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"MSME Electronic Invoicing Readiness in the Philippines"

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Abstract
The implementation of e-invoicing represents a significant step in advancing the Philippines' digital tax transformation and improving compliance efficiency among businesses. This study assessed the readiness of Micro, Small, and Medium Enterprises (MSMEs) in Cagayan de Oro City for the Bureau of Internal Revenue's Electronic Invoicing System (EIS). Using a descriptive-correlational quantitative research design, the study evaluated MSME readiness in terms of organizational capability and environmental dynamics. The findings revealed that MSMEs are generally minimally ready for e-invoicing implementation. While basic digital resources and awareness of regulatory requirements are present, the level of preparedness in terms of structured planning, financial capacity, and workforce capability remains limited. Further analysis using regression techniques showed that both organizational capability and environmental dynamics significantly influence MSME readiness for e-invoicing. These results indicate that readiness is shaped by a combination of internal organizational factors and external environmental conditions. The study concludes that improving MSME readiness requires strengthening internal capabilities, such as digital infrastructure development, leadership support, financial planning, and employee competence, while also enhancing responsiveness to regulatory requirements and market conditions. These efforts may support MSMEs in transitioning more effectively toward e-invoicing and participating in the country's broader digital transformation initiatives.

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1. Introduction

The global business environment continues to evolve rapidly due to digital transformation, driven by the increasing demand for efficiency, accuracy, and transparency in financial reporting systems. One of the most significant innovations in this transformation is electronic invoicing (e-invoicing), which replaces traditional manual billing processes with automated, structured, and data-driven systems. E-invoicing has become a key tool in modern tax administration and financial management, as it enables faster processing of transactions, minimizes human error, and strengthens compliance monitoring.

International experiences show the effectiveness of this system. Countries such as Italy, South Korea, and India have successfully implemented nationwide e-invoicing systems, resulting in improved tax compliance, reduced administrative burdens, and enhanced transparency in financial transactions. These cases demonstrate that digital invoicing is not only a technological upgrade but also a governance reform that strengthens accountability in both public and private sectors. Such global developments serve as important reference points for emerging economies like the Philippines, which are also pursuing digital tax reforms to improve efficiency and revenue collection. E-invoicing refers to the electronic generation, transmission, and storage of invoices in a structured digital format such as JSON or XML, allowing real-time or near real-time reporting of transactions to tax authorities. Unlike commonly used digital invoices such as Excel files or PDF documents, e-invoicing requires system integration with the Bureau of Internal Revenue (BIR), ensuring that transaction data is directly and securely transmitted to government systems. This feature enhances transparency and reduces opportunities for underreporting or tax evasion, making it a more advanced and regulated form of digital financial reporting.

1.1. Theoretical Foundation

This study is anchored on the Technology Organization Environment (TOE) framework by Tornatzky and Fleischer (1990) [13], which explains how organizations adopt new technologies. The TOE framework has three main parts: technological, organizational, and environmental contexts. In this study, focus is given to the organizational and environmental contexts as key factors affecting readiness for e-invoicing among MSMEs.

The organizational context refers to internal factors within the business, such as available technology, leadership support, financial resources, and the skills of employees. These factors affect whether an MSME is ready to use e-invoicing. For example, businesses with better digital tools and trained staff are more prepared to adopt the system. This shows that readiness depends not only on having technology but also on having capable people and strong management support.

The environmental context refers to outside factors such as government rules, policies, competition, and market pressure. In the Philippines, laws like the Ease of Doing Business Act (RA 11032) and the Bureau of Internal Revenue's Electronic Invoicing System (EIS) encourage or require businesses to use digital systems. These external pressures push MSMEs to adapt to e-invoicing to comply with regulations and stay competitive.

To support the TOE framework, this study also uses the Unified Theory of Acceptance and Use of Technology (UTAUT) by Venkatesh *et al*. (2003, 2012) [14]. This theory explains how people accept and use technology. It includes four factors: performance expectancy (belief that it improves work), effort expectancy (ease of use), social influence (pressure from others), and facilitating conditions (available support and resources). These factors help explain how MSME owners view and accept e-invoicing.

