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## INDUSTRY ANALYSIS OF COCONUT BUSINESSES IN THE PHILIPPINES

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### Abstract

*The Philippines ranks second in terms of coconut production worldwide (DA,2022). The coconut Industry produced coconut goods make up around a quarter of all Philippine farmland and are one of the main sources of foreign currency income. It is called the "tree of life." Coconut farming provides a livelihood for approximately one-third of the population (FFTC,2019). However, the coconut farmers are among the poorest of the poor, and as a result, the growth of the sector as a whole is being slowed down by their meager resources, weak social protection, meager income, and limited network impact (Batugal,2015). These factors prevented the farmers from engaging in coconut growing. This study aims to assess the Coconut industry's profitability and competitiveness. Quantitative and qualitative with the application strategic management tool were utilized in this study. In order to assess the product's competitiveness, profitability, and uniqueness, SWOT, PESTEL, PORTER'S MODEL, FINANCIAL ANALYSIS, EFE, and IFE matrices were employed. Findings revealed that coconut businesses were profitable and viable. However, it was found out that farmers were discouraged from continuing their venture into coconut growing because of the very low price of the copra. As a result, coconut output has decreased for decades. The current supply chain has to be improved because there are insufficient facilities to turn raw materials into things like cosmetics and medicines. It is highly recommended that there must be an urgent need for active market development and commercialization strategy of the technology to deliver better-value products for export..*

**Keywords:** Coconut, Strategies, Opportunities, Pestel, SWOT, Porter's model.

## 1. INTRODUCTION

The coconut industry is an important sector of the Philippine economy, contributing significantly to employment and export earnings. According to the Philippine Coconut Authority (PCA), the country is the second-largest coconut producer in the world, after Indonesia (PCA, 2018). Coconuts are grown in over 68 provinces in the Philippines, providing livelihood to over three million farmers and their families. The industry involves the production of coconut oil, copra, coconut water, desiccated coconut, and other coconut-based products. The Philippine government has put in place policies and programs aimed at improving the productivity and competitiveness of the industry. The PCA leads efforts to develop the sector, with initiatives that include research and development, farmer training, and provision of support services. (Zainol, 2023) posits falling level of production is one of the main issues with the export of coconut goods, and as a result, exporting nations were unable to satisfy global demand. Coconut, a tropical crop, does well in hot weather. At 24-29°C, the palm grows most vigorously. The palm does not survive extremely high or low temperatures, but likes less diurnal change between day and night. A decent output of nuts depends on adequate rainfall, but a protracted dry and wet season is bad for the palm. Strong winds but not typhoons are tolerated. In recent years, the industry has faced challenges, such as high input costs and the impact of climate change on coconut production. Nevertheless, the PCA remains optimistic about the future of the industry, citing the potential for increased demand for coconut-based products in both domestic and international markets (Gurbuz, 2019).

There are 375 active coconut manufacturing companies that supply various products from coconut (Volza Grow Global, 2020). Coconut businesses in the Philippines face various challenges that affect their growth and development. One of the primary challenges is the volatility of coconut prices in the global market that affects the income of farmers and traders. According to a report by the Philippine Statistics Authority (PSA), the average farm-gate price of copra in the country decreased by 17.77% in 2019, from Php 23.85 per kilogram to Php 19.63 per kilogram (Philippine News Agency, 2020). This decline resulted from the oversupply of coconut products in the world market, particularly in Indonesia and Malaysia. Another challenge that coconut businesses in the Philippines face is climate change. As a tropical country, the Philippines is vulnerable to natural disasters, such as typhoons, floods, and droughts, which affect coconut production and quality. In 2013, Typhoon Haiyan devastated the coconut industry, causing over Php 34 billion worth of damages to crops and livestock, including coconut trees (Rappler, 2014). Moreover, coconut businesses in the Philippines are also faced with challenges in terms of infrastructure, technology, and market access. Many coconut farmers and traders lack access to modern farming tools, equipment, and technology that can improve productivity and profitability. Supporting infrastructure, such as farm-to-market roads, irrigation systems, and post-harvest facilities, are also inadequate, making it difficult to transport and store coconut products. Despite these challenges, the coconut industry remains an essential contributor to the Philippine economy. According to the Philippine Coconut Authority, the sector provides livelihood to about 3.5 million farmers and workers and accounts for 59% of the country's agricultural exports (Philippine Coconut Authority, n.d.). The government is also implementing various programs and initiatives to support the industry, such as the national coconut planting program, which aims to plant 100 million coconut trees in

the next five years (Department of Agriculture, 2019). The main objective of this paper is to assess the coconut businesses profitability and competitiveness. And as well as to determine its constraints and opportunities

