The PHILIPPINES

International Business Training

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MGT 459
Arizona State University

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<table>
<thead>
<tr>
<th><strong>GENERAL INFORMATION</strong></th>
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<tbody>
<tr>
<td><strong>Official Name</strong></td>
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<tr>
<td>Republic of the Philippines</td>
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<tr>
<td><strong>Official Languages</strong></td>
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<tr>
<td>Tagalog, English</td>
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<tr>
<td><strong>Religion</strong></td>
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<tr>
<td>86%+ Roman Catholic</td>
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<tr>
<td>6% Nationalized Christian</td>
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<tr>
<td>2% Protestant Denominations</td>
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<tr>
<td>4% Muslim</td>
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<tr>
<td><strong>Government System</strong></td>
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<tr>
<td>Republic</td>
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<tr>
<td>Democracy modeled on the U.S. system</td>
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<tr>
<td>President’s Term Limited to 6 Years</td>
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<tr>
<td><strong>Population</strong></td>
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<tr>
<td>2000: 76,498,735 persons</td>
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<tr>
<td><strong>Population Growth Rate</strong></td>
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<td>2.36 annually between 1995 and 2000</td>
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<tr>
<td><strong>Natural Resources</strong></td>
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<tr>
<td>Timber, Petroleum, Nickel, Cobalt, Silver, Gold, Salt, Copper, Rice</td>
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<tr>
<td><strong>Major Cities</strong></td>
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<tr>
<td>Quezon City: 2.17 Million</td>
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<td>Manila: 1.58 Million</td>
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<tr>
<td>Caloocan City: 1.18 Million</td>
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- New Year’s Day
  - January 1
- Holy Week
- Bataan Day
  - April 9
- Labor Day
  - May 1
- Independence Day
  - June 12
- National Heroes’ Day
  - Last Sunday of August

- All Saints’ Day
  - November 1
- Bonifacio Day
  - November 30
- Christmas Day
  - December 25
- Rizal Day
  - December 30

The Government may declare other special or non-working holidays such as during general elections, or periods of calamity.
**GDP**
- Q4 ‘02: P1138.930 billion

**GNP**
- Q4 ’02: P1211.108 billion

**Inflation Rate**
- Current Rate: 2.9%

**Unemployment**
- Jan. 2002: 10.3%
- Jan. 2003: 10.6%

**Balance of Trade** (Feb. 2003)
- Exports: $2.723 billion
- Imports: $2.817 billion
- Deficit = $93.25 million

**Median Family Income**
- 2000: PhP88,782.00

**Currency Exchange Rate**
- 1 USD = 52.975 PhP
- **HEALTH CONSIDERATIONS**

- **Water**
  - Don’t Drink It!
  - Bottled Water Available

- **Food**
  - “If you can’t boil it, cook it, or peel it—Forget it!”

- **Diseases**
  - Highest per capita incidence of tuberculosis in the world
  - Vaccinations
  - No Bare Feet!

- **Weather**
  - Average Yearly Temperature = 27°C (82°F)
  - Two Seasons: Dry & Wet
  - Typhoons

- **Emergencies**
  - Directory Assistance: 114
  - Police: 166 or 167
  - Fire: 160

- **Medical Care**
  - Personal Hygiene
  - Adequate Care
  - Lower Costs
EMPLOYEE PROTECTION

- **Crime**
  - Crime Rates: (per 100,000)
    - 1990: 228
    - 2001: 98.8

- **Terrorism**
  - Sensible Caution
  - [President Gloria Macapagal-Arroyo’s Statement](#)

- **Workplace Violence**
  - Low workplace violence
**TIME**

- **Time Zones**
  - UTC/GMT +8 hours
  - 15 hours ahead of Phoenix

- **Punctuality**
  - “Bahala Na”

- **Work Week**
  - 8 hours a day – 5 days a week
  - Hours of Operations
LARGEST BUSINESSES

- San Miguel Corp.
  - Largest publicly listed food, beverage and packaging company in the Philippines.

