

Research Article

Policy Intent vs. Grassroots Reality: A Qualitative Look at BMBE Incentive Awareness and Utilization in Olongapo City, Philippines

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ABSTRACT

While the Barangay Micro Business Enterprises (BMBE) program aims to uplift grassroots entrepreneurs, its local execution often falls short. This case study evaluates how micro-enterprises and informal workers in Olongapo City, Philippines, actually engage with BMBE incentives, focusing on tax exemptions, credit pathways, and technical support. Gathering firsthand data through in-depth interviews with participants from Asinan, East Bajac-Bajac, and East Tapinac, the study uses content analysis to evaluate business growth and livelihood shifts. The data reveals a stark gap: despite surface-level awareness, deep understanding and actual program utilization remain low due to uneven information drives, weak local government unit support, and confusing registration steps. Conversely, entrepreneurs who successfully tapped into these benefits reported notable gains in capital and operational stability, proving the program works when accessible. To bridge this divide, local government units must simplify registration pipelines, actively involve barangay leaders, and synchronize implementing agencies to build an inclusive economic safety net.

Keywords: *Barangay Micro Business Enterprises (BMBE) Act of 2002 (Republic Act No. 9178), Incentives, Informal Sector, Local Government Unit (LGU), Minimum Wage Law, Micro-Enterprises (MEs), Tax Exemption*

Introduction

Micro, Small, and Medium Enterprises (MSMEs), which account for more than 90% of businesses in the Philippines, are of tremendous importance to the country's economy, as they provide the majority of jobs. Micro-enterprises drive localized economic development. By anchoring everyday community-level

commerce, these small operations collectively generate vital employment opportunities, curb poverty rates, and diversify local services. Yet, sustaining this growth remains difficult. Small business owners routinely struggle against severe operational headwinds, including restricted funding channels, steep overhead costs, intense market competition, and heavy

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regulatory barriers. These burdens weigh heavily on informal, self-employed workers who find it nearly impossible to navigate formal business registration, complex tax compliance, and rigid labor mandates. Consequently, these structural roadblocks stall the formalization process and cap their long-term scalability.

The Philippine government enacted Republic Act No. 9178, commonly known as the Barangay Micro Business Enterprises (BMBE) Act of 2002, to support the growth of micro-enterprises in the country. Through this law, registered micro-businesses can enjoy several incentives, including income tax exemption, flexible wage arrangements, and easier access to credit, technical training, and marketing assistance. The underlying goal of the BMBE law is to help small business owners sustain their operations over time and eventually transition into the formal economy through consistent implementation and adequate government support.

One of the most practical benefits under the BMBE Act is the income tax exemption. Figueroa's (2018) study in Tarlac City found that micro-businesses who successfully obtained their BMBE certification were able to retain more of their earnings and reinvest them back into their operations. However, not all businesses managed to take advantage of this—some failed to secure certification, leaving the benefit out of reach. On the labor side, the law also exempts BMBEs from the Minimum Wage Law, giving owners flexibility in how they compensate employees. Interestingly, Figueroa (2018) noted that many of these businesses still voluntarily provided standard labor benefits to their workers despite not being required to do so.

Access to credit plays an important role in the growth of micro-businesses. A study conducted in Victoria, Laguna found that registered micro-enterprises were able to use special loan programs, which helped improve their income and business growth (Bringas & Almario, 2023). Aside from financial assistance, registered BMBEs may also receive training, technical support, and marketing assistance. According to Bringas and Almario

(2023), these programs helped improve productivity and competitiveness by providing business owners with valuable knowledge and skills.

The BMBE Law requires local government units to simplify the registration process for microbusinesses. However, challenges in implementation still exist. Figueroa (2018) found that many business owners were not fully aware of the provisions of the law, preventing them from accessing its benefits. The law also grants exemptions from certain local taxes and fees. In Tarlac City, these incentives helped strengthen the financial condition of micro-enterprises (Figueroa, 2018). Through these forms of support, the BMBE Law aims to encourage business growth, reduce poverty, and contribute to local economic development.

Despite these benefits, many micro-enterprise owners remain unaware of the law or are unable to take full advantage of its incentives. Limited access to information, complicated registration procedures, bureaucratic delays, and insufficient government communication continue to prevent many entrepreneurs from benefiting from the program. Even among businesses that manage to register, incentive utilization varies wildly, casting doubt on the law's overall efficacy. This underscores the necessity of evaluating how BMBE Law is implemented on the ground and whether it truly drives sustainable growth for informal enterprises.

Currently, the Department of Trade and Industry (DTI) relies on Facebook to promote the program, averaging just five to six posts a year, explaining its purpose, qualifications, and benefits. While this shows some effort to spread the word, it raises the question of whether such limited and periodic posting is sufficient to reach and educate a massive entrepreneurial audience. Given how fast social media feeds move, occasional posts fail to sustain visibility. Consequently, the target audience remains largely uninformed, proving that current promotional tactics lack the consistency required for meaningful impact.

