

A Survey of a Sample of Highly Performing Manufacturing Firms in the Philippines: Tracking the Shared Growth DNA

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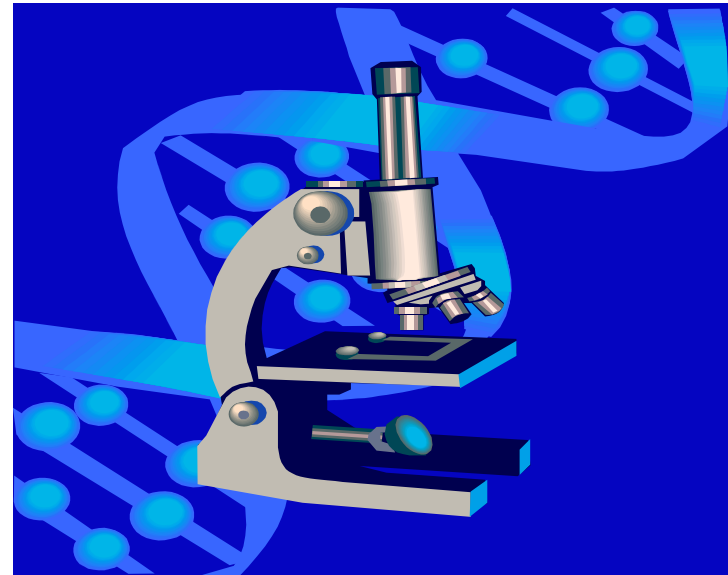
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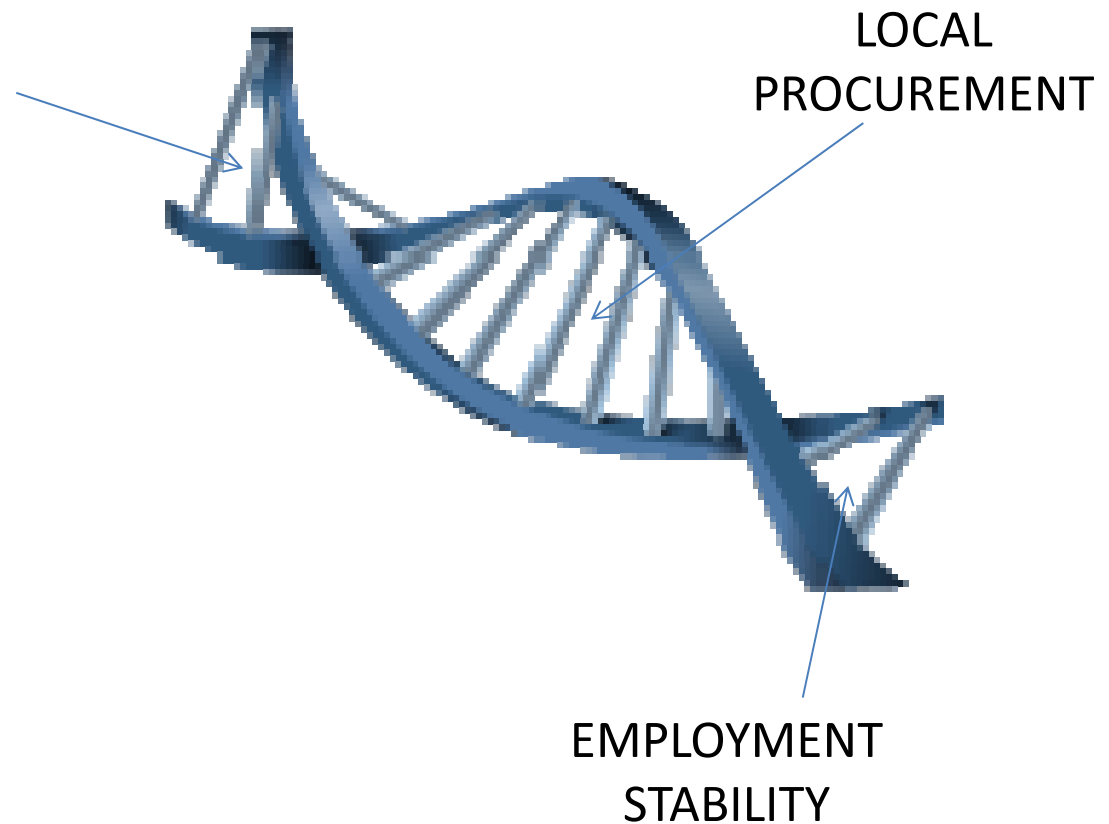
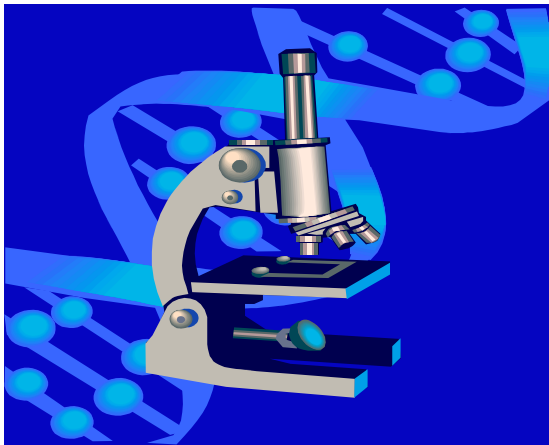
Major Milestones in Tracking the Shared Growth DNA