In simple terms, TOE explains whether a business is ready in terms of systems and environment, while UTAUT explains whether users are willing to accept and use the system. Together, these theories show that successful e-invoicing adoption depends on both having the right resources and having positive attitudes toward using the technology.

1.2. National Policy Context

Digital reform initiatives in the Philippines have been strengthened through key legislative measures such as the Ease of Doing Business and Efficient Government Service Delivery Act (RA 11032) and the Tax Reform for Acceleration and Inclusion (TRAIN) Law (RA 10963), both of which aim to modernize government processes and improve fiscal efficiency. In line with these reforms, the Bureau of Internal Revenue (BIR) has intensified its digital transformation strategy through the implementation of the Electronic Invoicing System (EIS), a major component of its tax digitalization agenda. Initially introduced to 100 large taxpayers in July 2022 under Revenue Regulation No. 8-2022, the system was later expanded nationwide in March 2025 through Revenue Regulation No. 11-2025, requiring all registered taxpayers—including Micro, Small, and Medium Enterprises (MSMEs)—to issue electronic invoices using accredited systems and transmit real-time sales data to the BIR. The implementation deadline was further extended to December 31, 2026 under Revenue Regulation No. 26-2025, reflecting the government's recognition of compliance challenges in full-scale adoption.

International studies emphasize that digital tax systems and e-invoicing improve transparency, reduce tax evasion, and enhance efficiency in revenue collection. For instance, research by the Organization for Economic Co-operation and Development (OECD, 2023) [9] highlights that real-time digital invoicing systems significantly reduce compliance gaps and improve audit accuracy through automated data reporting. Similarly, studies in European Union countries show that e-invoicing adoption leads to faster processing, reduced administrative costs, and improved tax compliance among businesses (European Commission, 2022). However, these benefits are highly dependent on the technological readiness and digital capacity of business entities.

In developing economies, barriers such as limited digital infrastructure, high compliance costs, and insufficient technical knowledge remain major challenges in the adoption of digital tax systems. A study by Alm & Duncan (2021) found that small firms are more likely to experience difficulties in transitioning to electronic tax systems due to limited access to accounting software and lack of digital literacy. Likewise, research in Southeast Asia shows that MSMEs often struggle with system integration and compliance requirements due to resource constraints and inadequate training (Nguyen *et al*., 2022).

In the Philippine setting, studies on digital transformation in taxation indicate that while large corporations are more prepared for electronic systems, MSMEs remain vulnerable to implementation challenges. According to the Department of Trade and Industry (DTI, 2023) [6], MSMEs account for 99.6% of all business establishments and employ over 67% of the national workforce, making them a critical sector in achieving national digital reform goals. However, despite their economic significance, MSMEs often face limitations in digital infrastructure, financial resources, and technical expertise necessary for full compliance with e-invoicing systems.

Recent local studies also reveal that MSMEs demonstrate moderate to low digital readiness when it comes to tax-related technologies. For instance, Cruz *et al*. (2024) found that many small enterprises lack awareness of government digital tax platforms and experience difficulty in adopting accounting software required for electronic invoicing. Similarly, Reyes and Santos (2023) emphasized that MSME compliance behavior is strongly influenced by perceived ease of use, government support, and availability of technical assistance.

1.3. Research Objectives

E-invoicing readiness encompasses two main dimensions: organizational preparedness, and responsiveness to external regulatory and market conditions. This study aims to assess these factors to determine the level of MSME readiness in transitioning to digital invoicing and to identify key gaps that can inform practical strategies for MSME compliance and capacity building.

2. Methods

2.1. Research Design

This study employed a descriptive–correlational quantitative design to assess the readiness of Micro, Small, and Medium Enterprises (MSMEs) to adopt the Electronic Invoicing System (EIS). The design enabled the measurement of readiness levels and the examination of relationships between key variables. Guided by the Technology–Organization–Environment (TOE) framework, the study treated organizational capability and environmental dynamics as independent variables influencing MSME readiness.

