

Economic growth in the philippines



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The Philippines has a records of economic growth and development since the end of world war II . While once one of the richest countries in Asia. The Philippines were placed behind some developing Asian nations . Philippines is fairly rich in natural resources, has a big and literate population , and operates a substantial light industrial base , many of the downturns of the Philippine economy have resulted from domestic problems .

The past two decade(1965-1986) seriously decline in economic growth and development due to years of economic mismanagement , political instability, martial law, and cronyism. In infrastructure development and agrarian reform were offset by the country enormous foreign debt . The economic stability was affected, and a drastic recession that fall by more than 10 %. In year 1986, economic reforms including foreign exchange deregulation, foreign investment and banking liberalization, and tariff reduction have significantly opened the Philippine economy, allowing foreign entry into retail trade sector and even participation in the power industry. However, economic growth and national stopped or hampered by massive national debt, government corruption, and political instability.

The Philippine government needed to lead the nation out of the negative economic growth and political instability hindered economic recovery, the cronyism system led to power struggles resulting in and coup attempts, This destabilization discouraged foreign and domestic investment. Philippine economist team have made considerable progress in restoring macroeconomic stability and an environment for growth. Recent performance has been strong, however, remains threatened by widespread poverty, severe under-spending on infrastructure, education systems, and social services, and remaining trade and investment barriers.

The Philippines in present is currently experiencing a period of economic growth with an optimistic outlook. Although it might expect national development together economic growth, various economic, political, and socio-cultural conditions in the Philippines still present challenges to national development. Philippines has the ingredients for growth, but progress is unsteady. With exception such as the Asian Financial Crisis, domestic issues are causing the growth hampered,

Another key in resolving the fiscal crisis was the aggressive resort to nontax revenues through the sale of public assets. And the last element in the return to macroeconomic stability was rehabilitation of foreign debt, owing to a negative net worth caused by bad loans and a result, the national government had to perform the bad-loans portfolio of the old one. The solution to help fix Philippine economic growth was ending poverty and achieving sustainable economic growth, ending corruption; modernizing the justice system, achieving lasting peace ; ending armed conflict, And making

government relevant; reshaping nation through effective public leadership and active citizenship.

The government of the Philippines has made significant progress in implementing economic reforms, but more work must be done to attract investment and boost the country growth rate. And this will require confidence-building measures to increase willingness to invest by Filipinos at home, abroad, and by foreign corporation. Several measures to achieve this goal, including; continued efforts to increase macroeconomic stability and strengthen the Philippines energy sector; reform of the Philippines financial sector and participation by foreign firms in the country's financial markets to increase their efficiency and health; ratification of the Philippines existing financial services commitments to the World Trade Organization (WTO); and clear and transparent domestic rules, reliable enforcement of contracts and protection of intellectual property. The Philippines has taken important steps in the protection of intellectual property rights and look forward to continued progress in this area.

Jobless misery in the Philippines despite economic growth, The figures also understate the employment problems in the Philippines, where a third of the population lives on a dollar a day or less, although 61. 2 million of the Philippines 95 million people are aged 15 and over, considering 39. 3 million part of the labor force, with many others not even looking for work. This paper considers the present issues surrounding the role of workers remittances/effect on economic growth and development. In particular, the Philippines one of the countries in the world with long history of sending workers abroad, It ranks as the 3rd largest recipient of remittances in the <https://assignbuster.com/economic-growth-in-the-philippines/>

world after India and Mexico. Along this line, it looks in the following areas:

(a) remittances and overall growth, (b) linkages between remittances and microfinance, (c) tracing the contribution of remittances to countryside development, and (d) relationship between worker remittances and structural reform policies. The concerned at

how these remittances have impacted the poor in general. This is important as the expected benefits have generally been unfelt at the level of the poor, that workers remittances have not been properly utilized into productive and investment uses in the Philippines. There are strong evidences that show that most of these resource are being to fund conspicuous consumption and funding development needs of the country.

Overseas workers will continue to be limited in transforming their communities and regions. Their remittances will remain as records that help kept afloat the national government. In the final analysis, government has to pursue reforms that will help improve the domestic economy regardless of the source of investments. These reforms will surely help in creating new jobs and that are crucial in sustaining growth and reducing poverty and inequality among regions.