Research Questions:

1. What is the status of coconut businesses using Porter's model in terms of:
  - 1.1. Threats of potential entrants;
  - 1.2. Bargaining power of suppliers;
  - 1.3. Bargaining power of buyers;
  - 1.4. Industry competitors; and
  - 1.5. Rivalry among competing firms?
2. How do the respondent coconut businesses respond to internal and external business stimuli with regard to:
  - 2.1. PESTEL and
  - 2.2. SWOT analysis?
3. What is the financial statement analysis of the industry as to:
  - 3.1. Current ratio;
  - 3.2. Return on Investment (ROI);
  - 3.3. Return on equity;
  - 3.4. Profit margin?
4. What are their strategies and challenges encountered?

## 2. LITERATURE REVIEW

**Strategies of the Coconut Businesses:**

**Diversification of Product Lines:** One strategy for coconut businesses is to diversify their product lines to reach a wider audience. This can include expanding into areas such as coconut-based snacks, milk, and beverages. (PwC, 2015).

**Emphasizing Sustainability:** Given growing concerns about sustainability and environmental impact, coconut businesses can differentiate themselves by emphasizing environmentally-friendly practices, such as using sustainable farming techniques and using recycled packaging. (FoodNavigator-Asia, 2019)

**Developing Value-Added Products:** Coconut businesses can also seek to develop more value-added products, such as coconut oil for cosmetic use or coconut-based fertilizers for agricultural use. (MarketWatch, 2019)

**Entering the Organic Market:** Another strategy is to focus on the growing demand for organic products, particularly in developed markets. This could involve obtaining organic certification and marketing coconut-derived products as organic and responsibly sourced. (BusinessWire, 2019)

**Collaborating with Other Industries:** Coconut businesses can also explore collaborations with other industries, such as the beauty and personal care industries. For example, coconut oil can be used as a key ingredient in skincare products, or in the production of natural hair care products. (Forbes, 2017)

**Challenges**

**Global Demand for Coconut Products:** The coconut industry in the Philippines is facing tremendous pressure to meet the rising global demand for coconut products, particularly coconut oil, coconut water, and coconut milk. According to a report by Euromonitor International, global demand for coconut water alone has grown by 23% since 2014. (Philippine Coconut Authority, 2019)

**Climate Change Impacts:** Climate change is affecting the coconut industry in the Philippines through changes in rainfall patterns, increased heat, and the spread of pests and diseases. The Philippines is one of the most vulnerable countries to climate change, and extreme weather events such as typhoons and droughts have threatened coconut production. (Orbeta et al., 2017)

**Low productivity and profitability:** The coconut industry in the Philippines faces low productivity and profitability due to aging trees, irregular fruit-bearing, and low adoption of modern technologies for processing and value addition. According to the Philippine Coconut Authority, the average yield per hectare of coconut farms is only 1.91 metric tons per year. (Philippine Coconut Authority, 2019)

**Poor working conditions and low wages:** The coconut industry in the Philippines is facing criticism for poor working conditions and low wages in coconut farms and processing facilities. There have been reports of exploitation, forced labor, and human rights abuses in the industry. (ILO, 2021)

**Certification and traceability:** Certification and traceability are becoming increasingly important in the coconut industry to ensure sustainability and to meet the demand for ethically sourced and environmentally friendly products. Certification programs such as Fairtrade, Rainforest Alliance, and Organic are gaining importance, but there are still challenges in ensuring traceability through the complex supply chain of coconut products. (Severino et al., 2020)

#### **SWOT Analysis of the coconut industry in the Philippines:**

##### **Strengths:**

Rich biodiversity and natural resources, resulting in a variety of coconut products.

Long-standing history of coconut farming.

High demand for coconut products both locally and internationally.

Geographical advantage with the Philippines being a tropical country.

##### **Weaknesses:**

Low productivity and profitability due to an aging coconut tree population and the lack of modern technology usage.

Unsustainable and unregulated practices leading to social and environmental degradation.

Poor supply chain management resulting in inconsistent product quality.

Insufficient government support and policies for the coconut industry.

