

# Operations of Micro and Small Enterprises: Implications to the ASEAN Economic Community

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## ABSTRACT

Aldaba, Medalla, del Prado, and Yasay (2015) of the Philippine Development Institute of Studies said that Micro, Small, and Medium Enterprises (MSMEs) account for 99.6% of business in the Philippines while in the whole ASEAN, the Micro, Small, and Medium Enterprises was about 96%. This study aimed at describing the business operations of micro and small enterprises (MSEs) in Cabanatuan City and its implications on the ASEAN Economic Community (AEC). The MSEs' profile as to the type of business, number of years in business, asset size, and affiliation or membership to organizations was described. The business aspects of operations such as organization and management, marketing, technical/production, and financing were also described. In addition, the awareness of owners/managers of selected MSEs

on the AEC in terms of access to manpower, labor requirements, access to market, technology and innovation, and access to finances were also tackled. Problems on the business aspects of operations were determined. The overall output of the study is the proposed development agenda for the MSEs in Cabanatuan City. The descriptive method was used. A survey questionnaire was used for the data gathering, and Statistical methods used were percentage, frequency distribution, ranking, and weighted mean.

## **KEYWORDS**

Business Operation, Implications, Operations; Development Agenda, ASEAN Economic Community, Philippines

## **INTRODUCTION**

Aldaba, Medalla, del Prado, and Yasay (2015) of the Philippine Development Institute of Studies said that Micro, Small, and Medium Enterprises (MSMEs) account for 99.6% of business in the Philippines while in the whole ASEAN, the Micro, Small, and Medium Enterprises was about 96%. As to employment, they generate 69% of the total figure.

In the past decades, the Philippines enjoyed a high economic growth rate; however, unemployment remained a problem with the rate that was usually high. Stein, Goland, & Schiff (2010) stated that in developing countries, formal small and medium enterprises (SMEs) represented around 45 percent of employment and 33 percent of GDP (the contribution is higher when informal firms are accounted for). In turn, the Organization for Economic Cooperation and Development (2004) stated that in their economies, MSMEs provide 60-70 percent of employment while accounting is 55 percent of the GDP. In general, SMEs were often considered as engines for innovation, economic growth, employment, and social mobility, as stated by Innovations for Poverty Action [IPA] (2013).

According to the International Labor Organization-Entrepreneurships and SME Management Training (2014), MSMEs were the biggest employment creators in both industrialized and emerging economies. In cases where formal labor markets did not offer enough jobs, out of necessity, people often turn to entrepreneurial activities for economic survival. Opportunity entrepreneurs were a major source of job creation and growth, while necessity entrepreneurs secure people's livelihoods. However, MSEs had

high failure rates and face challenges in providing quality jobs. Support was needed to be provided to entrepreneurs operating both out of opportunity as well as out of necessity.

The ten members state of Association of Southeast Asian Nation namely Brunei Darussalam, Kingdom of Cambodia, Republic of Indonesia, Lao People's Democratic Republic, Malaysia, Union of Myanmar, and Republic of the Philippines, Republic of Singapore, Kingdom of Thailand, and Socialist Republic of Viet Nam have started the full ASEAN integration or the ASEAN Economic Community (AEC) on December 31, 2015. The AEC aimed to harmonize policy and guidelines so that it will be easy for the member states to have a single economic community.

In the "Achieving the ASEAN Economic Community 2015: Challenges for the Philippines" by Balboa, Del Prado, and Yap (2010), they tested the Philippines in the areas stated in ASEAN Economic Community Blueprint as to following highlights such as free flow of goods, free flow of services, free flow of investment, priority integration measures, competition policy, consumer protection, infrastructure and initiative for ASEAN Integration. The Philippine AEC Scorecard did not include actions to strengthen SMEs to make it at par with best practices in SMEs in East Asia. As the biggest employer in the Philippines and source of employment of the poor in the country, SME was a critical sector for growth and development and therefore needed full support in terms to access to financing and product and skills development to enable them to compete with domestic and international players. SME development should be considered a top priority and its progress should be closely tracked at both the domestic and regional levels. The Department of Trade and Industry, through the Bureau of Micro, Small and Medium Enterprise Development (BMSMED), is in charge of this sector. BMSMED has launched several initiatives to spur MSME growth in the country.