This concern is further supported by recurring feedback from Facebook users on separate posts, such as:

“BMBE is a trap; it becomes expensive at the end of the year with many BIR requirements to comply with” (comment under a July 1, 2025 post)

“We have this, but there is no support on how we can learn to use it, and our business is not gaining any benefits” (comment under a February 26, 2026 post).

These comments reflect confusion, dissatisfaction, and a perceived lack of support despite being registered under the program. Notably, even with nearly a one-year gap between July 1, 2025 and February 26, 2026, similar sentiments continue to appear, suggesting that these issues are not isolated but persistent over time. This pattern highlights a gap between information dissemination and actual understanding or utilization of the program.

This study aims to assess the impact of the BMBE Law on the growth and livelihood of micro-enterprises. It focuses on the level of awareness of micro-enterprise owners regarding the law and the extent to which they utilize its incentives. Specifically, the study examines its effects on business expansion, financial performance, employment generation, and access to government support. By identifying the challenges micro-entrepreneurs face and analyzing their experiences in availing BMBE benefits, this research seeks to generate insights that may help improve the implementation of the BMBE Law. Ultimately, the findings will serve as a basis for policy recommendations and strategic interventions to strengthen support for micro-enterprises as vital drivers of inclusive economic growth and development.

Related Literature

The Barangay Micro Business Enterprise (BMBE) Law or Republic Act No. 9178, enacted in 2002, aims to support micro-enterprises by providing fiscal and non-fiscal incentives designed to ease initial financial constraints and stimulate business growth. Despite its pro-poor stance, current iterations show inconsistent implementation and low awareness, especially in the local level. In order to evaluate how well the policy is implemented in practice and its perceived results, a number of studies

conducted in the Philippines have looked at the law's awareness, utilisation, and efficacy across various regions, concentrating solely on micro-enterprises registered under the BMBE framework. Although the BMBE Law has been largely seen as positive, there are significant obstacles to its implementation.

According to Manipol (2023), recipients thought the law's two main incentives were quite effective, suggesting that the legislative goals were partially met. However, Codon (2025) highlighted the limited understanding and underutilisation of incentives among BMBEs in Gubat, Sorsogon, where the majority of businesses were unable to access institutional support programs and technical assistance. In a similar vein, Garambas and Pinosan(2021) noted that local government representatives and microbusiness owners in La Trinidad, Benguet, were either ignorant of the law or only partially aware of it, and that its application was often seen as insufficient or weak. Carpio-Aldeguer (2015) blamed uneven policy enforcement for Metro Manila's limited application of the ordinance in various cities.

Alera, Evangelusta, and Cipriano (2023) discovered that BMBE incentives had a major impact on capital accumulation and job creation at the regional level, but they had little effect on profit maximisation in Bataan. Together, these results highlight the necessity of more robust awareness efforts, uniform policy enforcement, and focused local-level interventions to maximise the BMBE Law's influence on the growth of microenterprises in the Philippines. Evidence from around the world shows comparable patterns of results and limitations in the application of incentive-based strategies for micro and small businesses.

Studies on government incentives and support programs in Indonesia revealed increases in productivity, capitalisation, and business sustainability; however, full utilization of these advantages was limited due to administrative complexity and low awareness (Kaharuddin, Rahman, & Hidayat,2024). In Nigeria, Obafemi, Adeyemi, and Ogunleye (2021) found that tax incentive policies positively affected business growth, employment

generation, and the financial performance of small and medium enterprises; however, weak institutional coordination and inadequate dissemination of policy information persisted as major barriers, particularly for smaller and informal firms. Similarly, Twesige and Gasheja (2019) established a strong positive relationship between tax incentives and SME growth in Rwanda, with firms reporting increases in sales, profitability, and operational capacity; nonetheless, compliance requirements and limited access to technical assistance posed challenges for micro and small enterprises.

Overall, both local and international studies indicate that while incentive-based policies such as the BMBE Law can enhance capitalization, employment, and enterprise growth, their effectiveness is frequently undermined by inconsistent implementation, limited awareness, and administrative constraints. These findings suggest that strengthening information dissemination, improving local-level enforcement mechanisms, and aligning policy implementation with institutional capacities are critical to maximizing the intended impact of micro-enterprise support laws, particularly in developing economies.

Placed side by side, the Olongapo case and its Nigerian, Rwandan, and Indonesian counterparts point to a common structural pattern rather than a uniquely Philippine failure: in each setting, the incentive itself was rarely the problem, but the institutional machinery meant to deliver it was. Obafemi et al. (2021) traced the Nigerian shortfall to weak coordination among the agencies tasked with administering tax relief, which is structurally similar to the fragmented roles of the DTI, BIR, and Barangay offices observed in this study, none of which appears to hold clear, singular accountability for BMBE outreach in Olongapo. Twesige and Gasheja (2019) found that even where Rwandan SMEs understood and valued the incentive, compliance and documentation requirements absorbed the gains, a dynamic that mirrors the registration ordeal described by Participant 2, who lost working hours and multiple trips to processing rather than any lack of will to register. The Indonesian case (Kaharuddin et al., 2024) suggests that

administrative complexity, not awareness alone, caps utilization even where promotional activity exists, which is consistent with the Olongapo finding that some participants knew of the BMBE Law yet still could not translate that awareness into registration or use of its incentives.