##### **Opportunities:**

Growing global demand for healthy and natural food products.

Increasing awareness and demand for sustainable and ethically sourced products.

Research and development opportunities for innovative coconut-based products.

Implementation of certification programs to ensure sustainability and traceability.

##### **Threats:**

Competition from other countries producing coconut products.

Natural disasters and climate change affecting productivity and supply chains.

Volatility in the global market.

Ongoing issues of poor working **conditions and human rights violations in the coconut industry.**

#### **PESTEL analysis of the coconut**

##### **Political:**

Government policies and regulations governing the industry, such as the Republic Act No. 10593 or the Philippine Coconut Authority (PCA) Law.

Political instability and corruption affecting the implementation and enforcement of policies.

##### **Economic:**

Fluctuations in global market demand and prices for coconut products.

The impact of COVID-19 on the industry's supply chains and international trade.

Economic policies and trends affecting the purchasing power of consumers.

##### **Sociocultural:**

The cultural significance of coconuts in the Philippines, influencing consumption patterns and traditional practices.

The growing awareness of health and wellness, leading to increased demand for natural and organic coconut products.

##### **Technological:**

The adoption of modern technology in processing and production, improving efficiency and quality.

The use of drones and satellite imaging for remote monitoring of coconut plantations.

##### **Environmental:**

The impact of climate change on the industry, affecting crop yields and product quality.

The need for sustainable and eco-friendly practices to preserve the environment and ensure long-term production.

##### **Legal:**

Compliance with environmental and labor laws, such as the Clean Air Act and labor standards.

Intellectual property rights and trademark laws affecting product branding and marketability.

IFE's of coconut businesses have well-established reputation offers a solid foundation for new product and line expansions that increase market shares and broaden categories. The companies offer a wide range of goods, brands, variations, and pack sizes to suit every budget and choice. This makes possible it to take up more space in customers' wallets and stomachs. On the other hand, EFE's of the company have been expanding over the last several years, bringing its products closer to Filipinos wherever they may be in the world. The Company's brands are now offered in 58 different nations. Increased sales and distribution in important international markets have made this feasible. In a same vein, companies that deal with coconuts have concentrated on growing their product lines by entering new markets and using well-liked brands among Filipino customers

**Table 1**

IFE Matrix	Weighted Mean	Rating
<b>Strengths</b>		
Rich biodiversity and natural resources, resulting in a variety of coconut products.	25%	1
Long-standing history of coconut farming.	15%	3
High demand for coconut products both locally and internationally.	10%	4
Geographical advantage with the Philippines being a tropical country	10%	4
<b>Weaknesses</b>		
Low productivity and profitability due to an aging coconut tree population and the lack of modern technology usage.	5%	5
Unsustainable and unregulated practices leading to social and environmental degradation.	10%	4
Poor supply chain management resulting in inconsistent product quality.	10%	4
Insufficient government support and policies for the coconut industry.	15%	3
	100%	
EFE Matrix	Weighted Mean	Rating
<b>Opportunities</b>		
Growing global demand for healthy and natural food products.	15%	3
Increasing awareness and demand for sustainable and ethically sourced products.	15%	3
Research and development opportunities for innovative coconut-based products.	20%	4
Implementation of certification programs to ensure sustainability and traceability	15%	3
<b>Threats</b>		
Competition from other countries producing coconut products.	10%	2
Natural disasters and climate change affecting productivity and supply chains.	15%	3
Volatility in the global market.	5%	5
Ongoing issues of poor working conditions and human rights violations in the coconut industry.	5%	5
	100%	

### 3. METHODS

Both quantitative and qualitative methods were used in this investigation. The instrumentation approach, which included interviews, questionnaires, and observations of coconut farmers,

copra growers, and the management of coconut business firms. The researcher conducted a triangulation approach in order to validate the survey forms, and so as to provide breadth and depth of the results.. Financial Ratio analysis was utilized to ascertain its financial performance in terms of profitability, growth, and stability. However, Porter's five forces, SWOT, and PESTEL analysis were used to evaluate its competitiveness and attractiveness. The secondary source of data came from on line source of the government, Philippine Coconut Authority (PCA) Financial statements, relevant manuals, circulars, memos, books, journals, and other relevant literature and research were evaluated in order to extract further data. A total of fifty (50) respondents which composed from the staff and management of the coconut business, coconut farmers and copra growers from the I from various locations participated in the survey with purposive sampling technique applied. The study was carried out in Northern Mindanao of Philippines particularly in Misamis Oriental and in Camiguin Province. The research region was specifically chosen due to the province's prominence in coconut production and the fact that smallholding farming accounts for the majority of farming operations in the area. The research encompassed small-scale coconut growers.