According to Aldaba, Medella, Prado, and Yasay (2010), variables of awareness on the AEC are manpower/labor requirements, access to market, technology and innovation, and access to finance. These are critical and determinants of competitiveness for businesses to succeed and sustain operations given the AEC.

Cabanatuan City is home to quite a number of MSMEs that are engaged in food and food processing, furniture, and furnishing production, giftware, and holiday decors making, and wearables (footwear, bags), among others.

The study is timely in assessing the awareness of Cabanatuan City's micro and small enterprises in order that action plans will be prepared to increase their productivity and competitiveness.

### **OBJECTIVES OF THE STUDY**

The study attempted to describe the business aspects of the operation of selected micro and small enterprises in Cabanatuan City in terms of its profile composing of: Type of Business; Number of Years in the Business; Asset Size (as of December 31, 2015); Affiliation or Membership to Organizations. b) Business operations covering the: Organization and Management; Marketing; Technical/Production; and Financial, c) Awareness on the AEC in terms of: Manpower/Labor Requirements; Access to Market; Technology and Innovation; and Access to Finance. The results of such will be used to propose a Development Agenda for Micro and Small Enterprises in Cabanatuan City.

### **CONCEPTUAL FRAMEWORK**

MSMES played a critical role in the economic growth and industrial development of developing countries. It ensured Southeast Asia's growth to continue to excel in creating jobs, opportunities, and products & services for the people of ASEAN. A firm's demographic characteristics were those properties traditionally encountered in empirical studies of firms growth that included the age of the firm (A. Vijayakumar, 2011) it's legal form and Firm Sector (Wolde, Leighton, Adesua, 2008) and Affiliation or membership of the firm (A.K. Salman and D. Yazdanfar, 2012).

Accessed to finance, technology and skills along with information gaps and difficulties with product and quality and marketing were some major constraints that affected MSMEs. Fukomoto (1998) added that the most MSMEs in the Philippines suffered from lack of skilled labor, limited market access, a lack of information about market opportunities, and insufficient technical training (Habito and Bautista 2005; Tecson, 2004, Fukomoto, 1998). Kushnir, Mirmulstein, and Ramalho (2010) said access to finance was one of the most commonly cited obstacles, in particular by MSMEs.

According to the book of Food and Beverage Management by Davis, Alcott, and Pantelidis (2008) that fast food restaurant, traditional restaurant,

cafeterias, ice cream vans, mobile food carts, food preparation in the market stalls were examples of different types of food business.

## **METHODOLOGY**

The descriptive method was used by the researcher. It described the nature of the phenomenon under investigation of current trends, practices, and conditions were related to that phenomenon. The descriptive method involved analysis of an extremely broad range of phenomena. Its results are comprehensive presentation and interpretation of statistical tabulations of data yielded by a survey.

The researchers described the business profile in terms of type of business, number of years in the business, asset size (as of December 31, 2015) and affiliation or members to organization & business aspects of operation in terms of organization and management, marketing, technical/ production and financial & the readiness of selected micro and small enterprises in terms of manpower/labor requirements, access to market, technology & innovation and access to finance. Also, the difficulties encountered by micro and small enterprises because it affects its business operation.

Frequency and percentage distribution were used to analyze the data on the personal and business profile, business aspects of the operation. Meanwhile, ranking and percentage distribution were used to analyze that data on the difficulties and problems encountered in the business aspects of the operation.

Weighted mean, on the other hand, was employed to assess the level of awareness of owners/managers of selected MSE in terms of manpower/ labor requirements, technology, and innovations, access to market and access to finance/ capital.

## **RESULTS AND DISCUSSION**

### **1. Profile of the business enterprises**

Forty percent or 12 businesses are restaurants and eighty percent or 24 businesses are not franchised and the remaining twenty percent or 6 businesses are franchised. Sixty percent or 18 businesses have started their firm from 2011 to 2015, thirty-three and 33/100 percent or 10 businesses from the year 2001 to 2010 and from year 2000 and below, it is composed

of six and 67/100 percent or 2 businesses. Fifty-three and 33/100 percent or 16 businesses are micro enterprises while small enterprises are forty-six and 67/100 percent or 14 businesses. None of the businesses interviewed is affiliated or has membership to any organization.