What distinguishes Olongapo, however, is where in the implementation chain the breakdown occurs. In Bataan, Alera et al. (2022) attribute stronger uptake to proactive local government initiatives that physically bring information to entrepreneurs; in Olongapo, by contrast, the DTI Facebook page functioned as the default outreach channel, and several participants in this study, including the photographer who attended a seminar by chance and the entrepreneur who learned of the BMBE Law only after being tax-mapped, describe access to information as a matter of circumstance rather than design. This suggests that the Philippine gap is less about whether incentives exist on paper, which is the focus of most prior local studies, and more about the absence of a designated, accountable channel at the Barangay level for converting national policy into something a sari-sari store owner can act on without sacrificing a working day. Read together with the Nigerian, Rwandan, and Indonesian evidence, the persistence of the gap across such different economies suggests that the BMBE Law's incentive design is not the binding constraint; the binding constraint is the absence of a single, well-resourced intermediary, whether a Barangay desk, an LGU one-stop shop, or a similar mechanism, tasked specifically with closing the distance between the statute and the micro-entrepreneur.

Theoretical Framework of the Study

The study's theoretical framework is based on the following theories:

Subsidiary theories (Brody, 2010) Income tax exemptions serve as an output subsidy, allowing companies to retain a larger share of the operational excess. The formalization of small scale enterprises as stated in the BMBE Law, enables such business entities to operate outside of the bounds of tax laws and regulations, therefore promoting an increase in

profits through cost reduction and allowing for increased investment into future company development. The BMBE Law also promotes the formalization and growth of informal businesses through tax breaks to micro-enterprises, thus increasing economic activity.

In addition, the BMBE Law offers various forms of support to micro-businesses through training opportunities provided by government agencies, and educational services related to financial knowledge and management techniques to both business owners/entrepreneurs and employees. Accordingly, employees and business owners have been equipped with skills necessary for successful operation of these firms. Moreover, the Bargaining Theory of Wage Determination (Davison, 1898), explains how wages are established through bargaining between employee and employer; this theory is relevant when considering why some businesses may be able to pay lower wages than others based on differing levels of employer-employee bargaining power. In order to provide registered businesses with greater flexibility in determining what they would like to pay their employees in terms of wages, the

BMBE Law has excluded registered businesses from the requirement to meet a minimum wage standard. Therefore, registered businesses can establish employee compensation based upon their ability to afford it, while maintaining the provision of health care and job security benefits for employees. As a result, registered businesses will have reduced labor expenses, even during times of financial difficulty.

Further, Keynesian Economics emphasizes the use of government policies as a means of stabilizing the overall economy (Keynes, 1946). Since the BMBE Law represents a state initiated policy supporting micro-businesses, it acknowledges the role that micro-businesses play in producing capital, creating employment, and reducing poverty. Through offering financial incentives and flexibility in regulation, the BMBE Law encourages the growth of micro-businesses thereby stimulating economic development and resilience.

Conceptual Framework of the Study

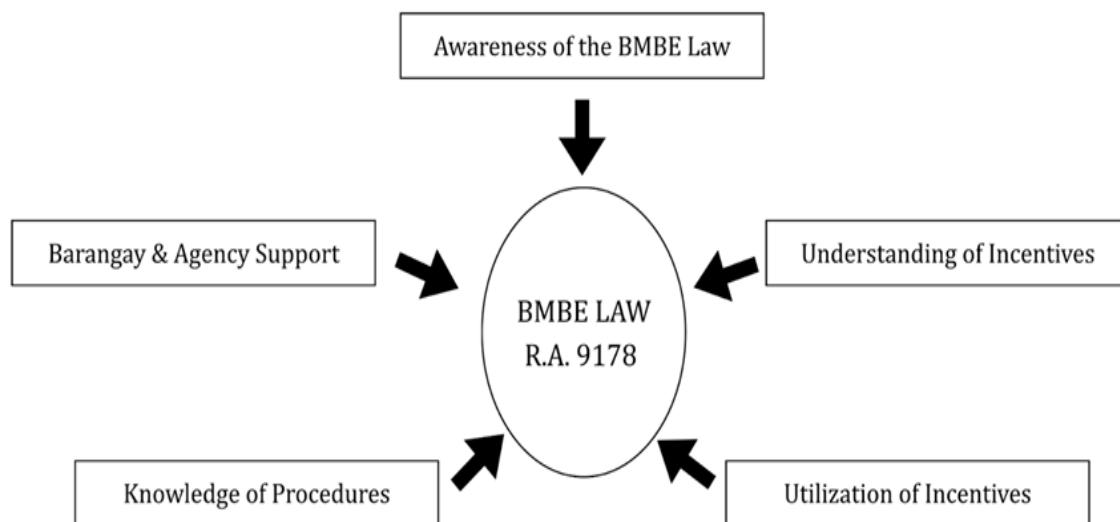


Figure 1. Conceptual Paradigm of the Study

The law on micro-business and enterprise development (BMBE) is a legislative framework that provides incentives for government support to micro-enterprises.