### 4. RESULTS AND DISCUSSION

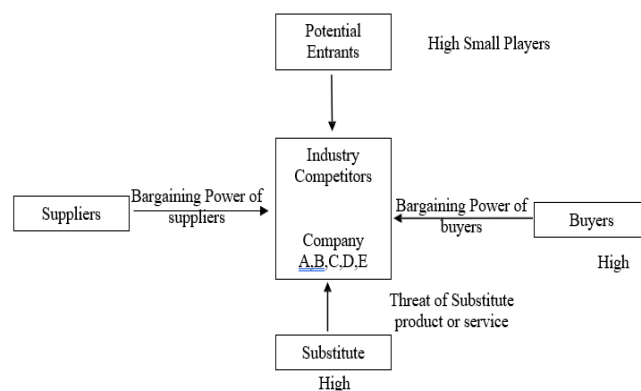


Figure 1 Porter's Five Forces Model

Businesses may better understand where power sits in their industry by using the model to aid them in assessing the level of competition and potential profitability in their market. The aggressive concept of the market or area is evaluated prior to the organization's intention to enter it. The concept of competition and the shifting nature of economic conditions have led to increased challenges with the assumptions upon which theories of industry structure have been built (Galbreath & Galvin, 2018). Competitive forces, according to Peng (2009), is a strategic instrument that aids the strategic manager in determining the sustainability of various sectors at various profitability level. This business idea is applied internationally to comprehend a company's or industry's organizational structure and corporate strategy. Porter's business model has an impact on the development, application, and assessment of industry strategy. These forces are typically used to analyze productivity, industry attractiveness, company rivalry, and firm competitiveness.

Year 1980, Michael Porter, uncovered major trends in different firms by applying the five competitive business strategies. This describes a careful study of how competitive forces a firm's strategy is influenced, thus these factors may boost threats or opportunities relative to the specific business-level strategies

(David, 2013).

1. Potential entrants are HIGH (David, 2013) These new entrants to an industry typically bring to it new capacity, a desire to gain market share and substantial resources. They are therefore threat to an established corporation. However, on the case of coconut businesses, it is easy, no barriers to entry. Today, coconut businesses is continuously growing in numbers due to low starting capitalization and new product variant for foods, cosmetics and medicines. because majority of the product innovations and low price market.. .
2. The rivalry among competitors is HIGH because at present this industry is growing rapidly. There are numerous competitors or roughly equal in size and power for industry... This proves that coconut industry is attractive and highly patronized. If the rivalry among competitors are many, A competitive move by one firm can be

expected to have a noticeable effect on its competitors and thus may cause retaliation or counter efforts. Coconut business owners tend to lower their product items offered, create promotional activities, applied diversification strategies (related and unrelated) as seen in many pawnshops. That is why the coconut industry is called “sleeping giant” (Substitute products are Low. According to Wheelen (2014), substitute products are those products that appear to be different but can satisfy the same need as another product. Coconut products can have a very limited substitutes It limits the potential return of a firm by placing a ceiling of the prices firms in the industry can profitably change. To the extent that switching costs are low, substitutes may strong effect to firms. As of now, there are no definite substitute for coconut products because of its flexibility, innovative concept of new products, affordability and hassle-free concept.

1. Buyer’s power is high. The buyers are the households, small farmers, small producers an big companies. Indeed, they are great in numbers. These customers need funds hour after hour for business and personal use therefore the demand for coconut product is high too. They can switch to other brand because they already gained loyalty in terms of service quality and trust.. They can affect an industry through their ability to force down prices, bargain for higher quality or more services.
2. The power of supplier is low as there are 375 active coco businesses according to. They are the manufacturing companies who are producing variety of products from the coconut. The supplier power is high when they are fewer in numbers and therefore can dictate the price. Supplier can affect an industry through their ability to raise prices or reduce the quality of purchased goods and services. A supplier is powerful if the supplier industry is dominated by a few companies, but it sells to many (Ybanez, 2014). To sum up the industry is competitive and profitable

**Pestel Analysis**

A framework or methodology used in marketing. Pestel analysis is used by strategists and marketers to monitor and analyse external factors that have a significant influence on a firm's performance (Peng, 2009). The complexity of today's company means that management must consider external influences. Changes in external factors translate into adjustments depending on consumer desire in industrial and client goods and services. (David, 2018).

