and other high-risk provinces, causing huge economic loses (Shinozaki et al. 2021). ¹Moreover, the Philippine economy has entered the

¹ Sta. Ana, Maria Teresa A., Western Mindanao State university

² Jumail, Esa Jr., H., College of Public Administration and Development Studies

³ Shinozaki, Shigehiro and Rao, Lakshman Nagraj, COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises under the Lockdown: Evidence from a Rapid Survey in the Philippines (March 18, 2021).

recovery stage six months after the shutdown in March, but MSMEs are still struggling with a steep decline in demand and earnings. In the case of Zamboanga city which consist of 98 coastal and mountainous barangays, fish and fish products, processed fruit, coconut-based goods, shell and rubber products, wooden furniture, and fish are among Zamboanga's main exports; rice is an import. The city is a hub for Moro bronze and brass goods and a gathering place for shells, which, if not exported, are primarily used for domestic button production. Interisland and oceangoing vessels can dock at a big wharf. The city has an airport and serves as the Pan-Philippine Highway's southernmost point (Britanica, T., 2023). This description made the city a best locale for BMBEs and MSMEs. According to the Philippine Statistic Authority (PSA) the city is one of the highly urbanized cities in Mindanao and the basis for the measurement is the city's annual generated revenues. On 2020 Covid- 19 pandemic rack the country to include Zamboanga city. Thus, movement of goods and services to include the mobility of people was also hampered and the BMBEs and MSMEs were paralyzed. This academic paper will determine the impact of the pandemic to the people of Zamboanga who are engaged in BMBEs through the use of descriptive procedure of analyzing the gathered data.

The idea behind this study is to gain a deeper understanding of the existence of Barangay Micro Business Enterprise in barangays that would also assist the potential entrepreneurs to engage in business. Furthermore, understanding the functionality of Barangay Micro Business Enterprises and how benefits contribute to uplift the lives of the community and its beneficiaries considering that they are into business. Notwithstanding the impact of the COVID 19 to the latter. The study therefore, gives a two perspective; one (1) is how BMBEs work and how does benefiting the community, and two (2) how did the COVID 19 affected the functionality of these enterprises. This could be a basis for state actors and community leaders to stretched the capacity building not only on the side of BSBMes but also on the aspects of emergency situation.

➤ Zamboanga City is a Business Hub in Mindanao

Zamboanga City is one of the Philippines' oldest cities, having a rich history and distinct culture. In terms of land area and population, it is the third-largest city in the nation. The city is also a hub for economic activity in Mindanao, with an up-to-date airport and seaport acting as the region's main entry points for goods. It is known as the sardine capital of the Philippines and is also Western Mindanao's tourism center. Zamboanga City, known as "Asia's Latin City," is

significant economically and culturally, but up until recently, the city's local business climate was hindered by significant difficulties with business registration and the profusion of unregistered commercial premises. Additionally, to its yearly Doing Business Report, the International Finance Corporation (IFC) released its second sub-national 2011 Doing Business Report in the Philippines in December, which offers objective measures of business regulations and their enforcement across 183 economies. In a research comparing the business regulatory climate in 25 cities, Zamboanga City earned a strong sixth place. Given where things were in 2005, when The Asia Foundation launched its Transparent Accountable Governance (TAG) Project with funding from the United States Agency for International Development (USAID), this is a remarkable accomplishment. In 2005, obtaining a business license in Zamboanga City took 14 days (as opposed to just 2 days in other cities), as noted in the IFC study. The extra time was not included in the 14 days.

➤ *The concept of BMBEs*

The government, in its objective to strengthen Micro Business Enterprises in the country and provide more jobs, livelihood and a better quality of life for Filipinos has enacted Republic Act 9178, otherwise known as the “Barangay Micro Business Enterprises Act of 2002 providing incentives and benefits therefore, and for other purposes”.²The law is geared towards the development of the Filipino entrepreneurial spirit by providing a business environment. Along with this provision, the formulation of a Small and Medium Enterprise Development Council (SMED) is hereby created, to effectively spur the growth and development of small and medium enterprises throughout the country, and to carry out the policy declared in this act. The Council shall be headed by the Secretary of Trade and Industry as Chairman, and may elect from among them a Vice- Chairman to preside over the Council meetings in the absence of the Chairman. Barangay Micro Business Enterprises (BMBEs) refer 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). The above definition shall be subjected to review and upward adjustment by the SMED or Small Medium Enterprises Development Council, as mandated under Republic Act No. 6977, as amended by Republic Act No. 8289. The objective of the Republic Act No. 9178 is to promote economic development through providing *barangay* micro businesses the means to develop their entrepreneurial capabilities and skills. Also, it targets the informal sectors and underground economy in the local level to venture into the influence of economy. The government sees this as an opportunity to achieve economic harmony. Further, this will potentially generate more employment and possibly help lower poverty incidences in the country.