Important processes surround this core of the law. These process includes knowledge of registration requirements/procedures; knowledge of the terms and incentives of the law; level of institutional/support at the barangay level; and use of the BMBE incentive system.

Statement of the Problem

Statement of the Problem This study explores the mechanisms that influence the awareness, access and use of incentives under the BMBE Law in microenterprises.

These procedures culminate in the BMBE Law, which states that knowledge and use are required conditions that influence how access and experience the law rather than outcomes for intended beneficiaries. It examines companies' use of BMBE incentives in terms of awareness, understanding of incentives, familiarity with registration. procedures and support from agencies and barangays. The study also examines the use of these incentives in relation to business and economic conditions.

To achieve this goal, the study attempts to answer the following research questions:

1. How do BMBE-registered enterprises describe their awareness of the BMBE Law?
2. How do BMBE-registered enterprises describe their understanding of available BMBE incentives?
3. How do BMBE-registered enterprises experience the registration procedures required under the BMBE Law?
4. How do Barangay and agency support shape micro-enterprises' engagement with the BMBE Law?
5. How is the utilization of BMBE incentives experienced by registered enterprises in relation to business capitalization, expansion, employment, and livelihood outcomes?

By addressing these questions, the study aims to generate in-depth insights into how micro-enterprises interact with the BMBE Law and relate incentive utilization to their business and economic realities.

Scope and Delimitation of the Study

It determines how well business enterprises registered under the BMBE Act know about and are using the incentives offered in the law, such as tax breaks, access to low-interest capital, and other development support facilities.

It also determines the barriers faced by enterprises covered by the BMBE Act in terms of access to the incentives, and how local government units (LGUs) and other agencies disseminate and implement BMBE programs.

Information is gathered through interviews and secondary data analysis in selected Barangays in order to give a more localized analysis. This study is confined to three Barangays of Olongapo City which are Asinan, East Bajac-Bajac and East Tapinac. Since The findings of this research are limited to the three Barangays involved in Olongapo City, therefore, they can't be used to represent the broader national picture. Each Barangay was selected based upon their higher than average numbers of micro-enterprises and their more active informal economies.

They were selected based upon their representation of both formal and informal economic activities. The three Barangays included the commercial-urban and residential areas. According to preliminary data from related offices, each of the three Barangays have different levels of BMBE program participation. For example, Barangay Asinan, which is located in a coastal area, includes a public market that continues to operate, as well as several micro-enterprises including food kiosks, food eating places, and sari-sari stores serving local residents and other communities. In contrast, Barangay East Bajac-Bajac has a large population of residents and commercial and residential areas. This Barangay is also characterized by street vendors, home-based establishments,

and numerous small retail stores. The third Barangay is East Tapinac, whose contribution to the regional economy is significant through the variety of micro-enterprises (food, repair services, etc.), and those who live there for community lifestyle.

This study was conducted to examine the effects of BMBE policies on this program. It did not intend to evaluate the BMBE laws themselves nor did it propose changes to any provisions in the BMBE laws. Instead of providing complete information regarding this topic, this study aims to present pertinent data and insight to assist policy makers, government agencies, and small business owners in making decisions to enhance access to the BMBE Program.

Methods

The utilization of a semi-structured interview format ensured consistency across interviews while allowing flexibility in probing and clarifying responses. The purpose of open-ended queries was to motivate participants to express their interpretations, experiences, and the specific contexts in which they conducted their activities.

Specialists from the Department of Trade and Industry (DTI) – Zambales scrutinized the interview guide to ascertain that it is clear, pertinent, and aligned with the intent of the BMBE Law. Feedback from these experts helped polish the tone, sequencing, and accessibility of the questions, including their translation into the respondents' national language, Filipino, to enable them to comfortably express their insights.

This study is based on the research design model created by Creswell and Creswell. This framework guides the selection of the philosophical lens, the research approach, the qualitative design, the role of the researcher, and the sampling methods. By relying on Creswell's widely accepted Research Design manual, the study secures a systematic structure for qualitative analysis, maintaining methodological rigor from start to finish. Following this pattern ensures that the study satisfies established

academic benchmarks through logical, well-grounded strategy.