Table 1. PESTEL Analysis

	Mean	Qualitative Interpretation
Political	3.97	SA
Economic	3.97	SA
Socio-economic	3.94	SA
Technology	3.91	SA
Legal	3.77	SA
Grand Mean	3.91	SA

Legend: 3.20-4 Strongly Agree; 2.50-3.19 Agree; 2.75-2.49 Disagree;; 1-1.74 Strongly Disagree

Marketers use the PESTEL framework or tool to examine and track the macro-environmental (external marketing environment) elements that affect a business, industry, or organization. It looks at the external environment's Political, Economic, Social, Technological, Environmental, and Legal aspects. Threats and weaknesses are found via a PESTEL study and are then utilized in a SWOT analysis. Political factors encompass a range of elements such as international trade policies, internal political concerns and trends, tax policy, regulatory and deregulation tendencies, and government policies, leadership, and change. Economic factors include the economy's present and predicted growth, inflation, interest rates, job growth and unemployment, labor costs, the effects of globalization, consumers' and companies' disposable income, and potential changes to the economic environment. These two Pestel factors are the major determinants of coconut industry' competitiveness and profitability.

Table 1 shows the PESTEL factors faced by the respondent in coconut businesses. PESTEL factors are very important to consider as they affect the totality of the business operation. Thus this was rated ‘strongly agree’ in all items by the respondents having a grand mean of 3.91 also ‘strongly agree. The great extent impression suggests that the coco businesses companies place a great importance on this aspect.

**SWOT Analysis**

<p><b>Strengths</b>                      Rich Biodiversity                      Second World Producer of Coconut                      Low Cost production                      Easy Manufacturing process                      Geographical Advantage                      Low Cost Production                      Cost Advantages                      Strong Distribution</p>	<p><b>Weaknesses</b>                      Low Copra Price                      Low Productivity                      Poor Supply Chain Management                      Lack of government support</p>
<p><b>Opportunities'</b>                      High Global demand                      Growing Global Market                      Product Innovations</p>	<p><b>Threats</b>                      Macro-eco Change                      Climate Change                      Entry of New Competition                      Substitute Product                      Increase in Supply Cost                      Increase in Local Government tax                      Decrease in customer demand</p>

Figure 2 SWOT Analysis  
 A marketing and management technique for determining the

company's internal and external business environments is the SWOT analysis. This study provides information to help organizations align their resources and capabilities to the competitive environment in which they operate. It stands for Threat, Opportunity, Weakness, and Strength. As a result, it is crucial for developing and implementing strategies (Ybanez, 2014).

Based on the table below, the responses of selected coconut businesses to their strength, the grand mean of 2.98 suggest that they utilized their strength to 'strongly agree. It can be noted as well that 'customer's loyalty' was rated 'very great extent', indicating a very powerful strength for a company. Cost advantage is equivalent to customer satisfaction. It translates how the coconut businesses manifest service customer expectation.

Table 2 *STRENGTHS*

	Mean	Int
Rich Biodiversity	2.80	SA
Second World Producer of Coconut	2.89	SA
Low Production Cost	3.00	SA
Easy manufacturing process	3.23	SA
Geographical Advantage	2.86	SA
Cost advantages	3.00	SA
Strong Distribution Channel	3.09	SA
Grand Mean	2.98	SA

Legend: 3.20-4 Strongly Agree; 2.50-3.19 Agree; 2.75-2.49 Disagree;; 1-1.74 Strongly Disagree

### Weaknesses

Table 3 shows the response with regard to their weaknesses, it can

	Mean	Int
Competition	3.43	SA
Government Regulation	3.33	SA
Inflation	3.21	A
Tax	3.14	A
Climate Change	3.10	A
Grand Weighted Mean	3.27	A

be noted that 'low copra price' was rated very high mean which is agree, and this may often times happen on lower level of the workforce more particularly on the copra store in which the company cannot keep for a longer period of time unless certain quota is met and voluminous works. These people are on call basis in a position which normally creates friction among workers since majority occupy small space and employ few staff per store plant. According to the manager interviewed, they entertained an average of 4 to 5 copra growers. Low productivity/ Poor technology; poor supply chain and lack of government support from the local and national government were registered as positive.