⁴ “Barangay Micro Business Enterprises Act of 2002”

➤ *Status of BSBEs in the City of Zamboanga*

Based on the records of the City Treasurers Office in Zamboanga City from year 2003 to 2015 a total of three hundred fifty-nine (359) individuals came to their office to register and was approved. To include, a total of thirty-three (33) new applicants were granted a Certificate of Authority operating as Barangay Micro Business Enterprise in year 2003, year 2004, a total of seventy-three (73) registered with forty (40) new applicants and thirty-three (33) existing. In the year 2005, a total of fifty (50) registered with ten (10) new applicants and forty (40) existing. Year 2006, a total of nineteen (19) were registered with nine (9) new applicants and ten (10) existing, year 2007, a total of twenty-four (24) registered with fifteen (15) new applicants and nine (9) existing. Year 2008, a total of twenty-two (22) were registered with seven (7) new applicants and fifteen (15) existing, year 2009, a total of twenty-one (21) were registered with eleven (11) new applicants and ten (10) existing. Year 2010, a total of eighteen (18) were registered with seven (7) new applicants and eleven (11) existing. Year 2011, a total of twenty-eight (28) were registered with twenty-one (21) new applicants and seven (7) existing. Year 2012, a total of twenty-one (21) registered as existing BMBE and no new applicants. Year, 2013, a total of twenty (20) were registered with five (5) new applicants and fifteen (15) existing. Year 2014, a total of nineteen (19) were registered with four (4) new applicants and fifteen (15) existing, year 2015, a total of eleven (11) were registered with three (3) new applicants and eight (8) existing. As of August, 2015, there are only 11 Barangay Micro Business Enterprises registered in their office to include Barangay Mercedes, Zone IV, Cabaluay, Victoria, Pamucutan, Cawit, Canelar, Guiwan and San Ramon. These incidents the BMBEs in Zamboanga city is being promoted and recognized.

➤ *During the COVID 19 Pandemic*

A plan has been put up by the Zamboanga City Chamber of Commerce and Industry Foundation, Inc. (ZCCCIFI)³ to mitigate the economic impact of the coronavirus 2019 (Covid-19) pandemic. In 2020, the ZCCCIF president, Pedro Rufo Soliven, stated that as the organization representing business and commerce in Zamboanga City, they are obligated to bring to the attention of the government, authorities, and beloved leaders the plight of businessmen, especially those in the medium, small, and micro enterprises. Moreover, he highly recommended actions that outlined in a resolution that the Chamber Board of Directors endorsed during a meeting on March 31, 2020 and one of the recommendations made by the ZCCCIFI is for the Banko Sentral ng Pilipinas (BSP) to order private financial and banking institutions to increase the loanable amount for entrepreneurs in the city. The local administration has also been asked to "waive business taxes for all enterprises for one year, starting this 2020 until December 31, so that businesses can channel monies to aid their employees in need, buy personal protective equipment, and rebuild their operations. Additionally, ZCCCIFI requested that the local government waive real property taxes for all commercial and

⁵ Zamboanga City Chamber of Commerce and Industry Foundation, Inc. (ZCCCIFI)

industrial properties for the entire year, especially for small firms, and reduce land taxes by 20% for the following three years. The organization has also requested that the Department of Education (DepEd) "move all primary and secondary school openings to September, or align and synchronize it with the opening of tertiary educational institutions, so that parents can rebuild savings for enrollment, and students can enroll in higher-quality programs."

II. METHODOLOGY

This study used descriptive research design to assess the Barangay Micro Business Enterprise in selected barangays of Zamboanga City through the use of questionnaire and interview guide. This study was conducted in Zamboanga City but limited only to 11 barangays to wit; Barangay Mercedes, Zone IV, Cabaluay, Victoria, Pamucutan, Cawit, Canelar, Guiwan and San Ramon under Barangay Micro Business Enterprises where the registered Barangay Micro Business Enterprises are located. Probability sampling method was used in selecting the respondents through stratified sampling technique. First, the researcher got the list of Barangay Micro Business Enterprises from the Zamboanga City Treasurers Office. There are eleven (11) existing Barangay Micro Business Enterprises in Zamboanga City. All or 100% of the Barangay Micro Business Enterprises shall be taken as sample. Equal proportion of each Barangay Micro Business Enterprises shall be used as respondents to include: one (1) entrepreneur, two (2) employees, and three (3) consumers per Barangay Micro Business Enterprise and a key informant from Small Micro Enterprise Development (SMED) Council with a total of 67 respondents. The researcher used Interview Guide to gather data from the respondents. The researcher asked permission from the respondent of selected barangay operating Barangay Micro Business Enterprises through a request letter where the data gathering conducted. The researcher asked specifically the entrepreneurs, employees and customers for their approval and consent to be interviewed and when granted, the interview will take place. For the key informant, same procedure had undergone. Data Analysis was quantitative-qualitative design.

