

A SURVEY OF SOME ATTITUDES TOWARD CURRENT GOVERNMENTAL POLICIES AFFECTING BUSINESS AND INDUSTRY

BY

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SCOPE OF THE SURVEY

The geographical areas included in the survey were major portions of Greater Manila, including Rizal province where a considerable number of industrial establishments having fifty employees or more were located. These criteria were adopted from the 1960 Directory of Key Establishments in the Philippines, published by the Department of Labor. The resulting sample, inspite of the limited universe, presented a fairly representative group of 605 establishments.

The sample was fixed at thirty-five per cent, in line with normal sampling procedures, or a total of 211 firms broken down as follows:

Geographical Area	Number of Establishments	35% Sample
Manila	348	121
Quezon City	86	30
Pasay City	15	5
Rizal, parts of	156	55
TOTAL	605	211

Since the geographical location was stratified, in order to give the firms in any one locality an equal chance of being selected, 35 per cent of the number of establishments in each geographical area was drawn. It was expected that a small sample would suffice if stratification were employed instead of unrestricted random selection.

The random number that was picked was 5; so the sampling went on for every fifth establishment on the list. Of the total sample drawn, it was observed that there was also relatively proportionate distribution among the different industries, thereby cross-checking the representativeness of the sample.

FORMULATION OF THE QUESTIONNAIRE—In the preparation of the questionnaire, most of the known pitfalls of mailed surveys were taken into account. Readings and other information about the experiences of other agencies and individuals who had undertaken mailed question-

naire surveys at one time or another were obtained. An exploratory survey, also involving a mailed questionnaire sent to selected firms and individuals, followed by personal interviews, also laid the groundwork in formulating the final questionnaire.

DISPATCHING THE QUESTIONNAIRE. — The first set of 211 questionnaires were sent on December 7, 1963, accompanied by letters of transmittal and self-addressed, stamped envelopes. The fifteen per cent response obtained in the first month after this date failed to increase materially, and after some time, the personal interview technique was resorted to. Below were pertinent figures on the data-gathering phase of the study:

	Number	Percent
a. Total mailed questionnaires	211	100.0
b. Mailed questionnaires filled-up, voluntarily returned	46	21.8
c. Interviews conducted and completed	82	38.8
d. Mailed questionnaires returned, unacknowledged and undelivered	16	7.5
e. Number of firms who formally declined to answer questionnaires or submit to interview	45	21.3
f. Number of firms never heard from	22	10.4

The respondents, answering the questionnaires in behalf of their respective firms, were varied according to official designation, as can be seen below:

<u>Respondent</u>	<u>Number</u>	<u>Percent</u>
a. President or General Manager	31	24.2
b. Vice-President or Assistant General Manager	26	20.3
c. Personnel Officer or PRO	24	18.7
d. Chief Accountant	16	12.5
e. Office Manager	11	8.6
f. Legal Officer	9	7.0
g. External Representative ¹	4	3.1
h. Others, n.e.c. ²	7	5.6
Total	128	100.0

¹ Advertising agency, legal consultant or accounting firm.

² Not elsewhere classified.

CLASSIFICATION BY AREA OF ACTIVITY AND
GEOGRAPHICAL LOCATION

Kind of Business	Manila	Quezon City	Pasay	Rizal	Total Number	%
1. Manufacturing	34	17	1	28	80	62.5
2. Construction	2	—	—	—	2	1.6
3. Electricity, gas heat and water	2	—	—	1	3	2.3
4. Commerce	21	—	—	3	24	18.7
5. Transport, Storage and Communication	9	1	—	2	12	9.4
6. Services	6	—	1	—	7	5.5
T O T A L	<u>74</u>	<u>18</u>	<u>2</u>	<u>34</u>	<u>128</u>	<u>100.0</u>
Type of Ownership			Number		%	
Corporation			98		76.4	
Partnership			10		7.8	
Individual Proprietorship			20		15.6	
Total			<u>128</u>		<u>99.8¹</u>	
Geographical Location			Number		%	
Manila			74		57.8	
Quezon City			18		14.0	
Pasay City			2		1.5	
Rizal, parts of			34		26.7	
Total			<u>128</u>		<u>100.0</u>	

The first part of the questionnaire, designed mainly to gather basic data about the responding firms, was also used to establish rapport, both in the mailed questionnaire form and in the interview schedules. The result, a profile of the respondents can be seen in the preceding tables.