Table 1. Type of Food Business, Franchise, Year Started, Asset Size, Affiliation

Business Profile					
Type of Food Business	f	%	Year Business was Started	f	%
Restaurant	12	40.00	2000-below	2	6.67
Coffee Shop	1	3.33	2001-2005	4	13.33
Tea Shop	1	3.33	2006-2010	6	20.00
Bakery	3	10.00	2011-2015	18	60.00
Burger Shop	2	6.67	TOTAL	30	100.00
Food Stand	3	10.00			
Eatery	5	16.67	Asset Size (December 31, 2015)		
Grill Shop	2	6.67	Micro	16	53.33
Litsunan	1	3.33	Small	14	46.67
TOTAL	30	100.00	TOTAL	30	100.00
Franchise or Not Franchise			Affiliation/Membership		
Franchise	6	20.00	None	30	100.00
Non-Franchise	24	80.00	TOTAL	30	100.00
TOTAL	430	100.00			

2. Business aspects of operations of the selected micro and small enterprises be described in terms of:

2.1 Organization and Management – Seventy-six and 67/100 percent or 23 businesses are sole proprietorship and have DTI certificate. Seven out of 30 businesses are partnership and registered with SEC. All of the businesses have mayor’s permit. Twenty-five out of 30 businesses have SSS registration, twenty-seven out of 30 businesses have BIR registration and one out of 30 businesses has registration in PHILHEALTH. Sixteen out of 30 businesses employ 1-9 employees. Fourteen out of 30 businesses give 13<sup>th</sup> month pay to permanent employees ;twelve out of 30 businesses give bonus; seven out of 30 businesses give allowances; six out of 30 businesses give free meals;

four out of 30 businesses give free lodging; three out of 30 businesses give service incentive leave. Only two out of 30 businesses do not give anything.

Table 2. Form or Ownership, Permits and Licenses Sought, Number of Employees, Benefits other than Salary of Permanent and Casual Employees, Organizational Structure

Organization and Management					
Form or Ownership	f	%	Benefits other than Salary Casual Employees	f	%
Sole Proprietorship	23	76.67	Bonus	4	13.33
Partnership	7	23.33	13 <sup>th</sup> Month Pay	8	26.67
			Service Incentive Leave	1	3.33
			Allowances	1	3.33
Permits and Licenses Sought			Free Meals	2	6.67
Mayor's Permit	30	100.00	Rebates on Commissions	1	3.33
DTI Permit	23	100.00	None	2	6.67
SEC Permit	7	100.00	Note: Multiple Response		
SSS Registration	25	83.33	Organizational Structure		
BIR Registration	27	90.00	Owner is the Manager	22	73.33
PHILHEALTH	1	3.33	Owner is not a Manager	8	26.67
Note: Multiple Responses				30	100.00
Number of Employees					
1-9 Employees	16	53.33			
10-99 Employees	14	46.67			
TOTAL	30.00	100.00			
Benefits other than Salary Permanent Employees					
Bonus	12	40.00			
13 <sup>th</sup> Month Pay	14	46.67			
Service Incentive Leave	3	10.00			
Allowances	7	23.33			
Free Meals	6	20.00			
Rebates on Commissions	4	13.3			
None	2	6.67			
Note: Multiple Responses					

2.2 Marketing – Seventy-six and 67/100 percent or 23 businesses have located their primary market near the school; eight out of 30 businesses each are in public market and near the mall; seven out of 30 businesses are

near the church; three out of 30 businesses are inside the school; two out of 30 businesses are near the gasoline station.

All of the businesses have individual customers and seven out of 30 businesses have institutional customers. Nineteen out of 30 businesses use advertising as promotion; seven out of 30 businesses each use publicity and sales promotion; four out of 30 businesses use personal selling. Only seven out of 30 businesses do not use any form of promotion.

Forty-six and 67/100 percent or 8 businesses use social networking as type of advertising; eight out of 30 businesses use tri-media; seven out of 30 businesses use merchandise materials; five out of 30 businesses use bill boards; four out of 30 businesses use directories; three out of 30 businesses use through own website; two out of 30 businesses each use search engines and displays; one out of 30 businesses uses sponsorship.

