BATANGUEÑO CUSTOMS BROKERS’ NEEDS ASSESSMENT

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ABSTRACT

This study primarily aims to determine the needs of the Batangueño Customs Brokers. Specifically, the objectives of the study are to describe the profile of the customs brokers in Batangas City in terms of age, civil status, present occupation or business engaged in and monthly family income and to identifies the needs of the customs brokers in the practice of their profession. Research design was descriptive using quantitative analysis and survey questionnaires and interviews as the main instrument in data gathering. The respondents of the study include 30 professional customs brokers. This was used to gather data from the respondents. Results revealed that the Majority of the practitioners are on their prime years, married, experienced Customs brokers are working in other business aside from the customs profession and are average income earners. The Customs Brokers Association - Batangas Chapter was organized to give additional information/latest updates on customs and tariff matters, to develop the values and ethics of the customs brokers’ profession and to conduct seminar-workshop and training to earn Continuing Professional Education (CPE) units accredited by the Professional Regulation Commission (PRC) are very much needed by the Batangueño Customs Brokers. On the basis of the findings and conclusions, it is recommended that the experienced customs brokers may conduct seminars, workshops and training in the practice of their profession and this research may serve as basis to have additional knowledge and better impact in strengthening the community extension program of the Customs Administration Department, College of Business Administration.

Field of Research: Batangueño Customs Brokers, Professional Regulation Commission

1. Introduction

As professionals, customs brokers act as agents of the importers and exporters in the entrance and clearance of shipments from customs authorities. They are bona fide holders of a valid certificate of registration and a professional identification card issued by the Professional Regulation Commission (PRC) pursuant to Republic Act (RA) No. 9280.

The Republic Act No. 9280 put the Customs Brokers’ profession in the level of other professions and carries with it a tantamount responsibility. Professionals are expected to deliver the best possible service to their clients within the framework of their regulatory laws in full compliance with government regulations as well as observance of their Code of Ethics taking into the consideration the public good. RA No. 9280 supports the
professionalizing practice of the customs broker profession in the Philippines, which will be beneficial to the country in general and to the economy in particular (Nague, 2005).

Customs Brokers can handle many tasks for clients, including warehousing and distribution of goods and shipping across state lines and across other countries as well. They can even provide sales leads and shipment consolidation. These take many time consuming and tedious details out of the hands of local shipping managers and place these tasks on the hands of brokers who perform such activities (Work, 2010).

Republic Act No. 9280 creates an administrative body which regulates the admission of the practice of customs broker in order to professionalize their participation in the industry and foster competition therein. It defines the scope of practice of customs broker profession covering services in the form of consultation, teaching, preparation of customs documents for imports and exports, declaration of customs duties and taxes and other related services. It strengthens the profession through the institution of the continuing professional education system. It prohibits the customs brokers against financing activities on behalf of their clients to minimize corruption in the Bureau of Customs.

Since RA No. 9280 has placed the customs broker profession to follow certain ethical standards, still there are observations that put customs brokers into unethical practice. Customs brokers sometimes engage in the delay of clearance of a shipment because of the claim of physical processing by the customs brokers themselves. There were Tariff and Customs Code of the Philippines (TCCP) probe on “attys. in fact” signing the customs entry and facilitating shipments themselves at the Bureau of Customs without prior notice of the concerned party. Furthermore, there were those who charged professional fees outside the customs broker professional standard fees established by the Professional Regulatory Board (PRB) for customs brokers. There are those also who allow themselves to be used as dummies by individual, corporation, firm and association of entity. There are also customs brokers who indulged in unfair and ruinous competition or employed deceitful devices or mean to attract customers in his dealings with the government and solicited customers/clients already connected with other brokers thru unfair monetary consideration.

In view of these foregoing, the researchers are interested to know the profile and the needs in the practice of the customs brokers’ profession. Moreover, the researchers believe that the result of this research shall enhance/improve the practice of the customs broker profession.

2. Objectives of the Study

The study aims to assess the needs of the Batangueño Customs Brokers.

Specifically, it describes the profile of the Customs Brokers in Batangas City in terms of: age, civil status, present occupation or business engaged in, and monthly family income and identifies the needs of the Batangueño Customs brokers in the practice of their profession.
3. Related Literature

Origin and Growth of Customs Broker Professions

Through the times, international trade became more complicated and the volume of import and export increased as dictated by the Philippine economic-socio political growth and upon the colonization by the Americans, the first Tariff Act was enacted. The Philippine Tariff Act of 1909 was substantially patterned after the U.S. Tariff and promulgated the Revised Administrative Code. The American government strictly supervised the activities and operations of all the so called “personeros” and started screening these people by giving written examination and making them responsible for their acts and deeds as customs brokers in order that they may represent several importers. Periodic examinations were conducted by the Collector of Customs with the aid of division heads and subject matters have been divided into several topics, such as classification, appraisal, administrative laws, procedures and operations and other allied matters. Qualifications were stressed on experience and basic knowledge as the age requirement was only twenty one years back then, at least a high school graduate and of course, with the corresponding character endorsement (Nague, 2005).