- 1993: East Asian Miracle
 - “shared growth” (SG)
 - J-model
- 2005: Validation for RP Mfg. Ecozones → 1st 3 SG indicators
- 2007: Validation on RP Mfg. Ecozone Locator
- 2008: Push for big role of automotive mfg. towards SG
- 2010: Refinement of 3rd SG indicator
- 2011: Validation on RP mfg. firm
- 2013: SG and GLASS effect



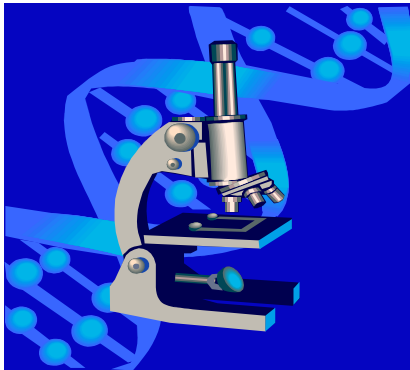
Shared Growth Indicators (Chromosomes)

INTEGRATION INTO THE
REGIONAL
PRODUCTION
NETWORK (EXPORTS)



ECOP BIG ENTERPRISE
SMALL ENTERPRICE
(EBESE)

SUPPLIERS CLUB OF
A MAJOR
MANUFACTURING
FIRM



PROFITABILITY



MARKET SHARE



COST



Firm Description

Total Employment

1. Minimum Value: 10 persons
2. Maximum Value: 3,258 persons
3. Median Value: 170 persons

Capitalization

1. Minimum Value: 95,000 PHP
2. Maximum Value: 1,186,000,000 PHP
3. Median Value: 49,874,291 PHP



By Asset Size*

Micro: Up to P3,000,000

Small: P3,000,001 - P15,000,000

Medium: P15,000,001 - P100,000,000

Large: above P100,000,000



Alternatively, MSMEs may also be categorized based on the number of employees:

Micro: 1 - 9 employees

Small: 10 -- 99 employees

Medium: 100 -- 199 employees

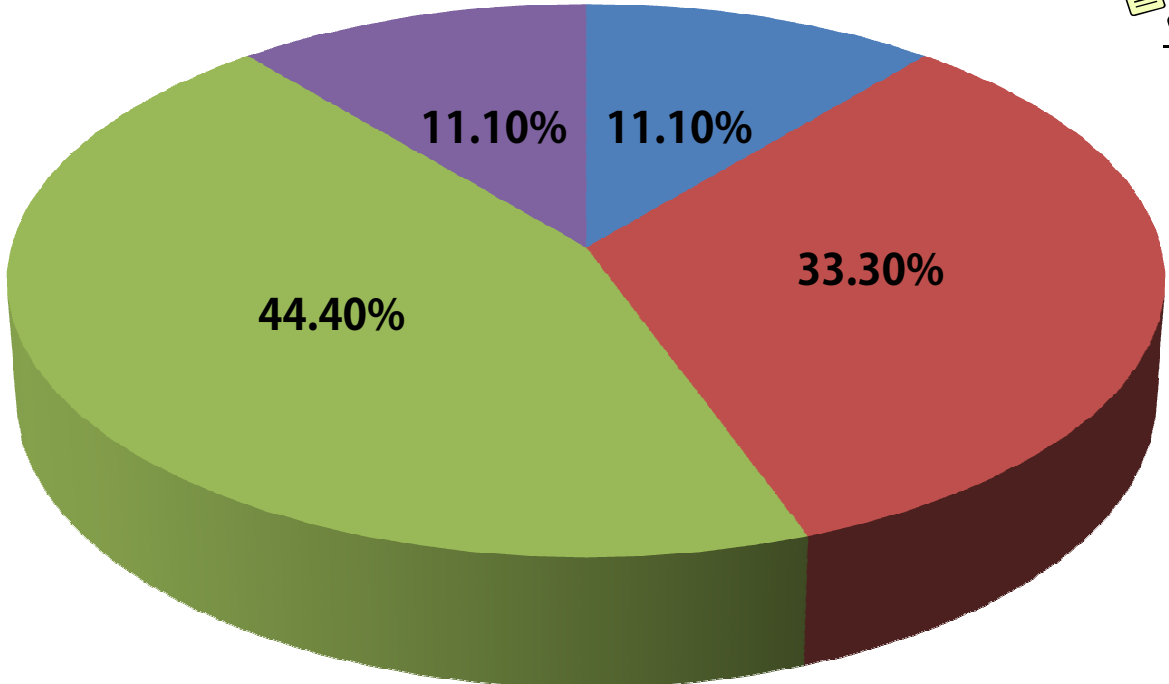
Large: More than 200 employees



Critical Values for Ranking Firms With Respect to Share Growth Indicators

Department	Minimum	Maximum	Median
Manufacturing Employment Stability	0.23	1.00	0.73
Local Procurement	0.00	1.00	0.50
Overseas Marketing	0.00	1.00	0.53

