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Comments on the government's plan to make safety seal certification a requirement for securing or renewing business license/permit:

In general, we see this proposed safety seal certification requirement as another regulatory burden on businesses – disproportionately heavy on the small enterprises which are thinly capitalized and do not usually have the extra hands to take care of the regulatory processes for compliance. To encourage enterprises' setting up and operation, we must ensure the ease of doing business. An added layer of regulation runs counter to this imperative, especially if there is an alternative approach to achieving the desired health protection level for the consuming public.

The safety seal certification is a one-time annual action by the concerned LGU, just like the initial application for or renewal of a business license. To ensure compliance throughout the year, monitoring is required. Would the LGU have the personnel with the necessary number and qualifications to conduct a regular inspection? Assuming the required personnel can be mobilized, how much will it cost the LGU? The safety seal certification and inspection will likely not be a permanent function. Can qualified people be recruited as casuals?

With regulation, any discretion that the regulator or inspector can exercise to suspend the operation of an establishment for noncompliance is a potential occasion for corruption.

An alternative to regulation is the discipline of the market. Suppose the minimum health standards are well disseminated to and accepted by the target enterprises and their customers. In that case, it will be the latter who will demand compliance on the former. The cost of noncompliance by the enterprises will be the loss of patronage by the customers. There is no need for regulation to achieve compliance with such a penalty. In one city executive order on safety seal certification, there is a provision that says, "a business that is, in fact, compliant with minimum standards may operate even if it has not yet obtained its Safety Seal." It appears that a business may indeed be expected to comply even if it has no safety seal.

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