In 2000 to 2008, Poverty still widespread in the country, however, the government should also set aside whatever surplus it from tax collections for social services spending, so that the citizens may finally benefit from the impact of economic growth. If the government uses the incremental revenue for infrastructure spending and education, it should have the long- term effect of growing income and income distribution. The people are not

contented because the government is not targeting what the people want, which is education and social services.

CONCLUSION

Two deserve to be highlighted in this conclusion. The first is macroeconomic management, and the second is population growth. The factors that conspire to poverty levels high and rising, the broad causes of poverty that can affect economic growth in the Philippines are (1) weak macroeconomic management, (2) employment issues, (3) high population growth, (4) an underperforming agricultural sector and unfinished land reform agenda, (5) governance issues including corruption and a weak state, (6) conflict and security issues, and (7) disability. Economic growth is a necessary pre-condition for poverty reduction, but that growth must be pro-poor and a high population growth rate thwarts the country's attempt to grow the economy, to create enough jobs, and to provide quality services.

INTRODUCTION

The Economic Growth is a general term measured by the amount of production in a country or region over a certain period of time, and it may keep track of economic growth number every month, generally it is the quarterly and annual numbers that attract the most attention. Actually the economic growth is a primarily driven by improvements in productivity, which involves to producing more goods and service with the same inputs of labor, capital, energy and materials. The economic growth is also increase of per capita gross domestic product or we can called GDP. This is the most widely used measure of economic growth is the real rate of growth countrys

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total output of good and services, the other measure national income per capita, consumption per capita are also used but the rate of economic growth is influenced by the natural resources, human resources, capital resources and the technological development in the economy along with institutional structure and the ability. The increase of GDP of a country has greater than population growth and its generally taken as an increase in the standard of our living and its inhabitants. In other country their productive capacity was increase, as measured by the comparing the gross national productive, or we cal called GNP and this product is the total of all final goods and services produced within a nation in a particular year, plus income earned by its citizens or people including of those located country or abroad, but minus income of non residents located in that country. In my opinion GNP and the GDP have similarity because both of them they doing business about product, but the differences the GDP product from other country, unlike the GNP, the GNP their product is for 1 country only they didn't export their product unlike GDP. But GNP already increase the capital stock since previous year, advance in technology, and improvements in the quality and the level of literacy are considered to be the principal causes of the economic growth in a country.

Introduction

Business organization refers to how a business is structured and its also defined in by laws when the business is formed with the name and contact information of those who own and run the company with their roles defined, business organization can also defined as an entity that is both commercial and social, which provides the necessary structures to achieve the central

objective of trades and goods or services. The business organization can range in size from one person up to tens of thousands and there are several important aspects to consider about the goal of the business organization, these features are explicit or implicit and that features are carefully considered and established, usually during the strategic planning process. But there is a wide variety of basic legal formats for structuring a business organization and each type has own special characteristic, uses and limitations. The sole traders, partnership and corporation are the most popular and well known, but the increasingly popular form of business organization is a limited liability company. In my opinion there are 5 types of business organization and that sole trader, partnership, private limited company, public limited company and cooperatives. The principal characteristics of all these types are described in this section. Business planning optimizes the success of business by requiring to analyze the potential success of and obstacles to business goals, business plans are typically used at the start-up of a business and to apply for loans, but they are also very useful when running a business to organize for growth and development, as the small business administration notes, business plans should be a " work-in-progress." Common forms of business organization are follows; Sole Proprietorships, General Partnerships, Limited liability Company, and Corporations.

This is the private sector of the business organization, Sole Trader, Partnership, Private Limited Company, Public Limited Company and Cooperatives.