Philosophical Worldview

The study operates under a constructivist worldview, which assumes that individuals build unique, subjective meanings from social circles, cultural environments, and life experiences, Creswell (2018) observes that constructivism works best when researchers want to explore how participants interpret phenomenon, rather than testing pre-determined variables or theories. Individuals in the informal sector and micro-entrepreneurs may have different views and experiences regarding BMBE Law, especially in terms of how it affects their business and interactions with the local government offices. Because of these differences, this study focuses on the actual experiences and perspectives of the participants. The researchers considered different viewpoints and used inductive analysis to identify common themes from data gathered.

Research Approach

This study uses a qualitative research approach based on the constructivist paradigm. According to Creswell (2018), qualitative research is appropriate for exploring issues in depth and understanding situations where limited information is available. Since this study aims to examine how BMBE incentives are understood, interpreted and utilized by micro and small business owners, detailed and context-based data are needed. A qualitative approach allows the researchers to better understand the experiences and perceptions of participants regarding BMBE law.

Research Design

This study employs an instrumental case study design. Creswell describes a case study as the examination of specific setting or system within real-life context. In this study, Olongapo City serves as the case through which the researchers explore the implementation of the BMBE Law.

To gain a clearer understanding of the experiences of business owners, the study

focuses on the barangays of Asinan, East Bajac-bajac, and East Tapinac. These areas provide valuable insights into the awareness, utilization and challenges experienced by micro and small business owners regarding the BMBE Law.

Role of the Researcher

In keeping with Creswell's principles for qualitative studies, the researchers act as the main instrument for collecting the interpreting data. This involves interacting directly with participants, leading semi-structured interviews, observing local conditions, and analyzing textual data through thematic analysis. The researcher acknowledges potential biases and reflexivity, recognizing that personal experiences and prior understanding of micro-enterprise development may influence interpretation. Measures such as bracketing, maintaining analytic memos, and employing verbatim participant accounts help ensure neutrality throughout the study.

Research Participants and Sampling Procedure

The participants of this study consist of registered and potential BMBE beneficiaries, including micro-enterprise owners and informal-sector participants operating within the three selected barangays in Olongapo City.

A purposive sampling strategy was used, consistent with Creswell's guidance for qualitative studies seeking information-rich cases. Participants were selected based on the following criteria:

1. Ownership or operation of a micro-enterprise within the identified barangays;
2. Either registration under the BMBE program or potential eligibility for BMBE incentives;
3. Willingness to articulate experiences and perceptions related to the BMBE Law.

The chosen participants are thus capable of providing detailed insights into the awareness, utilization, and perceived impacts of BMBE incentives.

Data-Collection Procedure

Formal approval was obtained from the appropriate institutional authorities prior to data-collection. Participants were approached directly and informed about the study's purpose. Data-collection involved individual, face-to-face semi-structured interviews. With participants' informed consent, interviews were audio-recorded to ensure accurate documentation of responses.

Interviews were conducted in either English or Filipino, according to each participant's preference, to promote comfort and authenticity in their responses. Each interview session lasted approximately 5–15 minutes.

Probing techniques were employed during interviews to clarify meanings and encourage participants to elaborate on their responses. Additionally, field notes were recorded to capture pertinent contextual observations and nonverbal indicators. Audio recordings were transcribed verbatim, and these transcriptions were reviewed alongside field notes to ensure completeness and contextual accuracy.

Data Analysis

The textual data collected during the investigation were meticulously analyzed using a qualitative content analysis approach.

The analysis followed these steps:

1. Familiarization – Repeated reading of transcripts to gain a holistic understanding.
2. Open Coding – Identification of meaningful units of text relevant to the research questions.
3. Categorization – Grouping similar codes into broader categories.
4. Content Development – Developing, refining, and structuring the significant responses to produce clear and meaningful categories of information.
5. Interpretation – Linking emergent themes to the conceptual framework and related literature.

The coding process was inductive, enabling themes to emerge directly from the data

rather than relying on predetermined categories.

To enhance analytical rigor, representative quotations from participants were retained to substantiate content interpretations and to preserve the authenticity of participants' perspectives.

Establishing Trustworthiness

The researchers used the standards of trustworthiness that are commonly applied in qualitative research to ensure the study's rigor. The framework followed the guidelines from Yvonna Lincoln and Egon Guba to establish the validity of their findings through the establishment of trustworthiness; specifically through credibility, transferability, dependability and confirmability.

A pilot interview prior to beginning the first phase of data collection took place to evaluate the flow and clarity of the interview guide. This process added strength to the study's credibility as established by Lincoln and Guba.

Credibility

Credibility is based on whether or not the study's findings are reliable and plausible. Credibility can be enhanced when using an interview guide. A researcher has the ability to enhance credibility by having an expert examine the interview guide for clarity of the questions posed and relevance to the purpose/goals of the study and allow for pilot testing where unclear portions of the guide are identified.

Having experts review the interview guide allowed the researchers to verify that each question would be interpreted in the same manner by each participant. Pilot testing assisted the researchers in confirming that participants were providing accurate and relevant answers to each question. As opposed to being reflective of the researcher's bias, the pilot test ensured that the instrument effectively captured the viewpoints of participants.