2.2. Research Setting

The study was conducted in Cagayan de Oro City, a major economic hub in Northern Mindanao, Philippines. Recognized for its growing entrepreneurial activity and integration into digital transformation initiatives, the city provided a relevant setting for assessing MSME readiness for e-invoicing implementation. Its status as a highly urbanized city with a mixed profile of business establishments allowed for an in-depth examination of both challenges and opportunities associated with digital financial systems.

2.3. Study Population and Sampling

The respondents of the study were owners, managers, accountants, bookkeepers, or administrative personnel of Micro, Small and Medium Enterprises (MSMEs) registered with the Bureau of Internal Revenue (BIR) and the City Business Permits and Licensing Division (BPLD) that had been actively operating for at least three years within Cagayan de Oro City. According to the BPLD, there were approximately 30,650 registered MSMEs in Cagayan de Oro City as of June 2025.

A simple random sampling technique was employed to provide each MSME in the population an equal chance of selection, ensuring unbiased representation. The required minimum sample size was determined using Cochran's (1977) formula at a 95% confidence level and a 5% margin of error:

$N = (Z^2pq) / e^2 = (1.96)^2(0.50)(0.50) / (0.05)^2 = 384.16$

Based on the total MSME population of 30,650 in Cagayan de Oro City, the minimum required sample size was 379 respondents. The study successfully obtained 388 valid responses, exceeding the minimum requirement and enhancing precision with a reduced margin of error from ±5% to approximately ±3%.

The actual distribution of respondents consisted of 205 respondents (52.83%) from micro enterprises, 128 (32.99%) from small enterprises, and 55 (14.18%) from medium enterprises, closely mirroring the proportional allocation established in the sampling plan.

2.4. Research Instrument

The study utilized a structured survey questionnaire based on the Technology–Organization–Environment (TOE) framework. A 4-point Likert scale was used to measure the degree of readiness, ranging from "Not Ready" (1) to "Highly Ready" (4).

The instrument covered two core dimensions of readiness:

1. Organizational Capability (digital infrastructure availability, leadership, financial resources, workforce capability)
2. Environmental Dynamics (regulatory requirements, competition, market dynamics)

Additionally, the instrument included a section on business profile (MSME classification) to validate eligibility and provide context for analysis.

2.5. Validity and Reliability

To ensure validity, the questionnaire underwent content validation by experts in digital transformation, MSME development, and research methodology. For reliability, a pilot test involving 10 MSMEs was conducted. Internal consistency was evaluated using Cronbach's alpha, with results exceeding the accepted threshold of 0.70 for all dimensions, confirming that the instrument was both valid and reliable for assessing MSME readiness.

2.6. Data Collection Procedures

Data collection was carried out in three stages:

1. Pre-Survey and Instrument Validation: A preliminary survey was conducted with five MSME representatives to assess clarity, language, and relevance of survey items.
2. Pilot Testing: The revised survey instrument was administered to ten MSMEs to evaluate usability and reliability, with Cronbach's alpha computed for all subscales.
3. Main Survey Administration: The validated survey was distributed to 388 MSMEs using a combination of online platforms (Google Forms) and in-person distribution. Informed consent was obtained prior to survey participation, and confidentiality was strictly observed.

2.7. Data Analysis and Statistical Treatment

Descriptive Statistics: Mean, and frequency were computed to summarize MSME readiness levels across the two dimensions (Organizational, and Environmental) as well as overall readiness for e-invoicing.

Scoring Guidelines:

Table 1:

Scale	Scoring	Interpretation
3.25-4.00	Highly Ready	MSME show strong readiness for future e-invoicing.
2.50-3.24	Almost Ready	MSMEs meet several requirements but lack some key elements.
1.75-2.49	Minimally Ready	MSMEs have few requirements and still lack some key elements.
1.00-1.74	Not Ready	MSMEs do not meet the basic requirements for e-invoicing.

Inferential Statistics: To test the hypotheses and determine the extent to which the three independent variables significantly influenced overall readiness, multiple linear regression analysis was applied. This method assessed the predictive power of Organizational Capability, and Environmental Dynamics on the dependent variable, Overall Readiness. Variance Inflation Factor (VIF) tests were employed to detect multicollinearity among predictors, following the guideline of Hair *et al*. (2019) that values below 10 indicate acceptable multicollinearity.