Time demands that with the growing economy of the Philippines, the customs and tariff administration must improve and hand in hand with the need for qualified employees and officials to administer the customs laws became inevitable. A new college course equivalent to a bachelor’s degree was authorized by one Department of Education to be taught and a high school student can pursue the course to earn a Bachelor of Science in Customs Administration degree thereby making him eligible after passing the board examination to practice customs brokerage to any port of entry of his choice or enter any private offices or government services such as the Bureau of Customs, Tariff Commission, Department of Trade and other offices where his knowledge can be useful and utilized as any other professional.

Customs Brokers

Professionals are well committed to a life of service to others. They protect life, property, and public welfare in ways that they provide a service in accordance with established protocols, ethics, procedures, standards of service and trainings. They uphold the public interest over and above personal interest. They remain true to people at all times, they act with justice and refrain from doing acts contrary to law, have good morals, good customs, uphold public policy and public safety. Professionals perform and discharge their duties with the highest degree of excellence, professionalism, intelligence and skill. They enter public service with utmost devotion and dedication to duty and endeavor to discourage wrong perceptions of their roles as dispensers or peddlers of undue patronage. They prepare for heroic sacrifice and genuine selflessness in carrying out professional duties even at the expense of personal gains. One of these professions is that of a Customs Broker.

Little is known of the work of customs brokers but in the field of international trade, they are the hub of exporters and importers playing a vital role in the movement and flow of foreign trade. They constitute the link between the government and the international commerce of the country and contribute a lot in the collection of revenues and equalizing supply and demand by being a factor in the flow of goods and merchandise in our economic
development and progress. Moreover, the customs brokers help in the movement at the piers which are efficiently done such that unnecessary losses to importers are averted, correct assessment of taxes and duties maximized and foremost of which, functions of tax collection are expedited. They are vital to the economy of the country as long as there is foreign trade since the Philippines is a maritime country.

The customs broker shall engage in transaction with the Bureau of Customs in connection with the importation and exportation of article goods, wares, merchandise and other customs matter necessitating the service of such customs broker. The customs broker is one who personally signs all the import entry entered in the Bureau of Customs. It is the one who acts as an intermediary between two other parties in a purchase-sale transaction. The broker may act for either buyer or seller but he does not take possession of the goods or property, or deal on his own account.

Legally, the broker is an agent acting for his principals within the authority delegated to him by his principal. Economically, his function is to bring buyer and seller together. If the broker is acting for the seller, he completed his work when he finds a buyer willing to accept the terms specified by the seller. The broker is then entitled to his commission, even if the seller will not or cannot complete the transaction.

Moreover, customs brokers act as intermediaries between importers and exporters and the government customs department, so they must have excellent communication skills, possess good memory, maintain a high standard of personal integrity and enjoy working with computers. They must be able to keep up with the ever changing computer systems trade and customs procedures, law and regulations and must have the ability to evaluate shipments quickly and can handle many details in a short time and can work well under pressure when problems arise. Their role is very important because most people do not know about the specific laws involved in importing and exporting (RA 9280: Act Regulating the Practice of Customs Brokers Profession, Domondon).

They are employed by importing and exporting organizations to clear goods through customs and ensure their timely delivery. Customs brokers use updated knowledge of trade laws and regulations to move shipments through customs as quickly and efficiently as possible. They can also act as freight forwarders, consultants or legal agents for organizations such as importers, wholesalers and manufacturers (www.schoolintheusa.com).

All Customs Brokers and brokerage firms are hereby directed to immediately notify the Bureau of Customs through the office of Collector at the Port where they have been licensed to do business in case there is an employee or representative of the Broker or brokerage firm who has ceased to be employed by the latter or whose authorities as such employee or representative has been terminated. No broker shall permit himself to be used as a “dummy” in the employment of the privilege to conduct a customs brokerage business (Customs Administrative Order No. 3-93).

Considering the state of the global economy and the changing face of international regulation policies, there has never been a better time to work with a certified and licensed Customs Broker. A Customs Broker facilitates the import and export of shipments through international customs by dealing with the complicated requirements and standardized procedures that are involved. It’s best to let an experienced customs broker handle the
paper work, tariffs and other customs matters while employees focus on strengths. In general, customs brokers will take care of all the loose ends between the importer, exporter and government authorities.