- Nestle
  - Magnolia co-brand ice cream.

- PLDT
  - Country’s principal supplier of domestic and international telecommunications services.
ARTISTIC & CULTURAL CONTRIBUTORS

- Imelda Marcos
  - b. July 2, 1929
  - Politics (President Ferdinand Marcos)
  - 3,000 pairs of shoes
  - 500 bras
  - 200 girdles
  - 1 bulletproof bra

- Lea Salonga
  - World-renowned Actress & Singer
  - Aladdin & Mulan
  - Miss Saigon
  - Les Miserables

- Agapito Flores
  - Florescent Light Bulb
Planning/Organizing

- Business travelers are expected to be on time for all appointments.
- Producing “instant results” is not a part of Filipino business culture.
- Best times for appointments.
- Business hours
- Government office hours
- During social events, keep in mind the general rule that the more important the guests, the later they will arrive.
FILIPINO MANAGEMENT STYLES

- **Staffing**
  - Family ties are very strong and can even affect businesses.
  - High respect given to age.
  - Nepotism is a characteristic of business in the Philippines.

- **Leading**
  - Employee's fear to express disagreement to their managers
  - In these cultures inequalities are expected and desired
  - Might makes right, skills-wealth-power-status go together
  - There is relatively strong congruence between how managers behave and what workers expect from them.
Controlling
- High Power Distance - masculinity is a prevailing value
- Filipinos believe that human interaction and contact form the basis of a successful business relationship.
- Personal relationships mean everything; things can’t simply be handled by fax and telephone.

Problem Solving
- The scientific method
Negotiation

Business in the Philippines develops through socializing
“Loss of face”
Making only positive comments is a good place to start
In general, they are open to new ideas and concepts, but they will not easily change their assumptions, opinions.
Filipinos must get to know you before engaging in business of any kind
Ensure that there is some preliminary “small talk”
Find out who the “key players” are in the organization.
Filipino businesspeople try to avoid confrontations
Don't assume that smiling among Filipinos is an indication of amusement or approval.
Producing “instant results” is not a part of Filipino business culture.
The pace of business negotiations in the Philippines is much slower than in U.S.
There is never a sense that the individual has the authority to have “the final say”
Communication

Welcome Topics of Conversation
- Filipino culture and customs
- Family
- Fiestas
- Sports, especially basketball

Topics to Avoid
- Politics
- Corruption
- Foreign aid
- Religion
- Criticizing a Filipino
Communication (continued)

First Name or Title?
- Addressed with a title and surname.
- People without a professional title should be addressed in English, with courtesy titles such as “Mr.”, “Mrs.” or “Miss”, followed by their surnames.
- When you do not know a person's last name, confer respect by using the terms “Sir” or “Ma'am.”
- Most Filipinos have nicknames.

Business Cards
- Not necessary to translate
- Exchange tends to be informal
Motivation
- Motivate by achievement, esteem, and belongingness.

Decision Making
- Without the necessary introductions, you'll find it difficult gaining access to the key decision-makers.
- A skilled “go-between” is needed
- Meeting with subordinates
Filipino corporations execute a paternalistic and hierarchical management style.
Leadership
- Managerial Performance Monitoring
- Appointment of Key Managers
- Formal Performance Targets

Managing expatriates
- Welcome and recognize the employee and family
- Establish support
- Counseling or workshops
- Assist the spouse with job counseling, resume writing, and interviewing techniques
- Educational counseling for the children
Sexual Harassment
- Remains a major social issue in the Philippines
- No specific laws against sexual harassment
- Similar to other Asian countries

Motivation
- Grant of Bonuses
- Awards for Loyalty

Business Ethics
- Traditionally, corruption has been part of Philippine business
- Filipino government is addressing the problem
- It is advisable to use a local representative carry out the negotiation in the Philippine way.
Expatriate assignments
- Conduct extensive interviews
- Offer many training opportunities
- Stronger job security

Diversity
- Malay, Spanish, and American cultures
- Optimism and tolerance
- Because of the economic development of the country, nationality is rising.