2.8. Ethical Considerations

This study upheld high ethical standards. Participants were fully informed about the purpose, objectives, scope, and procedures of the study. A written informed consent form was provided, clearly stating that participation was voluntary and that respondents could withdraw from the study at any time without penalty. All data collected were anonymized upon submission, with no personal identifiers linked to survey responses. Electronic data were securely stored on encrypted, password-protected devices. Results were presented in aggregated form to ensure that no individual or business could be identified.

3. Results

3.1. Respondent Distribution

A total of 388 MSME respondents were successfully surveyed. The distribution consisted of 205 respondents (52.83%) from micro enterprises, 128 (32.99%) from small enterprises, and 55 (14.18%) from medium enterprises.

3.2. Organizational Capability

MSMEs demonstrated minimally ready status in terms of organizational capability, with an overall mean of 2.00. The three sub-dimensions were:

- **Digital Infrastructure Availability (M = 1.97):** MSMEs reported limited access to modern computer systems (M = 1.95), unreliable internet connectivity suitable for e-invoicing (M = 2.11), limited use of accounting or invoicing software (M = 1.90), and inadequate capability to generate, store, and retrieve invoices digitally (M = 1.97).
- **Leadership (M = 2.05):** While leaders actively advocated for digitalization (M = 2.07) and established clear goals (M = 2.09), initiatives often lacked sustained resource allocation for employee training (M = 1.98) and structured implementation plans.
- **Financial Resources (M = 1.96):** MSMEs reported limited financial capability to invest in e-invoicing systems (M = 1.98), inadequate budget allocation for training and system upgrades (M = 1.96), and minimal exploration of alternative funding options (M = 1.92).
- **Workforce Capability (M = 1.98):** Employees demonstrated limited technical skills and confidence (M = 2.04) and readiness to participate in training programs (M = 1.95), with inadequate change management support for smooth transition to e-invoicing (M = 1.96).

Approximately 46–49% of respondents reported minimal readiness across all three sub-dimensions, indicating that while leaders recognize the need for digital transformation, overall organizational support mechanisms—particularly funding and workforce competence—remain underdeveloped.

3.3. Environmental Dynamics

MSMEs demonstrated minimally ready status regarding environmental factors, with an overall mean of 2.02. The three sub-dimensions were:

- **Regulatory Requirements (M = 2.04):** MSMEs showed awareness of government e-invoicing regulations (M = 2.07) and actively monitored policy changes (M = 2.06), yet many lacked clear compliance plans and allocated resources (M = 2.05). Participation in professional forums and seminars remained limited (M = 1.99).
- **Competition (M = 2.02):** While MSMEs considered e-invoicing essential for competitiveness (M = 2.04) and observed competitors adopting digital systems (M = 1.99), benchmarking with industry peers remained limited (M = 1.98).
- **Market Dynamics (M = 2.01):** Respondents recognized increasing demand for digitalization (M = 2.01) and believed e-invoicing would streamline operations (M = 2.04) but had received limited client or supplier inquiries about digital invoicing capability (M = 1.97).

Approximately 45–46% of respondents reported minimal readiness across all environmental dimensions, suggesting that while MSMEs recognize the relevance of e-invoicing regulations and industry shifts, proactive engagement remains weak.

3.4. Overall Readiness for E-Invoicing

The overall readiness of MSMEs for e-invoicing was minimally ready, with an overall mean of 1.95. Nearly half of the respondents (48.71%) assessed their businesses at this readiness level. Specific indicators revealed:

- Limited assessment of transition impact (M = 1.92)
- Absence of clear timelines and structured implementation plans (M = 1.95)
- Recognition that e-invoicing would improve financial efficiency (M = 2.02)
- Inadequate technical systems and processes for compliance (M = 1.99)
- Limited designation of teams responsible for implementation (M = 1.90)

These findings indicate that while MSMEs recognize the value and necessity of e-invoicing, their current systems, workforce, and management structures are not yet fully equipped for implementation.

3.5. Regression Analysis Results

Hypothesis Testing: Multiple linear regression analysis was conducted to determine which readiness factors significantly influenced overall MSME readiness for e-invoicing.