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Transferability

Transferability is defined as the extent to which research results could potentially apply to other environments/settings/circumstances. Transferability was further improved upon through establishing context-relevant questions within the pilot interview related to the BMBE Law and DTI- Zambales.

Transparency was also established by providing detailed descriptions of both the local government setting and participants in order to provide additional context for the reader to understand the environment in which this study took place.

In addition, to provide a basis for the reader to compare this situation with other situations; the conditions under which the program was implemented were explained. This information allows the reader to determine if the results may be applicable to his/her specific situation.

Dependability

Dependability concerns itself with the reliability or stability of the investigative processes. As per the pilot interview, the investigative process is reliable and can be replicated. Prior to collecting all of the data, the instrument was evaluated and modified by researchers who thoroughly assessed and improved the method

Documentation of the decisions regarding the sample and the process used to collect and develop the themes (coding) served to document the research process. Documentation of each stage of data collection, coding and theme development served to increase the clarity and ease of understanding of the data collection process.

Confirmability

Confirmability ensures that the findings are supported by participant responses and do not reflect researcher bias. An expert review, along with a pilot interview assisted in reducing researcher assumptions.

The instrument was validated by a DTI-Zambales Specialist, and its objectivity was tested during a pilot interview. The final version of the interview guide did not represent researcher interpretation but rather respondent input and professional opinion.

Through documentation of their assumptions and reflections at various points throughout the investigation, researchers demonstrated reflexivity to assist in addressing confirmability. For example, transcripts from interviews were maintained as raw data to support the study. Quotes directly from participants were also included in the presentation to illustrate that interpretations were based upon actual responses. The procedures employed in conducting data analysis were also carefully documented to demonstrate fairness and openness.

Ethical Consideration

To protect the rights and safety of everyone involved, we followed strict ethical rules. Before any interviews started, we got signed permission from every participant. Researchers made sure that participants completely understood the objectives of the study, how the interviews would work, and their right to stop or leave the study at any time without any trouble.

To keep the identities safe, researchers never used real names and gave everyone a distinct name in our reports. Personal information are handled strictly under the Data Privacy Act of 2012, making sure the data was safely stored and used only for school research. Audio recordings and written notes were locked away securely, and only the researchers could look at them. Finally we made sure the study did no harm, meaning participation did not hurt anyone's finances, feelings, or reputation.

Official ethical approval for this study was granted by the Research Ethics Review Unit (RERU) of Gordon College under protocol

code 0132/080525/Basa. Valid until August 5, 2026, this institutional clearance confirms that the study's data collection methods structural design. And protective measures meet rigorous academic and ethical benchmarks.

Results and Discussion

Awareness of the BMBE Law

The study reveals that while awareness varies by barangay, certain Olongapo City microbusiness owners and members of the unorganized sector are aware of the BMBE Law. Only few of the respondents are familiar with BMBE Law on how it works and the rewards that they will gain from it. Fifteen out of twenty (15 out of 20) are unaware of it or just did not really understand the benefits or they do not know the registration requirements and process.

Based on the experiences of the participants, it shows that BMBE seminars and promotions are being presented to chosen audience or certain people through invitations. One participant said:

"I only get a chance to know BMBE Law because they ask me to be the photographer on that seminar. They have invitations so if you don't have one, you will not get a chance to attend." (Participant 1, personal communication, August 2025)

This shows that since awareness depends if you are chosen to attend seminar or promotions instead of actively and intentionally informing the public that there is a law that will help their business grow through the benefits that it offers. According to Keynesian Economic Theory (Keynes, 1946), the lack of knowledge on BMBE Law shows the deficiency in intervention on the part of local government. BMBE Law is a state-driven program or law that is designed to help micro-businesses so intentional and active dissemination of information is essential to guarantee resilience and economic participation.

The findings are aligned with Codon (2025) in Gubat, Sorsogon, Codon discovered that micro-entrepreneurs still has a low understanding of BMBE incentives because the information dissemination that they are doing is

still not enough. Similarly, Figueroa (2018) in Tarlac he found that there is only a low awareness and it shows that lack of information dissemination is always been the problem.

The results, however, are different from those of Alera et al. (2022) in Bataan, where coordinated information dissemination and stronger local government actions led to increased awareness. On the other hand, Olongapo's uneven knowledge might be the result of fewer seminars and less aggressive promotion, which could account for some participants' chance encounters with the BMBE program.

The findings confirm Keynesian ideas that state intervention guarantees micro-entrepreneurs have access to the information they require for economic growth and demonstrate the importance of active local government for raising awareness.

Understanding of Incentives

The results demonstrate that participants' comprehension of particular incentives is still lacking, even among those who were aware of the BMBE Law. Participants frequently knew very little about tax exemptions but little about other perks like credit and training assistance.