Table 3. Location of Primary Market, Customers, Form of Promotion Used, Types of Advertising Used

Marketing					
Location of Primary Market	f	%	Types of Advertising Used	f	%
Near the Mall	8	26.67	Tri-Media	8	26.67
Public Market	8	26.67	Search Engines	2	6.67
Near the Church	7	23.33	Social Networking	14	46.67
Inside the School	3	10.00	Through own Website	3	10.00
Near the School	23	76.67	Use of Billboards	5	16.67
Near the Gasoline Station	2	6.67	Use of Merchandise Materials	7	23.33
Note: Multiple Responses					
Customers					
Individuals	30	100.00			
Institutional	7	23.33			
Note: Multiple Responses					
Form of Promotion Used					
Personal Selling	4	13.33			
Publicity	7	23.33			
Sales Promotion	7	23.33			
Advertising	19	63.33			
None	7	23.33			
Note: Multiple Responses					



Table 4. Location of the Enterprises, Building (Type, Used, Ownership & Rental fee), Machines and Equipment, Transportation Vehicle (Rental Fee), Electricity Expenses, Water Expenses, Communication Expenses, Sources of Materials

Technical/Production					
Location of the Enterprise	f	%	Transportation Vehicle	f	%
Brgy. Ma. Theresa	1	3.33	Owned	17	56.67
Brgy. Bernado District	2	6.67	Rented	3	10.00
Brgy. Bangad	4	13.33	None	10	33.33
Brgy. Bitas	2	6.67	TOTAL	30	100.00
Brgy. Lourdes	1	3.33			
Brgy. Sangitan West	2	6.67	Transportation Vehicle Rental Fee		
Brgy. Dicama	1	3.33	5000 & below	1	33.33
Brgy. H. Conception	2	6.67	No Answer	2	66.67
Brgy. Kapitan Pepe	1	3.33	TOTAL	3	100.00
Brgy. Mabini Extension	4	13.33			
Brgy. Magsaysay Sur	2	6.67	Electricity Expenses		
Brgy. Quezon District	2	6.67	1000 & below	2	6.67
Brgy. Supermarket	5	16.67	1001 – 2000	1	3.33
Brgy. Villa Ofelia	1	3.33	2001 – 3000	1	3.33
TOTAL	30	100.00	3001 – 4000	5	16.67
			4001 – 5000	1	3.33
Building-Type			5001 & above	20	66.67
Concrete	26	86.67	TOTAL	30	100.00
Wood	5	16.67			
Note: Multiple Responses			Water Expenses		
			1000 & below	7	23.33
Building-Used			1001 – 2000	1	3.33
Factory	6	20.00	2001 – 3000	4	13.33
Sales Outlet	30	100.00	3001 – 4000	5	16.67
Office	12	40.00	4001 – 5000	-	-
Note: Multiple Responses			5001 & above	11	36.67
			No Water Bill	2	6.67
Building-Ownership			TOTAL	30	100.00
Owned	9	30.00			
Rented	21	70.00	Communication Expenses		
TOTAL	30	100.00	1000 & below	4	13.33
			1001 – 2000	4	13.33
Building Rental Fee			2001 – 3000	5	16.67
5000 & below	4	19.05	3001 – 4000	2	6.67
5001 – 10000	2	9.52	4001 – 5000	2	6.67
10000 – 20000	7	33.33	5001 & above	2	6.67
20001 & above	8	38.10	No answer	11	36.67
TOTAL	21	100.00	TOTAL	30	100.00

Machines and Equipment			Sources of Materials		
Owned	29	96.67	Within the City	24	80.00
Rented	-	-	Manila	6	20.00
None	1	3.33	Bulacan	1	3.33
TOTAL	30	100.00	Pampanga	1	3.33

Note: Multiple Responses

Table 5. Sources of Capital, Start-Up Capital, Capital as of December 2015, Net Income as of December 2015

Financial								
Sources of Capital	f	%	Capital as of December 2015	f	%	Net Income as of December 2015	f	%
Personal Saving	27	90.00	50000 & below	1	3.33	50000 & below	2	6.67
Family Members	4	13.33	50001 – 100000	1	3.33	50001 – 100000	5	16.67
Loans	4	13.33	100001 – 150000	-	-	100001 – 150000	-	-
Banks	3	10.00	150001 – 200000	2	6.67	150001 – 200000	4	13.33
NGOs	-	-	200001 – 250000	-	-	200001 – 250000	-	-
Individual Leaders	2	6.67	250001 – 300000	-	-	250001 – 300000	2	6.67
Note: Multiple Responses			300001 – 350000	-	-	300001 – 350000	5	16.67
			350001 – 400000	-	-	350001 – 400000	-	-
			400001 – 450000	2	6.67	400001 – 450000	-	-
			450001 – 500000	-	-	450001 – 500000	3	10.00
			500000 & above	24	80.00	500000 & above	3	30.00
			TOTAL	30	100.00	TOTAL	30	100.00
Start-Up Capital								
20000 & below	1	3.33						
20001 – 30000	-	-						
30001 – 40000	2	6.67						
40001 – 50000	3	10.00						
50001 & above	24	80.00						
TOTAL	30	100.00						

