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# Applied Economics

SENIOR  
HIGH  
SCHOOL

Micro, Small and Medium  
Enterprises

Self-Learning  
Module

9

Quarter 4



ACCOUNTANCY, BUSINESS AND MANAGEMENT



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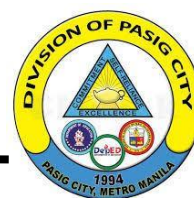
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# Applied Economics

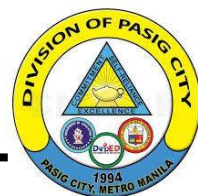
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Micro, Small and Medium  
Enterprises



## Introductory Message

For the facilitator:

Welcome to the Senior High School – Applied Economics Self Learning Module on Micro, Small and Medium Enterprises!

This Self-Learning Module was collaboratively designed, developed and reviewed by educators from the Schools Division Office of Pasig City headed by its Officer-in-Charge Schools Division Superintendent, Ma. Evalou Concepcion A. Agustin, in partnership with the City Government of Pasig through its mayor, Honorable Victor Ma. Regis N. Sotto. The writers utilized the standards set by the K to 12 Curriculum using the Most Essential Learning Competencies (MELC) in developing this instructional resource.

This learning material hopes to engage the learners in guided and independent learning activities at their own pace and time. Further, this also aims to help learners acquire the needed 21st century skills especially the 5 Cs, namely: Communication, Collaboration, Creativity, Critical Thinking, and Character while taking into consideration their needs and circumstances.

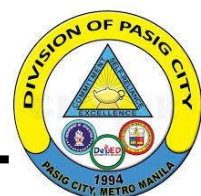
In addition to the material in the main text, you will also see this box in the body of the module:



### ***Notes to the Teacher***

This contains helpful tips or strategies that will help you in guiding the learners.

As a facilitator you are expected to orient the learners on how to use this module. You also need to keep track of the learners' progress while allowing them to manage their own learning. Moreover, you are expected to encourage and assist the learners as they do the tasks included in the module.



For the learner:

Welcome to the Applied Economics Self Learning Module on Micro, Small and Medium Enterprises!

This module was designed to provide you with fun and meaningful opportunities for guided and independent learning at your own pace and time. You will be enabled to process the contents of the learning material while being an active learner.

This module has the following parts and corresponding icons:



**Expectations** - This points to the set of knowledge and skills that you will learn after completing the module.



**Pretest** - This measures your prior knowledge about the lesson at hand.



**Recap** - This part of the module provides a review of concepts and skills that you already know about a previous lesson.



**Lesson** - This section discusses the topic in the module.



**Activities** - This is a set of activities that you need to perform.



**Wrap-Up** - This section summarizes the concepts and application of the lesson.



**Valuing** - This part integrates a desirable moral value in the lesson.



**Posttest** - This measures how much you have learned from the entire module.



## EXPECTATIONS

After going through this module, you are expected to:

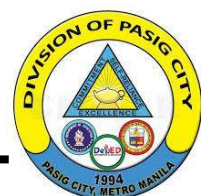
1. define micro, small, and medium enterprises;
2. understand the importance of micro, small, and medium enterprises on the economy; and
3. apply business principles, tools, and techniques in the micro, small, and medium enterprises.



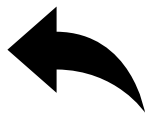
## PRETEST

Directions: Choose the letter of the best answer and write it on a separate sheet of paper.

1. It is a business enterprise that has an asset of less than ₱3,000,000.
  - A. Micro-Enterprise
  - B. Small Enterprise
  - C. Medium Enterprise
  - D. none of the above
2. The total assets of the business to be considered as a small enterprise.
  - A. less than ₱3,000,000
  - B. ₱3,000,000 – ₱15,000,000
  - C. ₱15,000,001 – ₱100,000,000
  - D. more than ₱100,000,000
3. The total assets of the business to be considered as a medium enterprise.
  - A. less than ₱3,000,000
  - B. ₱3,000,000 – ₱15,000,000
  - C. ₱15,000,001 – ₱100,000,000
  - D. more than ₱100,000,000



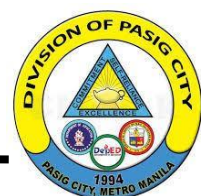
4. It encourages the formation and growth of micro-enterprises by granting incentives and other benefits.
  - A. Microfinance Act
  - B. Go Negosyo Act
  - C. Barangay Micro Business Enterprise Act
  - D. Microbusiness Opportunity Act
5. It promotes ease of doing business and facilitates access to services for MSMEs through the Negosyo Centers.
  - A. Barangay Micro Business Enterprise Act
  - B. Microbusiness Opportunity Act
  - C. Microfinance Act
  - D. Go Negosyo Act



## RECAP

Directions: Enumerate the advantages and disadvantages of e-commerce.

1. \_\_\_\_\_.
2. \_\_\_\_\_.
3. \_\_\_\_\_.
4. \_\_\_\_\_.
5. \_\_\_\_\_.







## LESSON

### **Micro, Small and Medium Enterprises (MSMEs)**

According to the Magna Carta for MSMEs, micro, small, and medium enterprises are classified based on the worth of the business assets. The micro-enterprises have a total asset up to ₱3,000,000. The total assets for small enterprises should range from ₱3,000,001 – ₱15,000,000. For medium enterprises, the total assets are from ₱15,000,001 – ₱100,000,000. MSMEs help to promote a competitive economic activity, provide employment and it can reduce poverty in the country.