A good Customs Broker comes equipped with all of the software, hardware and technology needed to manage a company’s shipments, so there’s no need to shop around for the necessary resources. A quality broker has the tool to ensure timely delivery of goods to customers and knows how to use them all.

The Professional Regulatory Board for Customs Brokers

The Board shall be under the general supervision and administrative control of the Professional Regulation Commission which shall keep all records of the Board such as application for examination, examination papers and results, minutes of the deliberations and administrative and other investigative cases involving customs brokers. The Professional Regulation Commission shall designate the secretary of the Board and shall provide the secretariat and other services to implement the provisions of R.A 9280 subject to the usual government accounting and auditing rules and regulations (Ditan, 2008).

Needs Assessment of the Customs Brokers

A need is a situation that prevents the organization from achieving one or more of its objectives. A problem can end in several ways. The best ending for a need is a solution. In a solution, one or more parties with the problem have their objectives met fully. An ideal solution maximizes the value of the outcome to all concerned. However in business, it is very often that a solution is not the way a problem ends. To meet everyone objectives, time and money should always be allotted. It is often better to resolve a number of needs in a given time frame than to spend available time on a maximum solution for one problem. The second ending is a resolution. In a resolution, the need is satisfied. “Satisfying” means the result is not the best, but it is good enough. All parties with the needs agree to the solution. The third is dissolution. For this outcome, change is made in some part of the environment and the problem disappears (Abracosa, 1993).

Abelos (2006) added that problem arise when an actual state of affairs differs from a desire state of affairs. But in many cases, a need maybe an opportunity in disguise. An example he cited was the customer’s complaints about slow delivery of orders which can be seen as an opportunity to redesign production process and customer service.

According to Alicaya (2001) found out that perceived work problems in the Piers Inspection Division, Bureau of Customs, Port of Manila were the need to upgrade salaries and fringe benefits, little prospects for promotion and career advancement, inadequate manpower, the need for more training/seminar workshop specifically in human relation and improvement of work performance.

4. Methods

A self-made survey questionnaire was the main instrument used in gathering data. It is composed of two parts based from the objectives of the study. Part one contained the profile of Customs Brokers in terms of age, civil status, business engaged in, and monthly
family income; the second part listed the possible needs of the Customs Brokers. The respondents consist of 30 professional Customs Brokers as respondents.

The formulation of the questionnaire was done through reading related literature and interviewing the customs brokers concerned to gather the most important information needed in this study.

The items given scale are values of 1 to 4 with 1 as the lowest and 4 as the highest. Equivalent Verbal descriptions were also provided to describe the corresponding numerical values.

<table>
<thead>
<tr>
<th>Range</th>
<th>Weight</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.26 – 4.00</td>
<td>4</td>
<td>Very Much Needed</td>
</tr>
<tr>
<td>2.51 – 3.25</td>
<td>3</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>1.76 – 2.50</td>
<td>2</td>
<td>Slightly Needed</td>
</tr>
<tr>
<td>1.00 – 1.75</td>
<td>1</td>
<td>Not Needed</td>
</tr>
</tbody>
</table>

After the data were retrieved, they were tallied and presented properly through the help of SPSS Version 17. Descriptive statistics were employed in the study such as weighted mean. Data were also presented in graphical form.

5. Results and Discussion

5.1 Profile of the Respondents

Figure 1 presents the respondents’ age variable. As indicated in the chart, the respondents who belonged to 31-40 years old has a frequency of 14 or 46.7 %, the 21-30 years age bracket gathered a result of 43.3 % or a frequency of 13 and a frequency of 3 or 10% of the respondents were 41-50 years of age. This shows that majority of the respondents are males who belong to 31-40 yrs. old having more experience towards their work. They are mature enough to handle matters about their profession.
Figure 2: Civil Status of the Respondents

As shown in figure 2, majority of Customs Brokers are married, with a frequency of 19 and percentage distribution of 63.3%. Single respondents have a frequency of 11 and a percentage at 36.7%. It only implies that single Customs Broker prefer to work first than to get married. It is due to the fact that there would be more opportunities for improvement when working while still single.

Figure 3: Respondents’ Occupation

Figure 3 presents that most of the experienced Customs brokers are working with other businesses with the frequency of 13 or equivalent to 43.3%, the frequency of 11 or 36.7% belongs to experienced Customs brokers without brokerage firm, and with brokerage firm got the lowest respondents with the frequency of 5 or 16.7%. Most of the Customs Brokers engage in other business to have extra income and they experience the different fields of work to build their own business and to be well-known to other people. This is not a good indication because professional-wise they are considered underemployed.
Figure 4 shows the respondents’ monthly income. As indicated in the chart, most of the experienced Customs Brokers have a monthly income of Php10,100.00-Php20,000.00 with the frequency of 13 or 43.3% while the other respondents got 30.0%, 16.7%, 3.3% and 6.7%. Considering the standard of living in Batangas, the Customs Brokers must obtain higher earnings to sustain their respective families.

