

Chapter 6: The Philippines



Population	101.7 million (2019)
Land Mass	300,000 km ²
GDP per Capita	2,878 USD (2019)
Religion	Christianity

The World Bank Development Indicators

The overall theme of this chapter: How to obtain funding for your business.

- Have you heard of crowdfunding?
- Can you save 3 million yen by age 30?

Section A: Let's Learn about The Philippines



Find Out More About The Philippines

Choose one of the following topics and research about it in more detail on the Internet or at the library.

1. Research the historical relationship between Japan and the Philippines.
2. Research the current relationship between Japan and the Philippines.
3. What kind of country is the Philippines today?
4. Research the culture and society of the Philippines.

The Philippines at a Glance

The Philippines, officially known as the Republic of the Philippines, is a constitutional republic located in Southeast Asia, with its capital city Manila. The Philippines consists of more than 7,000 islands. The official languages are Filipino (Tagalog) and English. The currency is the Philippine peso. Eighty percent of the people are Christians (Catholics).

The history of the Philippines has been interwoven with the influx of various ethnic groups since ancient times, and in the 14th century, the country flourished through trade with China and Southeast Asian countries, but in the 16th century, it became a colony of Spain. The Philippines became a Spanish colony in the 16th century. Although it gained independence for a time, it came under the control of the United States. Japan colonized the Philippines during World War II, but the country gained independence in 1946 after the war ended in 1945.

The Philippine economy is characterized by a low dependence on exports, but relatively strong consumption. Its own economy is supported by about 10 million migrant workers who send money overseas to the Philippines and a rapidly growing service sector. The Philippines, like other emerging economies in Southeast Asia, is essentially an agricultural country, with about 40% of the population engaged in the primary sector. The country's tropical location allows it to produce a wide variety of crops, including sugarcane, coconuts, Manila hemp, tobacco, and bananas. The main industries are food processing, sugar refining, formulation, textiles, and other light industries.

Business Process Outsourcing (BPO), along with tourism, is the industry that is expected to grow the most in the Philippines. The call center industry is particularly well known. In addition to the low cost of labor and the high level of education, the official language is English, which makes it popular with Western companies. Many Filipinos migrate to the Middle East and other regions as construction workers, maids, and housekeepers, and the amount of money they send home is equivalent to 8.8% of GDP.

Section B: Let's Learn About Japanese Entrepreneurs Working in the Philippines

Pre-Reading Discussion Questions:

1. Have you ever been to the Philippines? What time and where did you ask? What are some of the most memorable things you learned?

2. What do you know about the history of the Philippines? Please tell us what you know.
3. Is there anything you would like to know about the Philippines?
4. What kind of image do you have of the Philippines?
5. The Philippines is said to be an attractive country for entrepreneurs. Why is that?

Main Task: Read the following case and answer the questions about the career path. Don't forget to visit the homepage listed at the end of the profile to learn more about the business.

Case 1

Mr. Hiromasa SUZUKI

Profile

Born in Koda-cho, Nukata-gun, Aichi Prefecture. Married to a Japanese wife who is a homemaker and has two children. The family lives in Japan, and Mr. Suzuki travels back and forth between Japan and the Philippines. After graduating from a public elementary school in Aichi Prefecture, he graduated from a public junior high school in Toyama Prefecture due to his father's job transfer. Returned to Aichi Prefecture and studied at a public high school. Graduated from Ohara College of Bookkeeping and started his own business at the age of 20. Currently, he is the founder and chairman of Global Strategy Real Estate, Inc. in the Philippines.

Website

Global Strategy Real Estate <http://www.gsr-ph.com/>

Mr. Suzuki's father was an office worker and his mother worked part-time. He has only one sibling, an older sister. While attending a vocational school, he started working part-time at a clothing store in Okazaki, Aichi Prefecture, and after graduating, he went straight to work at the store.

In 2000, he started a clothing boutique in that store. During that time, he launched the brand MORE Gauche II and worked in wholesale and manufacturing. When he was 23 years old (2003), the owner of the shop ran away, and the company was in debt of about 600 million yen. He took over the company. By the age of 26, he paid off the debt and by the age of 28, he handed over the running of his clothing store to his manager.

He borrowed 2.5 million yen from his parents to open the above clothing store. Since he did not have the funds to purchase clothes, he received about 3,000 used clothing items from his friends and sold them on consignment at a square in front of the station. He made a profit of about 400,000 to 500,000 yen per month. This was a time when brand-name clothes sold well, and it seemed to meet the needs of the times. During this time, he also developed various businesses, including the wholesale and production of monogram printed T-shirts.

Around 2005, he completed some debt consolidation and went to the Philippines to relax. He was shocked and fascinated by the liveliness of the country, the warmth of the Filipinos, the fact that four-color T-shirts were sold for 50 yen, and the distribution system in the Philippines, he therefore started thinking about starting a business in the Philippines.

Through his acquaintanceship, he discovered foreign exchange gains and was able to save money from investing in foreign exchange and created a web marketing company in Japan. There, he learned various marketing techniques through e-commerce and sales mechanisms. After working in the e-commerce business and other areas, he founded Hallohallo Inc. with a co-owner in Manila, Philippines in 2010.