Composition by Shared Growth Indicator Rank

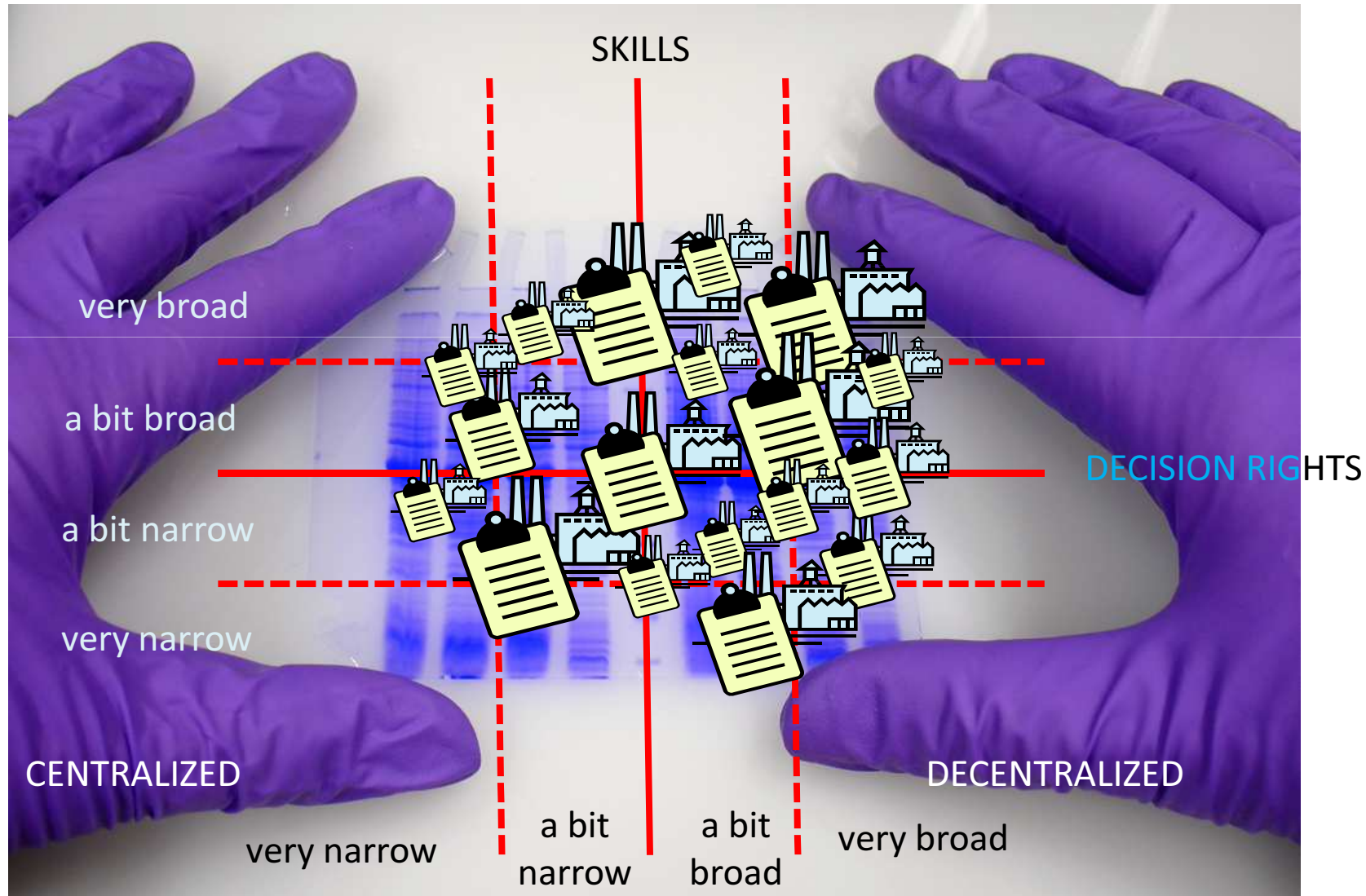


- RANK
- 1
 - 2
 - 3
 - 4

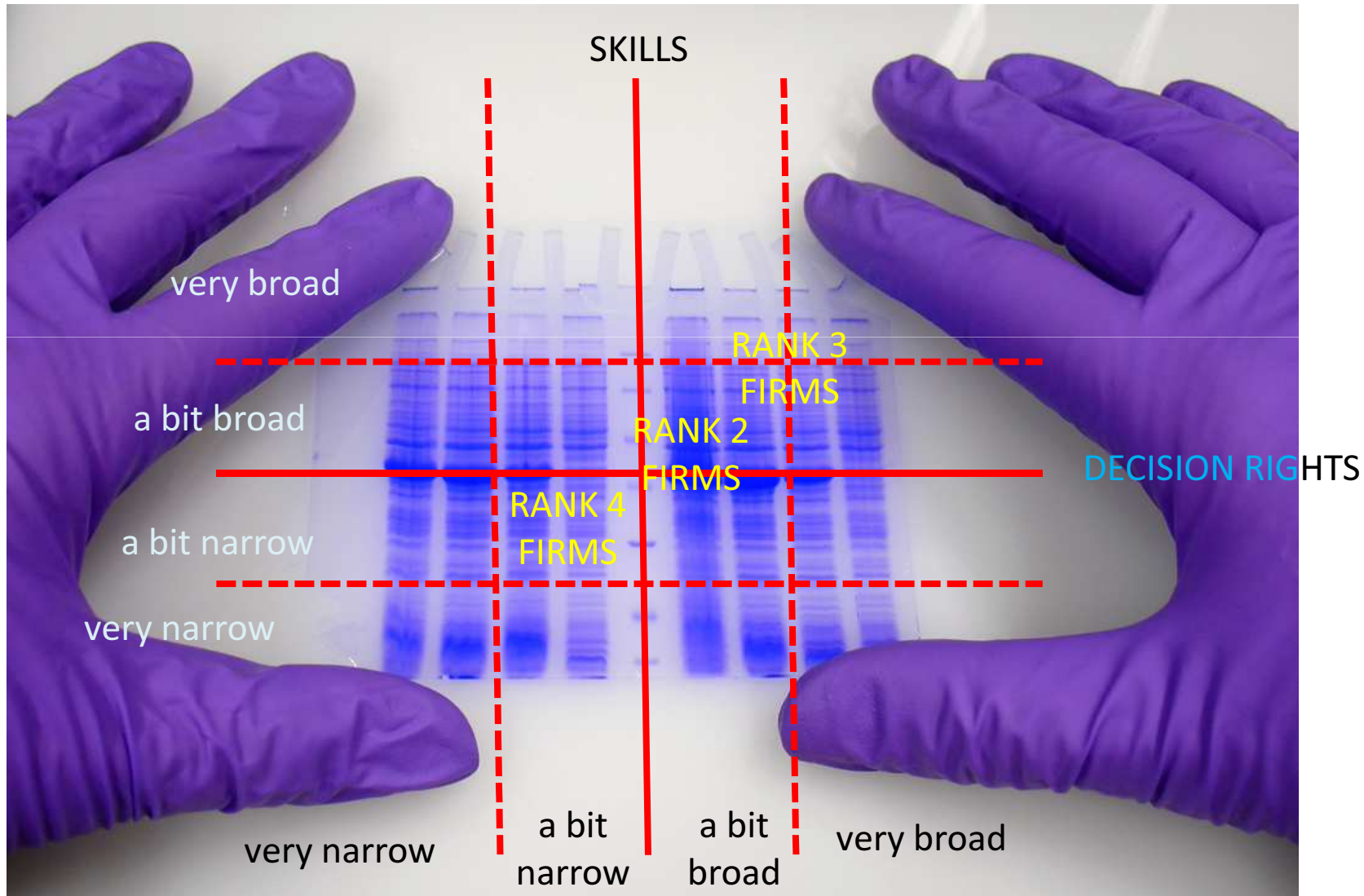
Aspects of Corporate Organizational Architecture in the Survey