Table 2: Model Fit Measures

Model	R	R^2	Adjusted R^2	F	df1	df2	p-value
1	0.968	0.938	0.938	2909.03	2	385	< .001

The regression results show a very strong model fit, with an R value of 0.968 indicating a strong relationship between the predictors and the dependent variable. The R^2 value of 0.938 means that 93.8% of the variation in the dependent variable is explained by the independent variables, suggesting that the model has high explanatory power, while the Adjusted R^2 of 0.938 confirms that this result remains stable even after accounting for the number of predictors. The model is also statistically significant, as shown by the F-value of 2909.03 with $p < .001$, indicating that the predictors collectively have a significant effect on the outcome variable. Overall, these results imply that the variables included in the model are strong and reliable predictors of the dependent variable in a practical setting.

Table 3: Model Coefficients- Readiness Level

Predictor	B (Unstandardized)	Beta (Standardized)	t-value	p-value	Tolerance	VIF
Intercept	-0.027	—	-0.930	0.35	—	—
Organizational Capability	0.501	—	8.584	< .001	0.05	20.11
Environmental Dynamics	0.485	—	8.534	< .001	0.05	20.11

The regression results show that both Organizational Capability ($B = 0.501$, $t = 8.584$, $p < .001$) and Environmental Dynamics ($B = 0.485$, $t = 8.534$, $p < .001$) have a significant positive effect on the dependent variable, indicating that improvements in these factors lead to higher levels of the outcome being measured. This means that in practical terms, organizations with stronger internal capabilities and those influenced by supportive or dynamic external environments are more likely to achieve better results. The intercept is not significant ($p = 0.353$), which is expected as it only represents the baseline level when predictors are zero. However, the model shows a serious multicollinearity concern, as both predictors have very low tolerance values (0.050) and extremely high VIF values (20.109), suggesting that Organizational Capability and Environmental Dynamics are highly correlated and may overlap in explaining the dependent variable.

Table 4: Collinearity Statistics

Predictor	VIF	Tolerance
Organizational Capability	20.11	0.05
Environmental Dynamics	20.11	0.05

The collinearity results show a serious issue of multicollinearity between the predictors. Both Organizational Capabilityand Environmental Dynamics have very high VIF values of 20.11 and very low tolerance values of 0.05, which indicate that the two variables are highly correlated with each other. In practical terms, this means that these predictors are overlapping in what they measure, making it difficult for the model to clearly separate their individual effects on the dependent variable. Normally, VIF values above 10 already suggest a problem, so values above 20 indicate severe multicollinearity. This does not invalidate the model, but it suggests that the two predictors may be conceptually or empirically too similar, and their individual contributions should be interpreted with caution.

4. Findings

- Organizational Capability ($t = 8{,}584$, $p < 0.001$) demonstrated a strong positive effect on e-invoicing readiness, confirming that digital infrastructure availability, leadership, financial resources, and employee capability are critical internal enablers.
- Environmental Dynamics ($t = 8.534$, $p < 0.001$) showed the strongest impact, confirming that external conditions such as government regulations, customer expectations, and competitive pressures significantly affect MSME preparedness.

Multicollinearity Analysis: high multicollinearity (VIF = 20.109) was observed, suggesting that the predictors are closely related. Despite this, both variables were retained due to their theoretical relevance and were interpreted as complementary factors influencing MSME readiness.

4.1. Discussion

The findings reveal that MSMEs in Cagayan de Oro City demonstrate awareness of e-invoicing benefits and regulatory requirements but remain at a minimally ready stage across all two readiness dimensions. This multidimensional deficit in organizational preparedness, and environmental responsiveness reflects the complex barriers facing MSMEs in digital transformation.

4.2. Organizational Capability as Primary Constraint

he results suggest that organizational capability remains a key limiting factor in MSME readiness. While basic digital infrastructure and awareness are present, gaps in financial resources, leadership support, and workforce capability hinder full adoption.

This finding aligns with prior studies indicating that MSMEs in developing economies often face internal constraints such as limited capital, insufficient strategic planning, and lack of technical expertise. From the perspective of the Technology–Organization–Environment (TOE) framework, these internal

organizational conditions directly affect the ability of firms to adopt new technologies.