Despite this incomplete knowledge, most respondents see the BMBE Law favorably. Participants agreed that, when used appropriately, incentives including income tax exemption, credit availability, and training support might favorably impact firm capitalization and financial stability. One participant who was familiar with BMBE listed the advantages she was aware of:

Participants view BMBE as an advantage for the beneficiaries if all the incentives are being accessed and if they were being fully aware of everything that it offers. One of the participants who is a little bit familiar with BMBE listed the incentives or benefits she knows:

"I knew that the benefits include tax exemption, minimum wage exemption and loans." (Participant 7, personal communication, August 2025)

After the interview, we explained and introduce BMBE Law, the advantages and benefits that they will get is a micro-business owners. One participant agreed that this law will truly help and said: "Wow, this law will be a big help to grow my business because as a small business owner, annual tax is a burden." (Participant 9, personal communication, August 2025)

Subsidy Theories (Brody, 2010) suggest a clear framework that tax exemptions is subsidy that allows micro-businesses to have more profit so that they can put it for their business expansion and maximize profit.

The results are aligned with Figueroa (2018), claimed the most of the micro-entrepreneurs only have a few knowledge of some of the incentives and did not know the other advantages it provides. Similarly, Codon (2025) found that even though businesses acknowledge BMBE tax exemption, they are still unaware of the other extra incentives.

On the other hand, Manipol (2023) found that BMBE registered micro-entrepreneurs see the incentives are effective and they show higher level of knowledge. We can see in here that being BMBE registered may help the micro-entrepreneurs to enhance their knowledge and understanding about BMBE and that is the reason why Olongapo micro-entrepreneurs lacks understanding of this program, it is because of low participation.

The results implies that entrepreneurs who fully comprehend or value the benefits of being a BMBE registered are less likely to register.

Utilization of Incentives

The BMBE program was not widely used in Olongapo City, as evidenced by the small number of participants who enrolled or applied for its incentives. Practical limitations were mentioned by a number of participants as significant obstacles to registration. One participant clarified:

"When I was tax-mapped, I discovered the BMBE. I was told to register in order to avoid paying taxes on the money I made from sari-

sari stores. But I had to spend hours digesting it and make multiple journeys. It was a lengthy process. I was unable to simply walk out of my store (Participant 2, private correspondence, August 2025).

This demonstrates how administrative needs and regular company activities clash. According to Subsidy Theory (Brody, 2010), these obstacles restrict microbusinesses from taking full advantage of tax benefits. These incentives have the potential to boost operational surplus and facilitate expansion if they are accessed.

These results largely align with those of Codon (2025), who likewise noted low use as a result of procedural challenges and a lack of understanding. In a similar vein, Figueroa (2018) discovered that despite the availability of incentives, very few micro-enterprises registered.

On the other hand, Bringas and Almario (2023) discovered that registered BMBEs in Laguna had better financial stability and profitability. This illustrates the possible effects of use. Additionally, Manipol (2023) verified that the initiative was deemed successful by registered BMBEs. This highlights the disparity between Olongapo's potential and actual utilization. Micro-entrepreneurs in Olongapo do not completely benefit from BMBE incentives due to low utilization. Only when people utilize them do subsidies function.

On the other hand, Bringas and Almario (2023) found that the BMBE registered micro-entrepreneurs in Laguna had a better cash flow or profit. This is because of the effects of use of the incentives and advantages it provides. Additionally, Manipol (2023) verified that the initiative was successful by registered BMBEs. This shows the difference between Olongapo's potential and actual utilization. Micro-entrepreneurs in Olongapo do not actually benefit from BMBE incentives because of low utilization. So only those people who fully utilize it properly will really gain from it.

Knowledge of Procedures

The findings show many participants did not know registration procedures or requirements. They found the process time-

consuming and hard to understand. These difficulties caused delays and discouraged participation.

This finding agrees with Codon (2025), who found that documentary requirements and administrative procedures are major obstacles to registration. Figueroa (2018) also noted that complex procedures discouraged micro-entrepreneurs from applying for BMBE certification.

Procedural difficulties mean that, even if incentives are available, practical implementation of BMBE policies is limited. Bureaucracy can undermine policy effectiveness. This also aligns with Keynesian principles (1946): government interventions should be accessible at the grassroots level to stimulate micro-enterprise growth.

Barangay and Agency Support

The findings suggest that support from Barangays and agencies in Olongapo is quite limited. Local authorities offer little direct guidance, and systematic outreach is virtually non-existent. Instead of learning about the BMBE program through structured government initiatives, participants mostly stumbled upon it through isolated, one-off events. The systematic confusion is clear in how business owners view the policy's reach; as one entrepreneur noted, "Yes, but it needs to be revised so that the power of BMBE is absolute, even if the goods are traded anywhere" (Participant 3, personal communication, August 2025).