ANALYSIS OF DATA

The second part of the questionnaire dwelt on the prevailing attitudes of the respondents towards the existing governmental policies affecting private business and industry. The bulk of the responses were mostly on the negative side, with the respondents expressing their disappointment over the government's limited success in following a more desirable pattern of business-government relationship. They maintained that while the government was trying to be responsive to the needs of private business and industry, there has been no significant achievement

¹ Figure does not add to 100.0 due to rounding.

on this point. Throughout the study, this particular appraisal of the government's efforts was clearly identified.]

The respondents initially suggested some specific areas of business and economic policy which the government should give priority to. The respondents indicated some areas as their preferences in the following order: monetary and credit policies, economic planning, tariff and customs, taxes, employment, nationalization and labor relations. Respondents from the industrial sector reasoned out that the availability of money through credit affected greatly their expansion programs. The commercial establishments showed more concern over the effect of these different policies on prices and the cost of living. It was observed that the answers were categorically different in each of the industrial and commercial sectors. There was also marked variation in responses in the different types of commercial and industrial activity. All of them, however, showed special concern over the effects of these policies on the general economy, although it was observed that they were relatively unaware of the specific effects of these policies on their particular activities.

Generally, whenever certain difficulties are encountered by people in business and industry, there are government agencies who are directly in contact with the activities of private business. When the respondents were asked which government agencies they most frequently encountered difficulties with, the following agencies were given in this order.

Government Agency	Number ¹	%
1. Bureau of Customs	74	57.8
2. Bureau of Internal Revenue	58	45.3
3. Central Bank	15	11.7
4. Department of Labor	16	12.5
5. Tariff Commission	8	6.2
6. Bureau of Commerce	8	6.2
7. Others, n.e.c. ²	16	12.5
8. No difficulty	11	8.5
9. Not ascertained	4	3.1

The third part of the questionnaire was a check-list method designed primarily to gather specific opinions of the respondents on specific subjects. It was deemed practical to use a more or less generalized check-list tool to cover more ground than when detailed questions are asked of so many varied subjects. Effort was exerted, however, to stave off the known discrepancies of such a technique, such as probing further in the interviews.

¹ Number of times cited.

² Not elsewhere classified.

Also,
✓ An outstanding remark that the respondents gave was that the government nurtured a complacent attitude towards private business.

✓ [In the field of economic planning, the factor that was mentioned to be responsible for the government's indifference was the identification of politics with economic planning. Moving to more specific areas, the percentage of negative opinions increased according to the relative popularity of such an area being apparent.

✓ Government police agencies which have close association with private enterprise were mentioned to be one of the more concrete examples of a roadblock to private business, or at least a retarding factor.

✓ It was also the general opinion that some governmental measures, as they are imposed, are hard to cope with. However, an affirmative note expressed their cognizance of the fact that "on the whole, the government is trying its best to help private business."

✓ A succeeding difficulty area dwelt on the prevailing attitudes towards the monetary and credit regulations imposed on private business, an issue which prevailed for some time. The real concern precipitated to whether there had been any move at all on the part of the governmental authorities, particularly the agencies concerned with monetary and credit rules and regulations, to respond to the repeated pronouncements of business and industry that these vital factors have not been consistent with the plans of their respective enterprises and in their capacities as exponents of a growing economy.

While more than fifty per cent of the respondents did not believe that decontrol was a cure-all for the dwindling economic conditions, they were of the opinion that it would have been a good measure if it had been supported by corollary measures. They also deplored the hasty promulgation of stringent credit policies, a measure which promptly evoked concern in many quarters of business and industry. Businessmen were of the opinion that the government should not pick on them without first relaxing on government spending itself. The imposition of restrictive credit, generated by the sharp reduction of rediscounting privileges and the simultaneous increase in bank reserve requirements, was still a matter of concern.

Alongside the difficulties accompanying monetary and credit policies, particularly in import and export activities; deferred foreign exchange commitments have also specifically been mentioned by respondents in the industry group as outstanding considerations in expanding their activities.