### 3. Owners/Managers of selected MSE enterprises awareness to the AEC.

3.1 Manpower/ Labor Requirements- Total weighted mean computed for this variable is 4.11 with verbal interpretation of “moderately aware”.

3.2 Access to Market- Total weighted mean computed for this variable is 2.07 with verbal interpretation of “fairly aware”.

3.3 Technology and Innovation - Total weighted mean computed for this variable is 3.12 with verbal interpretation of “aware”.

3.4 Access to Finance - Total weighted mean computed for this variable is 1.77 with verbal interpretation of “not aware”.

Table 6. Manpower/ Labor Requirements, Access to Market, Technology and Innovation, Access to Finance Owners/Managers of selected Micro and Small Enterprises to the ASEAN Economic Community

A. Manpower/Labor Requirements	Weighted Mean	Verbal Interpretation
1. Having adequate personnel on performing task in the enterprise.	4.43	Very Much Aware
2. Conducting trainings and seminars to its employees to be more skilled personnel.	3.47	Moderately Aware
3. Giving the employees enough benefits	4.43	Very Much Aware
Average	4.11	Moderately Aware
B. Access to Market		
1. Identifying foreign business opportunities.	2.10	Fairly Aware
2. Obtaining reliable foreign representation.	1.83	Fairly Aware
3. Meeting export product quality/standards/specifications.	2.27	Fairly Aware
Average	2.07	Fairly Aware
C. Technology and Innovation		
1. Simplifying business methodologies to improve quality and cost of the products and services.	3.57	Moderately Aware
2. Investing considerable amount of money for the innovations.	2.97	Aware
3. Consulting the customers for upcoming technological innovation about the products and services.	2.83	Aware
Average	3.12	Aware
D. Access to Finance		
1. Obtaining financing from banks.	2.03	Fairly Aware
2. Obtaining financing from other sources than banks.	1.80	Fairly Aware
3. Obtaining funds from Non-Government Organization.	1.47	Not Aware

4. Difficulties and problems encountered on business aspect of operation:
- 4.1 Organization and Management – Rank 1 is problem on employees demanding for higher salary and benefits.
  - 4.2 Marketing – Rank 1 is problem of businesses on the inability to contact potential overseas customers.
  - 4.3 Technical/ Production – Rank 1.5 each are those problems on businesses having no knowledge about technical support from

the government and not prioritizing technology upgrading & innovation.

4.4 Financial – Rank 1 is problem on significant decrease of net income experienced by businesses.

Table 7. Difficulties and Problems as to Organization and Management, Marketing, Technical/Production, Financial

Difficulties and Problems encountered on business aspects of operation		
	Rank	%
<b>A. Organization and Management</b>		
1. Employee demand for higher salary and more benefits.	1	90.00
2. Difficulty in securing necessary permits to operate.	3	20.00
3. Designation of personnel responsibility change from time to time.	4	13.33
4. Lack of time dealing with integration.	2	56.67
5. Inadequate personnel or manpower for integration.	5	10.00
<b>B. Marketing</b>		
1. Not familiar with different marketing strategies.	4	20.00
2. Not keen on using promotional means to expand market.	5	16.67
3. Limited information on other possible markets.	2	53.33
4. Inability to contact potential overseas customers.	1	63.33
5. Unfamiliar with exporting procedures.	3	43.33
<b>C. Technical/Production</b>		
1. High cost of electricity.	3	56.70
2. Delay in the delivery of materials and supplies needed for operations.	5	36.67
3. Building structure is not physically attractive.	6	10.00
4. The firm has no access about new or latest technology and innovation.	4	53.33
5. The firm has no knowledge about technical support from the government.	1.5	70.00
6. Technology upgrading and innovation is not a priority of the business.	1.5	70.00
<b>D. Financial</b>		
1. Difficulties in raising the needed capital for expansion.	4	6.67
2. Too much documentary requirements to secure a loan.	4	6.67
3. Experienced significant decrease in net income.	1	43.33
4. Financial standing is not that impressive to acquire a loan.	4	6.67
5. Limited amount of loan granted due to size of business.	2	26.67