This sentiment lays bare the widespread confusion surrounding how these incentives actually work in practice, pointing directly to inconsistent local enforcement. Such gaps validate the arguments of Abaquita, Hinayon, and Adriatico (2024) who argue that micro-enterprise programs inevitably stall without tight government coordination and active support. Codon (2025) echoes this necessity, reinforcing that grassroots awareness and actual program enrollment depends entirely on hands-on backing at the barangay level. In Bataan, Alera et al. (2022) observed that strong institutional backing directly drove up local awareness and engagement. Conversely, the minimal support found in Olongapo explains why both

recognition and actual use of the program lagged behind.

This disparity ties directly into Davidson's (1898) Bargaining Theory of Wages. Because BMBE-registered businesses are legally exempted from the minimum wage, active guidance from barangays and local agencies is vital. This support helps owners design wage structures that stay flexible yet fair, protecting both the business's bottom line and the workers' livelihoods. Without clear agency guidance, however, micro-entrepreneurs struggle to navigate this regulatory leeway, leaving them anxious about labor compliance and employee security.

Conclusion

Ultimately, these findings show an absolute divide between what the BMBE Law promises and how it actually plays out on the ground in Olongapo City. It highlights a recurring issue in policy implementation: a law drafted to improve micro-enterprises through tax breaks and institutional aid falls short when local delivery and accessibility break down. The framework has the power to spur business growth and lift community livelihoods, but poor outreach, low adoption rates, and local bottlenecks choke its potential.

Right now, micro-enterprises and informal traders across the studied Olongapo barangays are missing out on the BMBE Law's intended benefits. While a few shop owners have heard of the program, actual enrollment remains remarkably low. This stems from a mix of weak information campaigns, confusing registration steps, and a lack of hands-on local backing. This friction highlights the ongoing disconnect between high-level policy goals and the day-to-day realities of its target beneficiaries. Yet, as studies by Manipol (2023) prove, when local authorities actually execute the law properly, the economic return for the community is real. However, findings in Olongapo show that these benefits remain largely inaccessible due to the limited participation of eligible businesses, preventing these incentives from creating a substantial impact. The study

further concludes that BMBE incentives have the potential to contribute positively to business capitalization, expansion, employment, and livelihood opportunities, but this potential is not fully realized under current conditions.

The comparison with Figueroa (2018) and Codon (2025) suggests that implementation challenges are widespread, while Alera et al. (2022) highlight the importance of proactive local government support. From a Keynesian perspective, this reinforces the need for active state intervention to ensure that micro-enterprise growth contributes to economic stability and poverty alleviation. Strengthening awareness and improving implementation mechanisms are therefore essential to bridging the gap between policy intent and grassroots reality and achieving the intended outcomes of the BMBE Law.

Taken together, the findings confirm that the BMBE Law is effective in principle but uneven in practice, reinforcing the central theme of the study: a persistent gap exists between policy intent and grassroots reality. This gap can be explained by the application of Subsidy Theories (Brody, 2010), Bargaining Theory of Wages (Davidson, 1898), and Keynesian Economic Theory (Keynes, 1946) across awareness, utilization, and support mechanisms.

Recommendation

Based on the study's results and conclusions, several recommendations are proposed to improve awareness, utilization, and implementation of the BMBE program, each tied to a specific institutional mandate rather than to coordination in the abstract. The Department of Trade and Industry (DTI), as the lead agency for BMBE registration, should establish or formally designate a standing registration desk within each Barangay hall, staffed on fixed days, so that entrepreneurs such as Participant 2 are not required to leave their stores for multiple trips to process a single application; this directly addresses the procedural burden identified in the Knowledge of Procedures findings. The Bureau of Internal Revenue (BIR) should issue a simplified, BMBE-specific compliance checklist distinguishing the requirements that

change upon registration from those that do not, responding to the Facebook comment describing the program as "a trap" because of unclear year-end requirements. The Department of Labor and Employment (DOLE) should provide Barangay-level guidance clarifying how the Minimum Wage Law exemption can be applied without compromising workers' security and benefits, since participants in this study associated the exemption with uncertainty rather than confidence. The Department of the Interior and Local Government (DILG) should require each Local Government Unit (LGU) to designate a specific BMBE focal office, with the City or Municipal LGU functioning as the convening body that schedules joint seminars with DTI, BIR, and DOLE rather than leaving outreach to isolated, agency-specific activities. The Philippine Information Agency (PIA), together with Barangay officials, should shift from the current reliance on periodic Facebook posts toward sustained, multi-channel communication, including barangay assemblies, market-based orientation sessions, and printed materials posted at public markets, to reach micro-entrepreneurs who, like several participants in this study, learned of the BMBE Law only by chance. Collaboration with student organizations and community groups may further extend this outreach and reduce awareness gaps at minimal cost to implementing agencies. Finally, future research is recommended to expand the scope of the study by including more Barangays or adopting a mixed-methods approach to further examine the long-term impact of BMBE incentives on business growth and livelihood outcomes.

Limitations

This study has several limitations. The sample size was limited to 20 participants, and the research was confined to three Barangays in Olongapo City, which may limit the generalizability of the findings. These limitations should be considered when interpreting the results.

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