There are a few important tax measures which should be of specific concern to private business and industry which affect the conduct of their respective ventures such as the capital gains tax, and the proposed tax-exemption for local raw materials used by preferred industries, among other things. According to the respondents from both sectors, a speedy resolution of these taxation aspects would invariably improve their competitive positions.

✓ The inviting of foreign capital by the government and the encouragement of joint ventures between Filipino and alien businessmen coupled with the nationalization of the retail trade, were regarded by the respondents as ambiguous and contradictory objectives.

Another common complaint included the lack of continuity in governmental policies which normally causes considerable difficulty in conducting a business. The respondents claimed that if there were any policies at all, they are often vague as there is no clear-cut distinction as to how far the government should go in its attempt to assist private business and industry. They also maintained that while there is relative security in invested capital, the same security does not hold true in the guarantee of transferability of capital or earnings.

The same trend held true with the attitude towards labor legislation. While a significant majority agreed that there is adequate labor legislation, a notable portion was of the opinion that these laws tend to be mostly favorable towards labor, leading to the difficulty in working out agreements and eliminating irritants between labor and management.

Other factors included the more manifest areas in which governmental control leaves much to be desired. Two areas were specifically mentioned as roadblocks to the more efficient pursuit of private enterprise. The first is the manner of granting franchises. This includes the difficulties encountered in registering corporations and the lack of government services to new business enterprises such as statistical information.

In summary, the attitudes of some businessmen towards the activities of the government in its attempt to promote economic development through private enterprise were predominantly unfavorable.* A tabulation of the opinions of the respondents towards the different government activities which affect business and industry is presented below:

<u>Activities</u>	<u>Favorable</u>	<u>Unfavorable</u>	<u>No Opinion</u>	<u>Total</u>
a. advising	19	62	47	128
b. inducing	31	55	42	128
c. exhorting	15	43	70	128
d. financing	23	74	31	128
e. managing	6	71	51	128
f. conciliating	47	31	50	128
T o t a l	141	336	291	768

RECOMMENDATIONS

The respondents were asked if, they had any suggestions or recommendations regarding governmental policies affecting business and industry. A set of statements was laid down for them for this purpose, and they were asked to rank these recommendations according to importance. Their preferences came out as follows:

1. Reduce governmental interference in business.
2. Relax credit policies.
3. Reorganize government agencies directly in contact with private business.
4. Politics should not be a determinant in the laying down of policies involving private business.
5. "More government; less politics."
6. Update important business laws.
7. Encourage militancy of business and industrial associations.

CONCLUSIONS

The study attempted to pinpoint, albeit not exhaustively, the different economic policies of the government that deal directly with the operations of private enterprise. After all the facts had been gathered, analyzed and correlated, the following conclusions were drawn:

1. The government can still do much in so many areas of economic policy to encourage private enterprise.
2. There are still many areas in governmental policy formulation which pose considerable difficulty in the conduct of private business.
3. The more vital areas include the causes of difficulty in offsetting the timidity of capital through inadequate investment policies; e.g. credit restrictions, investment incentives and protection for infant industries.

4. Excessive red tape, characteristic of most government offices, is a very important deterring factor in the relationships between the government and the private sector; e.g. dollar-retention scheme, customs difficulties, export-import paperwork.
5. Private enterprise is continuously stymied by the confusing nature of the motives in overall economic planning; e.g. continuity, politics, legislation.
6. The government generally maintains a "theoretical" attitude towards the problems that beset private business.

LIMITATIONS OF THE STUDY

The purpose of this study has been mainly for the present, or what has prevailed for the past six months or so. Most of the areas included here are known even to the average newspaper reader, but the outstanding feature of this survey is that these opinions came from those who are *actively involved in private enterprise themselves*.

Hardly assuming the qualifications of a full survey, this study sought to reach and ascertain the general as well as the specific fields by which the government in its policies stands in the way of private business operations.

It should not be construed, however, that this study is paving a way for the attainment of a definite approach towards private enterprise. In a larger sense, the limitations of a mailed questionnaire survey lies in many areas. The expected returns for one has been safely assumed at fifty per cent, judging from the average returns of previous surveys elsewhere.

Finally, this study assumed that the statements offered by the respondents were adequately credible to be received at their face value and such statements have been reported as such in this study.