Note: multiple responses

Table 8. Proposal in Business Aspect of Operation may be conducted by Responsible Person/Unit

Business Aspects of Operation	Proposed Activity	Responsible Person/Unit
<b>A. Organization and Management</b>		
<ul style="list-style-type: none"> <li>▪ Some businesses are registered with BIR, SSS and PhilHealth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Secure the required permits and licenses for the business to be legal and enjoy government services while providing benefits also to employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ Limited training and seminars for employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct regular trainings and seminars to enhance the knowledge and skills of employees in their assigned job, thus, increasing their potential</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ Limited benefits other than salary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Study the possibility of providing other benefits to motivate employees to become productive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<b>B. Marketing</b>		
<ul style="list-style-type: none"> <li>▪ Some businesses do not employ marketing strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consider using marketing strategies to generate more profits but with consideration on the cost of said strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ Lack of agents to sell products abroad</li> </ul>	<ul style="list-style-type: none"> <li>▪ Study the financial status of the business and its capacity whether it can venture into exporting and later consider hiring of agents to penetrate other markets in the ASEAN</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ Minimal customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Introduce innovation always and require feedback to determine weaknesses and able to address them</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<b>C. Technical/Production</b>		
<ul style="list-style-type: none"> <li>▪ High cost of electricity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Apply energy savings tips like using LED lights, turning off other AC when there is no customers and always orient employees about it.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ Too much dependence from the current supplier</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consider finding other sources of suppliers other than the present ones to avoid delay in production.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<b>D. Financial</b>		
<ul style="list-style-type: none"> <li>▪ Suffered significant decrease in net income</li> </ul>	<ul style="list-style-type: none"> <li>▪ Study the cause of decreasing income and provide appropriate solution to minimize the effect.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>
<ul style="list-style-type: none"> <li>▪ No choice other than banks in accessing funds</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct a survey of banks with consideration on term of loanable amount, collateral requirements to decide on which bank to borrow and maximize benefits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business owner</li> </ul>

The majority of the food businesses are restaurants; most are not franchised and have started in less than a decade; majority are micro

enterprises while all do not have business affiliation/membership to the organization. Business owners/managers should regularly get feedback from their customers and implement innovation to their products always to ensure continued patronage.

The majority of the enterprises are sole proprietorship; most businesses have complied with the required permits and licenses; majority of the business owners give bonus to both permanent and casual employees while most business owners are also the manager. Business owners/managers should affiliate with business organizations to gain benefits such as enhanced knowledge and skills on business operation in the aspects of management, marketing, technical/production and financial, wider market exposure and upgrade in technology, better bargaining agreement, among others.

The majority of the businesses are strategically located; most businesses cater to individuals; advertising especially social media as a form of promotion is used by the majority. Business owners/managers should always ensure high quality of food products on top of good customer service or relation to achieve sustainability.

The majority of the businesses rent a space and have machines. Most of the owners used personal savings for their initial capital. Business owners/managers should regularly conduct trainings such as managerial, technical and skills in order to make the employees more competitive amidst the AEC implementation.

Most of the owners/managers are aware of the AEC in terms of manpower/labor requirements and technology and innovation; however, the majority are not in terms of access to market and access to finance. Business owners should consider expanding their market within the ASEAN countries to improve revenues.

Most businesses experienced difficulties in all aspects of business operation, particularly organization and management and technical or production. Business owners/managers should network with government agencies such as the Department of Trade and Industry to gain better access to market not only within the Philippines but in the ASEAN and other countries that are considered Free Trade Areas (FTAs) and seminars on business operations (management, marketing, production, and finance). Likewise, business owners/managers should network also with the Department of Science and Technology to upgrade their technology, particularly on food and food processing and access also trainings and seminars that are food-

related, thus eventually making the business competitive or at par with other businesses within the ASEAN region.

A similar study should also be conducted for sectors other than food such as furniture and fixtures, giftware and decors and lifestyle or wearables to assess their awareness on the AEC and develop an agenda on how they can be more productive and competitive within the ASEAN.

### LITERATURE CITED

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