In the meantime, he considered the future potential of the real estate business, he founded Hallohallo Home Inc. in Manila, Philippines in 2014. He started the business with about 50 million yen of his own funds. He later changed the company name to Global Strategy Real Estate, Inc. and has been expanding the business.

There are various restrictions when starting a business in the Philippines. According to Philippine law, when starting a business in the real estate industry or the restaurant industry, the president must be a local. However, there are less restrictions on industries that were not originally in the Philippines, such as the Internet and call centers, and there were no restrictions when starting a business in the Internet industry.

Currently, the Philippines is experiencing remarkable economic growth, and with the rush of real estate and the temporary staffing business, there are plenty of places to work. Although Mr. Suzuki's company is not in the call center business, the Philippines is currently holding the world's largest call center business, and Cebu Island is the center of this business.

Mr. Suzuki had no mentors in his first job. He decided everything by himself. He does not have a mentor at present but does make decisions in consultation with his co-managers, but he doesn't consider them mentors.

Mr. Suzuki's professional network includes Japanese individual investors and entrepreneurs, company employees, and agents. His personal life network is connected to his children. His hobbies and work are completely aligned. He does not like connections without interests. He wants to be associated with people whose interests are aligned and whom he can trust. He likes to travel with his family on a regular basis. He doesn't feel like he is working, and he wants to create a deeper level of trust for the future of Japan by being outside the country. As an extension of this idea, he happens to be working on a related project in the Philippines. He sees his long life as a line of work, and he wants to develop his business in various ways. He captures the necessary businesses in terms of real estate, human resources, and stock investments and works to optimize them. He is constantly thinking about how to support Japan and how to create a system to do so.

The deciding factor for Mr. Suzuki to do business in the Philippines was hospitality, and he believes that the most important part of sincerity for Japanese people, which they left

behind in the Showa era, was found in the Philippines. On a scale of 1 to 5 he rates his job satisfaction at 4, life satisfaction at 4, and overall satisfaction as 4. He considers his work experience in Japan was beneficial. It is not simple to develop business between two countries, but he can understand the standards of prices, etc. and observe the difference, and his past experience in the Japanese fashion has been useful.

His motto is "*Mafusakushin*," which means "No matter how small the hole, if you keep working at it, you can do it". Income is not important to Mr. Suzuki. He believes the number of friends you have equals your value. The idea is to create an environment where people can help you when you need it, and the number of times people thank you is your income. He believes that what is important is the relationship of trust, which will lead to the future. He needed 3.5 million yen in startup capital. He saved up 1 million yen from flea markets and selling clothes on the street, and borrowed 2.5 million yen from his parents, which he has already repaid. He did not consult with anyone about starting a business. He doesn't do any self-development, but he does hire consultants, reads books, watches various news programs and analyses data.

His main concern is that there are not enough people who are willing to go out and challenge themselves. He feels that Japanese people are becoming childish, and there is a considerable disparity in thinking.

Mr. Suzuki's Career's Path

18	Graduated from high school
18-20	Studied accounting at a vocational school
20	Worked part-time at a clothing store. Began working for the company where he worked part-time
25	Founded a clothing select store, OEM manufacturing and sales
26-28	Visited the Philippines
31	Founded a new brand company, founded a web marketing company
Present	Founded a real estate company in the Philippines; managed e-commerce, restaurants, etc.



Questions about the Career Path

1. How do you think what Mr. Suzuki learned at the vocational school is useful in his current business?
2. Why do you think Mr. Suzuki decided to take over a clothing store that went bankrupt?
3. Why did Mr. Suzuki choose the Philippines as the place to start his new business?
4. How did Mr. Suzuki raise the 50 million yen to start his business in the Philippines?
5. Explain in detail the meaning of Mr. Suzuki's career anchor, "*Mafusakushin*".



Section C: Deepen Your Understanding

Write a report or prepare a presentation on the following topic:

The advantages and disadvantages of crowdfunding.

English Supplementary Reading

- Abinales, P. and Amoroso, D.J. (2005) *State and society in the Philippines*, Oxford: Rowman and Littlefield.
- Balisacan, A.M. and Hill, H. (eds) (2003) *The Philippine economy: development, policies, and challenges*, Oxford: Oxford University Press.
- Bautista, R.M. (1994) 'Natural resources, economic development, and the state : the Philippine experience ', Institute of Southeast Asian Studies, Singapore.
- Bautista, C. and Bautista, F. (ed.) (2001) *Economic reforms and governance in the Philippines: eight case studies*, Manila: Ateneo School of Government.
- Crouch, H.A. (1985), 'Economic change, social structure, and the political system in Southeast Asia : Philippine development compared with the other ASEAN countries ', Institute of Southeast Asian Studies, Singapore.
- Dubsky, R. (1993) 'Technocracy and development in the Philippines', University of the Philippines Press, Diliman.
- Rodan, G. et al (eds) (2001) *The political economy of South-East Asia: conflicts, crises, and change*. chapter 2.
- Yoshihara, K. (1985) 'Philippine industrialization: foreign and domestic capital', Ateneo de Manila University Press, Quezon City.

Japanese Supplementary Reading

- 地球の歩き方編集室(編)(2020)『地球の歩き方 フィリピン』地球の歩き方。
- 鈴木廣政他(2016)『億万長者になりたければ、フィリピン不動産を買いなさい』幻冬舎