I start in Sole Trader, SOLE TRADER is owned by one person who controls all aspects or all things in the organization. This organization uses a flow through tax structure with the owners social security numbers to pay his/her own taxes instead of having to pay corporate taxes and individual taxes like the electricity and other tax from the things they using in the shop and where there is no legal distinction between the owner and the business and all of the profits and losses accrue to the owner. Usually the sole trader has no formal or legal processes to set up the business, but the owner/manager is personally entitled to all profits, but as I said the taxes and debts are liable for of their business. As a Sole Trader you're probably not paying yourself but its simply taking money from the business you doing when need it for personal use or emergency. The Sole Trader has also Advantages and Disadvantages, this is the example: The Advantages of being sole trader are the owner/manager has full of control over of his/her business for daily operations as well as how large they wish to grow it, and its also easy to control because u can easily to set by your self. Being a sole trader does not need to complete their own many forms, but before u make a business by doing sole trader you must need to inform to IR or we can call Inland Revenue and they approved that within 3months, after 3months only can start the business. The Disadvantage of sole trader is in the owner/manager, because in business anytime you might face the consequences of the business failure or any other liability like, property damaged or injuring the customer these can become decrease against with the public liability insurance. Before you open the business as a sole trader you must think about it, because anytime you become sick or had an accident so you

couldn't work or you can't open your business, so u cannot earn more money. This is the process of being a sole trader.

The next are PARTNERSHIP, Partnership is the relationship between the two or more person who handling or doing the business. Each of person was contributes or share money, labor, property or skill, and expects to share the profits and if the business become lower and lower it might cause of losses business. Some partnership has widely varying result and can present the other partners with the special challenges like to promote in other country, the product you selling in your company, but mostly each partner should be involved in day to day operations of the business you doing, and should make management decisions. Any partner may represent the business without the knowledge of the other partners but the actions of one partner can bind the entire partnership. Owners of a partnership may be exposed to greater personal liability than they would as shareholders of a corporation. Among to develop the other countries often strongly regulate certain partnership by via anti trust laws. The partnerships have advantages and disadvantage, this is the Advantages of the partnership: In more than one owner, the ability to raise funds may be increased both, because two or more partners may be able to contribute more funds and its because their borrowing capacity may be greater. That is one example of advantages of partnership, but it has other different types of advantages. The partnership have also disadvantage and this is a few example of the disadvantage of the partnership: one most disadvantages of partnership is when your partner died the business will may end upon the withdrawal or death of a partner.

The next are PRIVATE LIMITED COMPANY and PUBLIC LIMITED COMPANY, First Private Limited Company is only owned by the small group of people such as family and relatives, they are not allowed to offer the shares in to the general public and can operate through just only one director. This private limited company cannot trade the shares on the stock market. These companies are formed by at least 2 share holders to maximum 50 share holders, and shares may not be offered to the public and also no invitation of deposits from the persons other than members, directors or their relatives are only allowed. This companies are limited by the shares are often bound to offer the shares to their fellow shareholders prior to selling them to a third party.

The Public Limited Companies can be acquired by anyone and holders are only limited to potentially lose the amount paid for the shares. Public Limited Companies or they called PLC is a company owned by at least two people and offers it shares to be thought by anyone within the public. PLC have ordinary shares has no special rights or restrictions, preference shares typically carry the right that any annual dividends available for distribution can be paid preferentially on these shares before other classes and its also often dominate the market, huge amounts of finance can be raise, and it is easy to borrow from lenders due the large size of the company but this PLC is under by the government. This is the definition of the Public and Private Limited Companies and both parties are important.

The COOPERATIVE is a business organization owned and operated by a group of individuals for their mutual benefit and cooperative was Identity as autonomous associations of a persons united voluntarily to meet their

common economic, social, and cultural needs in the business organization and aspirations through jointly owned and democratically controlled enterprises. Cooperatives can also define as a business owned and controlled by equally by the people who use its services or by the people who work there. These member owners share equally in the control of their cooperative, they meet at regular intervals, hear detailed reports and elect directors from among themselves. The members invest in share in the business to provide the capital for a strong and efficient operation, however all nets savings profit left after bills are paid.

CONCLUSION

This form of business can be easily established with a relatively low out of pocket expense depending on to the type of business pursued. In whatever way a business is made up, a person who owning and running the business should regard himself as having two responsibilities and you must think as a manager or owner their responsible for the proper conduct of the business and entitle to fair living for doing so the owner may also be the investor who looks for a fair return on his investment, or returned of borrowed money.

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