- Coordination (who does what, when?)
 - Width of Worker Skills and Decision Rights
- Evaluation (how well was the work done by the corporate division?) → business unit classifications used
 - Revenue
 - Cost
 - Expense
 - Profit
 - Investment

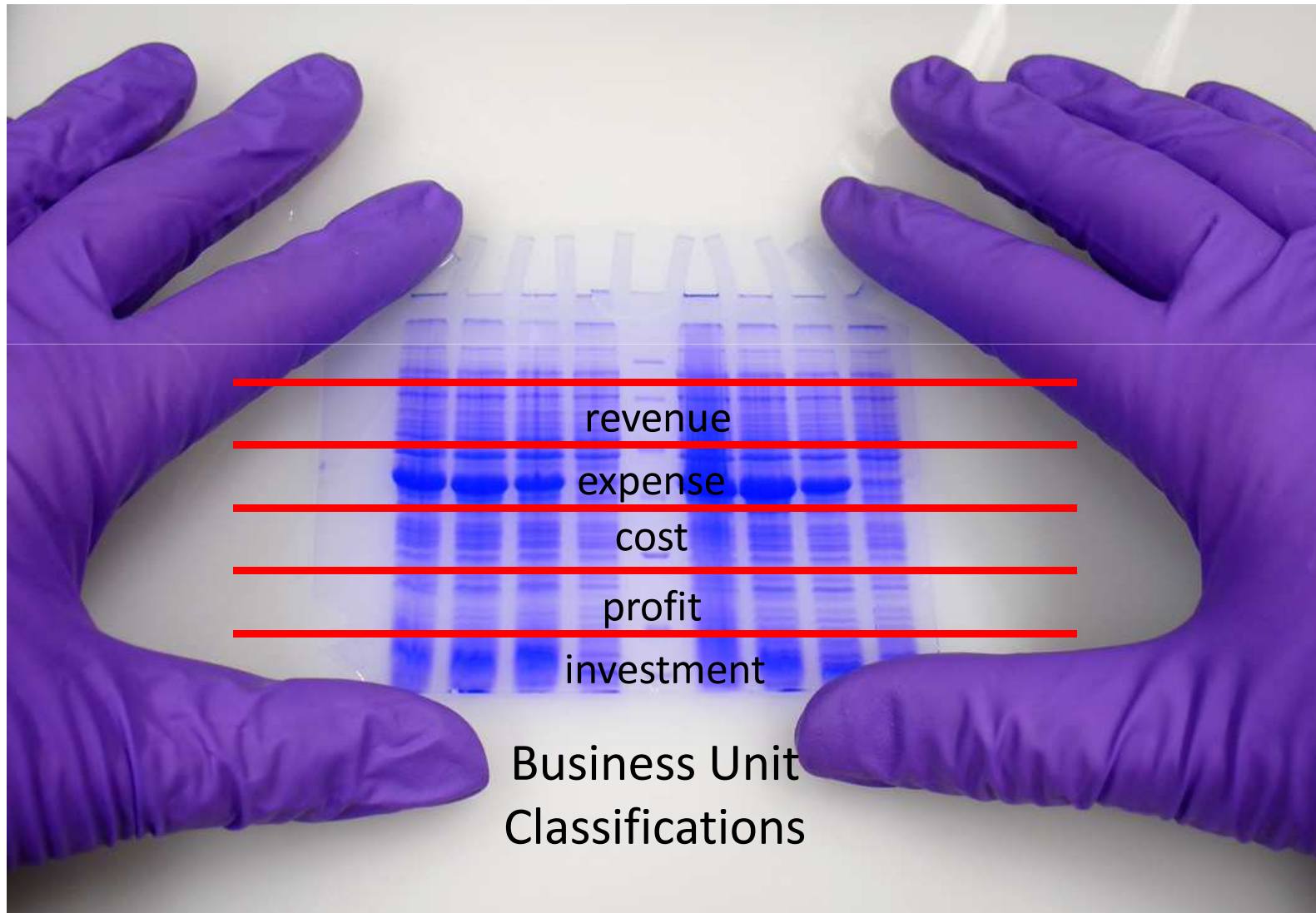
Aspects of Corporate Organizational Architecture in the Survey: Coordination