### **Number of MSMEs in the Philippines**

The 2018 List of Establishments of the Philippine Statistics Authority (PSA) recorded a total of 1,003,111 business enterprises operating in the country. Of these, 998,342 (99.52%) are MSMEs and 4,769 (0.48%) are large enterprises. Micro enterprises constitute 88.45% (887,272) of total MSME establishments, followed by small enterprises at 10.58% (106,175) and medium enterprises at 0.49% (4,895). The majority of the MSMEs can be found in the National Capital Region (NCR) with 203,312 (20.36%) business establishments.

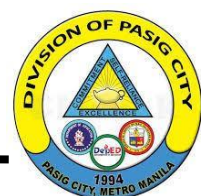
The top five (5) industry sectors according to the number of MSMEs in 2018 were:

1. Wholesale and Retail Trade with 461,765 establishments;
2. Accommodation and Food Service Activities with 144,535 establishments;
4. Manufacturing with 116,335 establishments;
5. Other Service Activities with 66,162 establishments; and
6. Financial and Insurance Activities with 46,033 establishments.

### **Contribution of MSMEs on the Philippine Economy**

#### **1. Employment Opportunities**

These MSMEs generated a total of 5,714,262 jobs or 63.19% of the country's total employment in 2018. The micro-enterprises produced the biggest share (28.86%) closely followed by small enterprises (27.04%) while medium enterprises were far behind at 7.29%. Meanwhile, large enterprises generated a total of 3,328,801 jobs or 36.81% of the country's overall employment.





## 2. Exports Contribution of MSMEs

MSMEs account for 25% of the country's total export revenue. It is also estimated that 60% of all exporters in the country belong to the MSME category. MSMEs can contribute in exports through a subcontracting arrangement with large firms, or as suppliers to exporting companies.

### **Government Programs to Support MSMEs**

#### 1. Barangay Micro Business Enterprise (BMBE) Act or R.A. 9178

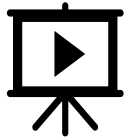
It encourages the formation and growth of BMBEs (or micro-enterprises) by granting them incentives and other benefits (i.e., exemption from income tax, exemption from minimum wage). As defined in the article, *Barangay Micro Business Enterprise* refers to any business entity or enterprise engaged in 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). It includes also the enterprise engaged in services, excluding those rendered by anyone, who is duly licensed by the government after having passed a government licensure exam, in connection with the exercise of one's profession (e.g., accountant, lawyer, doctor, etc.)

According to Section 7-8 of the article: "All BMBEs shall be exempt from tax for income arising from the operations of the enterprise". "The BMBEs shall be exempt from the coverage of the Minimum Wage Law, provided, that all employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits."

#### 2. Go Negosyo Act or R.A. 10644

The law seeks to promote "job generation and inclusive growth through the development of MSMEs" in the country. It promotes "ease of doing business and facilitates access to services for MSMEs within its jurisdiction" by establishing of Negosyo Centers in all provinces, cities, and municipalities to promote. Business advisory services through technology transfer, production and management training, and marketing assistance for MSMEs. Business registration assistance through the Philippine Business Registry Databank under the Department of Trade and Industry (DTI). Go Negosyo Act will provide financial assistance for the development and promotion of MSMEs in priority sectors of the economy to be sourced from the MSME Development Fund and BMBE Fund.





## ACTIVITIES

### Activity 1: Name It!

Directions: Name at least five (5) MSMEs that operate in your area or within Metro Manila.

1. \_\_\_\_\_

4. \_\_\_\_\_

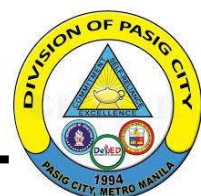
2. \_\_\_\_\_

5. \_\_\_\_\_

3. \_\_\_\_\_

### Activity 2: Business Tool

Directions: From the list above, choose one (1) MSMEs and identify its business environment and competitiveness using any of the business tools (Environmental Scanning, SWOT Analysis, or Porter's Five Forces Model). Use the space provided below or a separate sheet for your answer.





## WRAP-UP

To summarize what you have learned in the lesson, answer the following questions:

1. What is micro, small, and medium enterprises?
2. What is the importance of the MSMEs in the economy?



## VALUING

Reflect on this!

*"It's always the little things that make big things happen."*

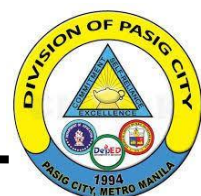
— Jeffrey Fry



## POSTTEST

Directions: Read each statement carefully. Write **T** if the statement is correct, otherwise write **F**.

- \_\_\_\_\_ 1. A small enterprise has an asset of less than ₱3,000,000.
- \_\_\_\_\_ 2. The total assets of the business to be considered as micro-enterprise is at least ₱5,000,000.
- \_\_\_\_\_ 3. A medium enterprise has a total assets of more than ₱100,000,000.
- \_\_\_\_\_ 4. Go Negosyo Act promotes ease of doing business and facilitate access to services for MSMEs through the Negosyo Centers.
- \_\_\_\_\_ 5. Barangay Micro Business Enterprise Act encourages the formation and growth of micro enterprises by granting incentives and other benefits.





## KEY TO CORRECTION

5. D	5. T
4. C	4. T
3. C	3. T
2. B	2. F
1. A	1. F
PRETEST	POSTTEST:

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