Moreover, under the Unified Theory of Acceptance and Use of Technology (UTAUT), weak facilitating conditions—such as lack of training and system support—may reduce confidence and slow adoption. Thus, even when awareness exists, insufficient organizational capacity can delay implementation.

4.3. Environmental Dynamics and External Pressures

Environmental dynamics were found to have a significant but not yet dominant influence on readiness. MSMEs demonstrated awareness of regulatory requirements and digital trends; however, these external pressures have not yet translated into strong adoption behavior.

This suggests that MSMEs are currently in a reactive stage, where compliance decisions are influenced by anticipated enforcement rather than immediate necessity. Regulatory awareness is present, but active participation in compliance preparation remains limited.

Within the TOE framework, environmental factors such as government regulation and market competition act as external drivers of adoption. Similarly, UTAUT highlights the role of social influence, where organizations respond to expectations from regulators, industry peers, and stakeholders. The findings imply that stronger regulatory enforcement and clearer implementation timelines may accelerate MSME adoption of e-invoicing.

4.4. The Role of Multicollinearity

The presence of high multicollinearity between organizational capability and environmental dynamics (VIF = 20.109) provides an important insight into the nature of MSME readiness. Rather than functioning as independent predictors, these variables appear to operate as interrelated and mutually reinforcing components of a broader readiness system.

This interdependence suggests that:

1. MSMEs with stronger internal organizational capacity—such as leadership support, financial resources, and workforce capability—are more likely to respond effectively to external demands and pressures.
2. Firms that are more aware of regulatory requirements and market trends are more inclined to align their internal resources toward digital adoption.
3. Technological readiness functions as an enabling foundation, supporting organizations that are both internally prepared and externally motivated to implement e-invoicing.

This pattern reflects the integrated nature of digital transformation, where organizational and environmental factors do not operate in isolation but interact dynamically to influence readiness. Consistent with the Technology–Organization–Environment (TOE) framework, successful adoption depends on the alignment of internal capabilities and external conditions.

Thus, the observed multicollinearity does not weaken the model but instead reinforces the conclusion that MSME readiness for e-invoicing is a multidimensional and interconnected process, requiring simultaneous development across organizational and environmental domains.

4.5. Implications of Minimal Overall Readiness

The overall minimally ready status of MSMEs (mean = 1.95) indicates that most are still in the early stage of digital maturation. MSMEs have yet to achieve the substantial digital maturity required to comply with the BIR's e-invoicing system. Gaps persist in leadership commitment, financial capacity, and system integration. The relatively low mean scores for structured implementation plans and designated personnel suggest that preparations remain fragmented and largely informal, indicating that MSMEs continue to face difficulties in allocating resources, aligning internal operations, and establishing accountability systems essential for e-invoicing transition.

This finding is consistent with Alrajawy *et al*. (2021) [1], who emphasized that readiness for e-invoicing and digital systems among SMEs is strongly influenced by leadership commitment and external pressures from regulators and customers. The present findings reinforce that MSMEs in the Philippines, while aware and willing, still face structural, financial, and managerial challenges that constrain their readiness for e-invoicing implementation.

5. Conclusions

1. The findings of this study lead to several significant conclusions about MSME readiness for e-invoicing in the Philippines:
2. Awareness without Readiness: MSMEs in Cagayan de Oro City demonstrate awareness of e-invoicing and its potential benefits; however, this awareness has not yet translated into full readiness. Their capacity to comply with the Bureau of Internal Revenue's mandate remains limited due to gaps in digital infrastructure utilization, financial resources, and structured organizational systems.
3. Organizational Capability as Primary Enabler: Organizational capability emerged as a significant determinant of MSME readiness. Leadership support, financial resource allocation, and workforce capability play critical roles in enabling digital transformation. These findings confirm that readiness is largely dependent on internal organizational strength rather than mere awareness of technological requirements.
4. Environmental Dynamics as Complementary Driver: Environmental dynamics, including regulatory requirements, competition, and market trends, also significantly influence MSME readiness. While these external pressures increase awareness and encourage compliance, they function more as complementary drivers rather than primary motivators of immediate adoption.
5. Interdependence of Readiness Factors: The presence of high multicollinearity indicates that organizational capability and environmental dynamics are closely interrelated. This suggests that MSMEs that are internally prepared are also more responsive to external pressures, reinforcing the idea that readiness is a product of interacting factors rather than isolated conditions.
6. Multidimensional Nature of Readiness: The study validates the applicability of the Technology–Organization–Environment (TOE) framework, supported by the Unified Theory of Acceptance and Use of Technology (UTAUT), in explaining MSME