Communication
- Frequent meetings, consultations, and correspondence are needed
- It is not fruitful to be formal and businesslike all the time.
- Filipinos have fascinating nonverbal language
International Differences in Work Related Values:

- Similar to the United States in many ways.

Studies by:

- Trompenaars
- Hofstede
- Edward T. Hall
Trompenaar’s Cultural Differences:

- Universal vs. Particularism
  - Universalism
- Individualism vs. Communitarianism
  - Communitarianism
- Neutral vs. Emotional
  - Emotional
- Specific vs. Diffuse
  - Diffuse

- Achievement vs. Ascription
  - Ascription
- Time (sequential/synchronous)
  - Synchronous
- The Environment (inner-directed/outer-directed)
  - Outer-Directed Environmental Culture
Hofstede’s Dimension Difference:

- Power Distance
  - High Power Distance
- Uncertainty Avoidance
  - Low Uncertainty Avoidance
- Collectivism vs. Individualism
  - Collectivism
- Femininity vs. Masculinity
  - Masculinity
Edward T. Hall’s Difference in use of:

- Language: Low Context vs. High Context Culture
  - High Context
- Time: Polychronic vs. Monochronic Culture
  - Polychronic

Use of Space

- Public
  - 8’ to 10’
- Social
  - 4’ to 8’
- Personal
  - 18” to 4’
- Intimate
  - 18”
Business Meals Common
- Spouses invited to Dinner, not Lunch

Invitations/Manners
- Always accept invitations to social events
- “Kumain ka na ba?” “Yes”
- “Pabaon”

Utensils Use

Alcohol Consumption
**Business Dress**
- Men:
  - *Barong Tagalog*
- Women:
  - Conservative Skirts
  - Uniforms

**Casual Dress**
- Any Modest/Modern Attire
- Western Styles Popular
- **Symbols**
  - Bahay Kubo

- **Values**
  - Family
  - Content and Structures
  - “Filipino Value System”

- **Customs**
  - Can have quiet nature
  - Care for elderly and disabled
  - Clothes
  - Food
  - “Ho” and “Po”

- **Etiquette**
  - Avoid staring
  - Break eye contact
  - Raising of eyebrows
  - Physical contact
  - “The Finger”
  - Maintain positivity

- **Rituals**
  - Rice
  - Business Cards
Recommended Gifts
- A gift item related to the country or city you inhabit
- Fine pens
- Stationary imprinted with your company logo
- Dinner at a fine restaurant
- Perfume

Gifts to Avoid
- Liquor
- Knives
· Declaration of Basic Policy
  · Chapter 1, Article 3 = Title VII
    · “The State Shall afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed and regulate the relations between workers and employers.”

· Prohibited Practices
  · Article 34 = Foreign Corrupt Practices Act
    · Provisions
    · Minister of Labor

· Work Permits
  · Dept. of Labor
- **Miscellaneous Provisions**
  - Regulatory Power
  - Visitorial Power

- **Passport/Visa Requirements**
  - Passport valid six months beyond intended stay
  - Visa requirements

- **Ethics**
  - Confrontation
  - Business problems/Practitioner’s pride
    - “saving face”
  - Favors
GENERAL RELOCATION ISSUES

- Family
- Housing Considerations
- Costs
- Laundry
- Salary
- Electronic Compatibility
- Manners
- Pets
- Shopping
- Education/Child Care
- Transportation
- Food
- Taboos/Superstitions

Click on selected photos for more related info!
SALAMAT!
(Thank You!)
- How are you?
- What’s your name?
- Who is your manager?
- Where is the school?
- When is the meeting?
- Where is their office?
- I’m from America.

- Kumusta ka?
- Ano’ng pangalan mo?
- Sino ang manedyer mo?
- Nasaan ang eskwelahan?
- Kailan ang pulong?
- Saan ang opisina nila?
- Taga America ako.
Holy Week
Bahay Kubo