III. RESULT

➤ *The Socio-Demographic Profile of Key Informant during the interview*

The key informant of the study is a female and college graduate who is already engaged Barangay Micro Business Enterprise for eleven (11) years and a part of Small Micro Enterprises Development (SMED) Council as Registration Officer under the City Treasurers Office. Accordingly, her experiences in BMBEs before the pandemic involves various activities such as production, distribution, trading, services and manufacturing of goods and services that are saleable in the area.

➤ *Level of Functionality of Barangay Micro Business Enterprises*

The level of functionality of the Barangay Micro Business Enterprises prior to the pandemic is under Progressive level with a rating of twenty-one to fifty (21-50%) percent which connotes a gradual progress in the performance of the duties and responsibilities of the cooperatives.

➤ *Factors Affecting the Level of Functionality during the COVID-19*

The level of functionality of Barangay Micro Business Enterprises, revealed that enterprises who registered as Barangay Micro Business Enterprises prior the effects of the pandemic complied with all the given requirements to avail the Certificate of Authority to operate in the barangays. The assessment of the enterprises to start the business may vary upon the recommendation of the City Treasurers Office. In addition, the enterprises activities help strengthen the local economy and assesses to ensure the progress of Barangay Micro Business Enterprises in the barangay. On the other hand, in 2020 the gradual impact of the pandemic to BMBEs and MSMEs felt by the cooperative members. As to assess on the capacity and capability of the enterprise to operate and seeing to it that the functionality of organization will be maintained and sustained even during the pandemic or any eventualities may arise.

Therefore, the reason for the level of functionality of Barangay Micro Business Enterprises was reverted the program from progressive to unprogressive level. Other actors were recorded such as the individual applying for membership were not able to comply for all the necessary requirements as registered enterprise due to the limited transactions brought about the health protocols of the local government units.

➤ *The BMBEs strategies to improve the socio-economic condition of its beneficiaries*

On the perspective of the key informant, beneficiaries of BMBEs preferred to make their transaction through the use of online platforms but still the initiatives did not already help them surpassed the losses incurred by the impact of Covid-19. Moreover, online marketing during the pandemic helped them cope with the demands of the environment.

IV. DISCUSSION

The pandemic in general perspective was seen to be detrimental to the enterprises as based from empirical data gathered during the series of interviews and FGDs. On the other hand, this effect was only experienced in the beginning and in the mid outbreaks of the disease. As the time being various strategies especially in the business and economic structure like in the Philippines were able to cope using modern tools such as the mass medical, social media and other internet application available. When business face its downfall during the pandemic, strategies were also established and innovated. The ease of doing business become evident especially in government transactions and in Small Scale Businesses in the city or municipality.

V. CONCLUSION

The pandemic has greatly impacted the economy all over the world especially those in the micro small medium-scale enterprises sectors like in the Philippines. Moreover, Zamboanga City's Barangay Micro Business Enterprises (BMBEs) were able experienced problems such as loss of capital and income generation activities that supposed to aid their needs especially in the difficult time like the pandemic. On the other hand, people of Zamboanga were able to establish strategies to cope with their problems through the use of social media applications and other internet related platforms. Therefore, a further study on the most effective social media application that is relevant to the functionality of the BMBEs is hereby recommended.

REFERENCES

- [1]. Amoyan, Christele J. "How BMBE law targets Micro Entrepreneurs", Entrepreneur Philippines, Inc., May 8, 2014, accessed September 1, 2015, <http://www.entrepreneur.com.ph/startup-tips/how-bmbe-law-targets-micro-entrepreneurs>)
- [2]. Barangay Micro Business Enterprises (BMBEs) Act of 2002, "Guide to R.A. 9178", Department of Trade and Industry, March 9, 2006.
- [3]. Britannica, T. Editors of Encyclopaedia (2023, June 14). Zamboanga City. Encyclopedia Britannica. <https://www.britannica.com/place/Zamboanga-City>
- [4]. Guide to R.A. 9178: Barangay Micro Business Enterprises (BMBEs) Act of 2002. Makati City. BMBE Publication. August 2009.
- [5]. Magkilat, Bernie, "Micro business law fails take off due to LGUs' stringent requirements," Manila Bulletin, March 18, 2014, accessed September 1, 2015, <http://www.mb.com.ph/micro-business-law-fails-take-off-due-to-lgus-stringent-requirements/#L6hpPMbV8VCuSKpc>.
- [6]. PNA, "Govt pushes growth of MSMEs in Zamboanga," Manila Times, August 21, 2015, accessed September 1, 2015, <http://www.manilatimes.net/govt-pushes-growth-of-msmes-in-zamboanga/211676/>
- [7]. Vol. 1 of Philippine of Encyclopedia of Social Work. 2000 edition. Quezon City. National Association of Social Worker Education, Inc. 2000.
- [8]. Shinozaki, Shigehiro and Rao, Lakshman Nagraj, COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises under the Lockdown: Evidence from a Rapid Survey in the Philippines (March 18, 2021). ADBI Working Paper 1216, Available at SSRN: <https://ssrn.com/abstract=3807080>