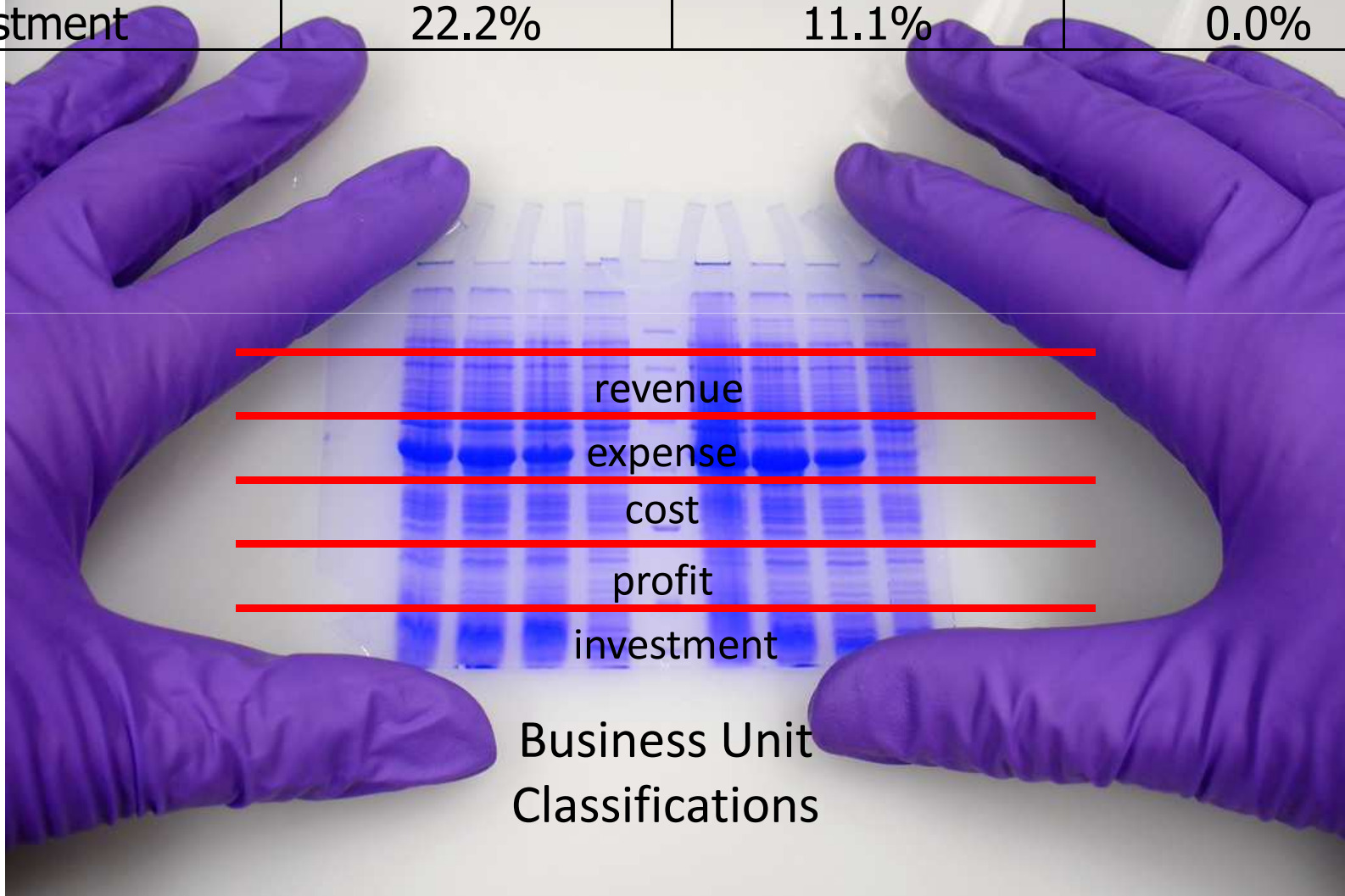
Aspects of Corporate Organizational Architecture in the Survey: Coordination