5.2 Needs Assessment of the Customs Brokers

Table 1: Weighted Mean on the Evaluation of the Customs Brokers Needs

<table>
<thead>
<tr>
<th>Needs</th>
<th>Weighted Mean</th>
<th>Verbal Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Customs Brokers has affected the needs in terms of the following dimensions, to wit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. To support all Batangueño Customs Brokers</td>
<td>2.93</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>2. To organize Customs Brokers Association in Batangas Chapter</td>
<td>4.00</td>
<td>Very Much Needed</td>
</tr>
<tr>
<td>3. To provide initial investment for customs brokerage operation</td>
<td>2.40</td>
<td>Slightly Needed</td>
</tr>
<tr>
<td>4. To give additional information/latest updates on customs and tariff matters</td>
<td>4.00</td>
<td>Very Much Needed</td>
</tr>
<tr>
<td>5. To develop the values and ethics of the customs brokers profession</td>
<td>4.00</td>
<td>Very Much Needed</td>
</tr>
<tr>
<td>6. To conduct seminar-workshop and training to earn CPE units</td>
<td>4.00</td>
<td>Very Much Needed</td>
</tr>
<tr>
<td>accredited by the Professional Regulation Commission (PRC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. To enhance the relationship of the customs brokers with clients</td>
<td>2.57</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>(importers and exporters)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. To develop camaraderie among Batangueño customs brokers</td>
<td>2.73</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>9. To uplift the status of the Customs Broker profession</td>
<td>2.63</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>10. To have linkages with the private/government institutions</td>
<td>2.73</td>
<td>Moderately Needed</td>
</tr>
<tr>
<td>regarding customs and tariff matters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composite Mean</td>
<td>3.20</td>
<td>Moderately Needed</td>
</tr>
</tbody>
</table>

Table 1 show that the needs of the customs brokers have a composite mean of 3.67 among the ten categories were evaluated as “Very Much Needed” on almost all the categories. “To
organize Customs Brokers Association in Batangas Chapter, to give additional information/latest updates on customs and tariff matters, to develop the values and ethics of the customs brokers’ profession and to conduct seminar-workshop and training to earn Continuing Professional Education (CPE) units accredited by the Professional Regulation Commission (PRC)” got the highest from the scale of values.

The number of Batangueño Customs Brokers continuously increase in number, so the officers of the Chamber of Customs Brokers, Inc. (CCBI) to organize Customs Brokers Association in Batangas. This is to enhance the networking of professionals among Batangueño Customs Brokers. Upon the organization of CCBI Batangas Chapter there was easy coordination among themselves and members easily conduct seminars, workshops and training aside from the purpose of giving additional information/latest updates on customs and tariff matters earning Continuing Professional Education (CPU) units accredited by the Professional Regulation Commission (PRC), this organization also helps to develop the values and ethics of the customs brokers profession among its members.

While to provide initial investment for customs brokerage operation, to enhance the relationship of the customs brokers with clients (importers and exporters) and to uplift the status of the customs broker profession got the least weighted mean of 2.40, 2.57 and 2.63 respectively. The fund that can be collected from the members of the CCBI Batangas cannot be allotted for the customs brokerage operation. It will only to suffice for the expenses to be incurred in the conduct of seminars, workshops and training among Customs Brokers members.

The enhancement of the relationship of the customs brokers with clients (importers and exporters) can be done through personal contact or one on one talk with prospective clients. The customs brokers must follow the “Code of Ethics for Customs Brokers” that is why all members are very professional and always aim to uplift the status of their profession even though they are non-members of the organization.

6. Conclusions

Based on the findings, the researchers came out with the following concluding statements:

1. Majority of the practitioners are on their prime years, married, experienced Customs brokers are working in other business aside from the customs profession and are average income earners.
2. The Customs Brokers Association - Batangas Chapter was organized to give additional information/latest updates on customs and tariff matters, to develop the values and ethics of the customs brokers’ profession and to conduct seminar-workshop and training to earn Continuing Professional Education (CPE) units accredited by the Professional Regulation Commission (PRC) are very much needed by the Batangueño Customs Brokers.

7. Recommendations

Based on the conclusions, the following are hereby recommended:
1. The experienced Customs brokers may conduct seminars, workshop and training in the practice of their profession.
2. This research may serve as basis to have additional knowledge and better impact in strengthening the community extension program of the Customs Administration Department, College of Business Administration. Future researchers may conduct research about status and prospects of Customs brokerage in Batangas City.

References


Customs Administrative Order 3-93


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