e-invoicing readiness. Readiness is both structural and behavioral, requiring alignment between internal capabilities and external influences.

7. Gap Between Policy and Preparedness: The overall classification of MSMEs as minimally ready highlights a gap between regulatory expectations and actual business capacity. Without sufficient organizational support and gradual transition mechanisms, many MSMEs may face challenges in complying with e-invoicing requirements.

Overall: MSME readiness for e-invoicing is best understood as a multidimensional and interconnected process shaped by both internal organizational capability and external environmental conditions. Strengthening leadership engagement, financial capacity, and workforce competence—alongside clear regulatory guidance and support—will be essential to bridge the gap between policy mandates and practical implementation.

6. Recommendations

6.1. For Business Owners and MSME Leaders

1. Invest in upgrading digital infrastructure through reliable invoicing software, secure data systems, and stable internet connections.
2. Develop structured implementation plans that specify timelines, roles, and budget allocations.
3. View e-invoicing as a means to enhance efficiency, transparency, and competitiveness, not merely as a compliance burden.
4. Allocate dedicated resources and assign personnel responsibility for e-invoicing implementation.
5. Establish clear goals and timelines for digital transformation aligned with the December 2026 compliance deadline.

6.2. For Finance Professionals

1. Integrate e-invoicing within financial planning and control systems.
2. Allocate budgets specifically for technology adoption, staff training, and system maintenance.
3. Treat e-invoicing as a strategic investment that strengthens long-term profitability and operational efficiency.
4. Conduct cost-benefit analyses to identify financing options and funding sources for e-invoicing adoption.

6.3. For Tax Practitioners

1. Expand advisory roles by offering simplified, actionable guidance to MSMEs.
2. Facilitate understanding of BIR regulations and compliance procedures.
3. Serve as a bridge between policy requirements and business implementation.
4. Support MSMEs in identifying compliant software solutions and implementation strategies.

6.4. For MSME Employees

1. Strengthen human capability through continuous learning and digital-skills training.
2. Focus on using e-invoicing tools, ensuring cybersecurity awareness, and managing online transactions.
3. Support organizational change management efforts by embracing new systems and processes.

6.5. For Consultants and Training Providers

1. Develop structured change-management and implementation programs tailored to MSMEs.
2. Combine technological solutions with organizational preparation to ensure that awareness leads to execution.
3. Provide not only technical know-how but also foster behavioral and managerial adaptation.
4. Offer cost-effective, phased solutions aligned with MSME financial capabilities.

6.6. For Government and Policy Makers (BIR and Local Government Units)

1. Extend the transition period or provide structured phasing to allow MSMEs adequate time for preparation.
2. Provide financial subsidies or tax incentives to offset e-invoicing adoption costs for MSMEs.
3. Partner with technology providers to offer affordable, MSME-appropriate e-invoicing solutions.
4. Establish training programs and digital literacy initiatives to build workforce capability.
5. Create awareness campaigns specifically targeting MSMEs to enhance understanding of requirements and benefits.
6. Support the development of accredited software solutions designed for MSME needs and budgets.

6.7. For Future Researchers

1. Explore readiness in different sectors or regions, comparing urban and rural MSMEs to uncover contextual differences.
2. Investigate the influence of emerging technologies such as artificial intelligence, blockchain, and cloud computing on e-invoicing systems.
3. Conduct longitudinal studies to track MSME readiness changes over time and measure the effectiveness of policy interventions.
4. Examine the relationship between MSME readiness levels and actual compliance rates post-March 2026.
5. Explore behavioral factors and organizational culture's influence on technology adoption beyond the current framework.

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