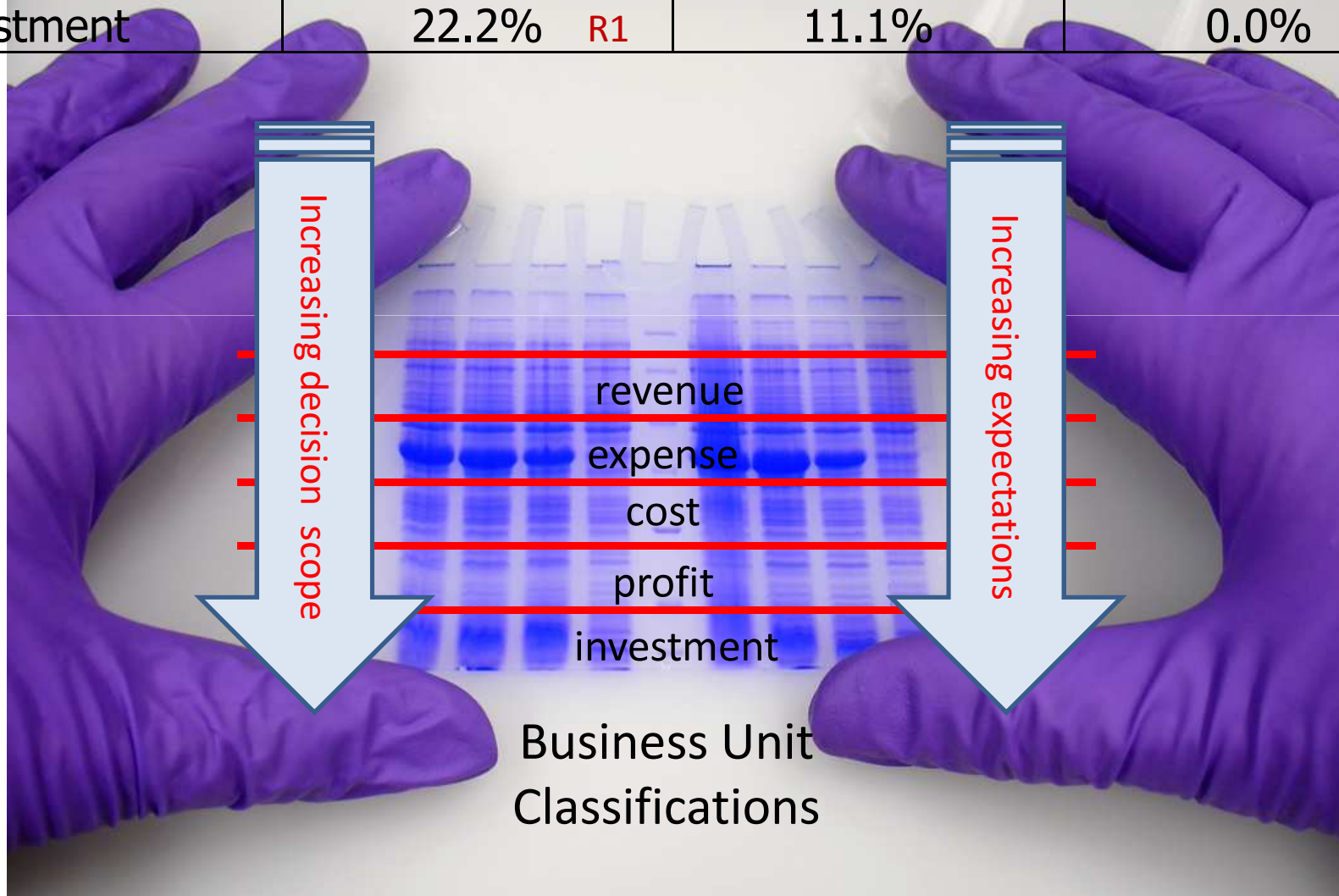
Aspects of Corporate Organizational Architecture in the Survey: Evaluation



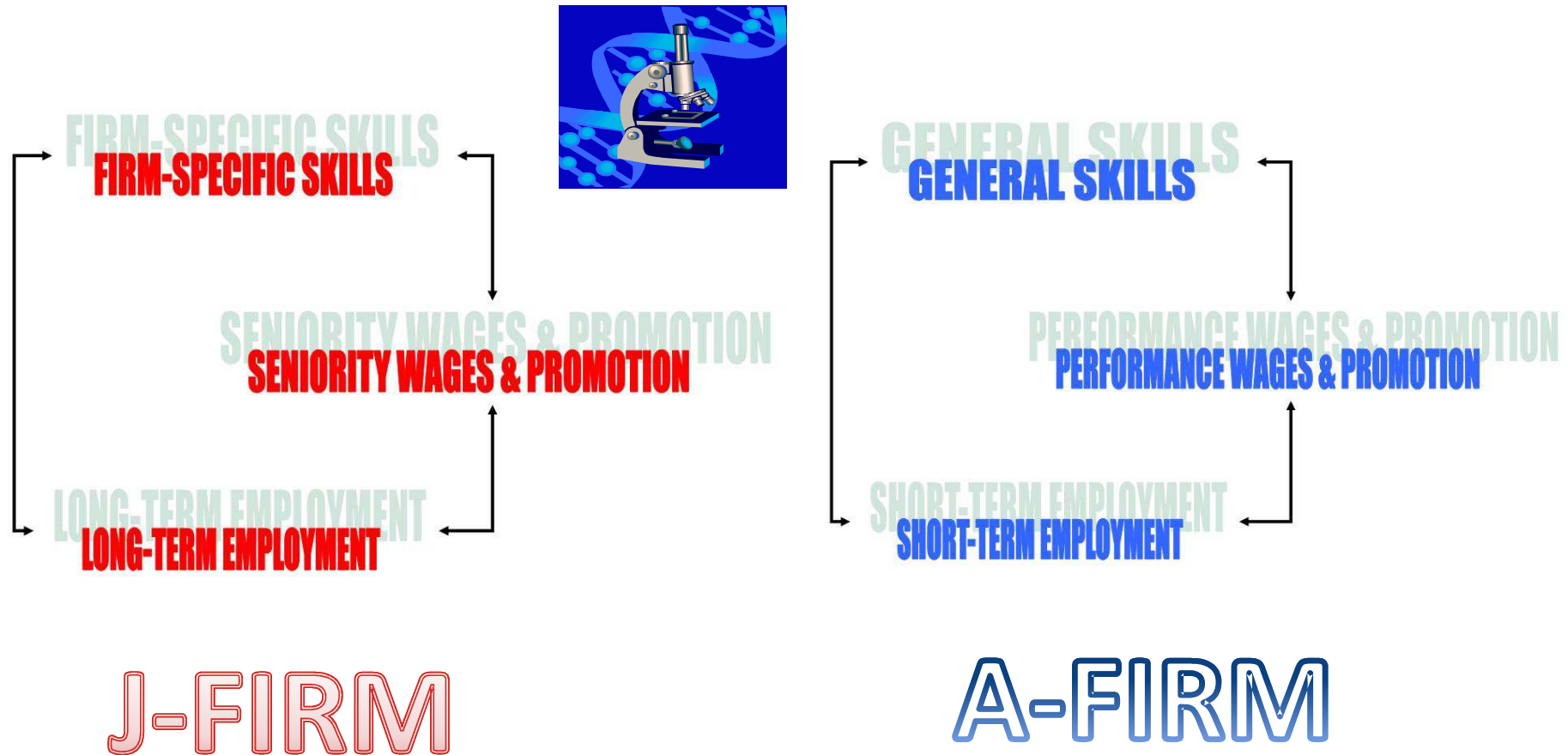
Business Unit	Manufacturing	Procurement	Marketing
Revenue	33.3%	0.0%	44.4%
Expense	0.0%	16.7%	5.6%
Cost	22.2%	61.1%	5.6%
Profit	22.2%	11.1%	44.4%
Investment	22.2%	11.1%	0.0%



Business Unit	Manufacturing	Procurement	Marketing
Revenue	33.3% R1	0.0%	44.4% R2,R3,R4
Expense	0.0%	16.7%	5.6%
Cost	22.2% R2, R3	61.1% All Rs	5.6%
Profit	22.2% R4	11.1% R4	44.4% R1,R3,R4
Investment	22.2% R1	11.1%	0.0%



Corporate Training



Source: Maquito and Hirakawa (2011, 2012)

Corporate Training

SHARE OF INTRA-FIRM TRAINING TO TOTAL TRAINING

Statistics	Manufacturing	Procurement	Marketing
Median	10.0%	10.0%	15.0%
Minimum	0.6%	0.6%	0.6%
Maximum	100.0%	100.0%	100.0%

RANK 4 FIRM AVERAGE = 69%

Public Policy Implications

- Promote the proliferation of Rank 4 Firms
 - Big sellers, and big employers
 - Average Sales = 6.3 billion PHP → TAXES
 - Average Employment = 1174 workers → SOCIAL PEACE
 - Important contributors to shared growth

HIGH REGIONAL INTEGRATION



HIGH LOCAL PROCUREMENT

HIGH EMPLOYMENT STABILITY

Business Policy Implications

- Room for Kaizen (continuous improvement)
 - Leveraging the ability of the shared growth indicators to contribute to productivity
 - See U, Terosa, Maquito (2005), Maquito and Carbonel (2010), Maquito and Hirakawa (2011, 2012)

Statistics	Sales (PHP) per Employee	Sales (PHP) per Electricity Consumption (Kilo Watts)
Median	706	1,123,404
Minimum	82	188,043
Maximum	898,427	10,211,394
Rank 4 Average	449,481	5,566,686

Let's continue pushing for sustainable shared growth in the Philippines through manufacturing!

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