Table 3 *WEAKNESSES*

	Mean	Interpretation
Low Copra Price	2.86	A

Low Productivity	2.45	A
Poor Supply Chain Management	2.40	A
Lack of Government Support	2.59	A
Grand Weighted Mean	2.57	A

Legend: 3.20-4 Strongly Agree; 2.50-3.19 Agree; 2.75-2.49 Disagree;; 1-1.74 Strongly Disagree

### Opportunities

Table 4 illustrates how demand for the potential presented to the chosen coco enterprises is rising on a worldwide scale. It follows that these businesses can take advantage of any chances that are offered to them in order to maximize any potential advantages. The grand mean of 2.57, which is understood as "agree," and the fact that every single item rating was given a "agree" score served as evidence for this. The population's constant growth yielded the highest mean score of 3.10, followed by a 10% rise in population, which will indicate an infinite potential for the sector..

Table 4 *OPPORTUNITIES*

	Mean	Int
Product Innovation	2.97	A
High Global Demand	2.71	A
Growing Global Market	3.10	A
Increasing growth of the population by 10%	3..11	A
Grand Mean	2.97	A

Legend: 3.20-4 Strongly Agree; 2.50-3.19 Agree; 2.75-2.49 Disagree;; 1-1.74 Strongly Disagree

### Threats

Table 5 presents the responses to the threats. According to the grand mean of 3.27, or "strongly agree," hazards to coconut firms are often of a modest consequence. The competition posted the highest mean, which, if not addressed properly, could result in declining market share and disruption to the core competencies of the established enterprises. New competitors pose a serious danger because of the cheap capitalization, great demand, attractiveness in terms of profitability, and nearly zero entry barrier. Nevertheless, this is the most important factor that could still have a significant impact on their strategic decision-making.

Table 5 *THREATS*

Legend: 3.20-4 Strongly Agree; 2.50-3.19 Agree; 2.75-2.49 Disagree;; 1-1.74 Strongly Disagree

### FINANCIAL STATEMENT ANALYSIS

Louderback and Holmen (2003) defines it as evaluation of the past current performance of the firm and its forecast in the future. It is necessary in order to assess whether or not the firm has performed well over a period of time. Financial analyst, through the help of financial ratios, focuses on a company's financial strength, liquidity, safety of investments, effectiveness and efficiency of management, and measures the ability of firm to generate income and earn satisfactory return on investment (Timbang, 2015).

Table 6 shows that the principal idea in analyzing financial ratio is that there are several major financial ratios obtainable from the financial statements of the firm that reveal its financial health. The Ratio can reveal much about the company and its operations.

Financial ratio is computed and compared with the industry average. Through the industry comparison, the company may be able to compare their performance against their competitors' and how they fare with them (Harina, 2008).

### 3. Financial Statement Analysis

Table 6 *FINANCIAL STATEMENT ANALYSIS OF COCONUT BUSINESSES IN THE PHILIPPINES (2021 AND 2022 PERIODS)*

Coconut Business Companies	Current Ratio	ROI	Return on Equity	Profit Margin
Coconut Business1	2:1	32.62%	60.74%	24.6%
Coconut Business 2	1.46:1	27.25%	27.65%	38.69%
Coconut Business 3	1.1:1	20.54%	72.83%	15.71%
Coconut Business 4	.87:1	62.67%	55.06%	60.47%
Coconut Business5	.67:1	76.07%	84.6%	43.21%
Their Average	1.22:1	43.83%	60.18%	36.54%

The capacity of a corporation to meet its short-term commitments is measured by its current ratio, often known as its liquidity ratio (Ballada, 2018). It demonstrates liquidity and instantaneous solvency in relation to current assets and current obligations. Strong liquidity is indicated by the top 5 coco firms' average liquidity of 1.22:1. Only 4 & 5 fell short of its liquidity requirements in 2014 as a result of certain purchases and investments. The company has to pay its invoices on time in order to avoid interest and to maintain its credibility. as lenders and suppliers are curious about this data. Say for example, for every peso of current liability,

While Coconut Businesses 4 and 5 have a poor current ratio, which indicates no ability to pay off current liabilities when the time comes, Company 1 has P2 current asset and Company 2 has 1.46. ROI calculates the amount of money earned for each peso that the company invests. The better, the more revenue gained per peso invested. 43.83 is the industry average, or about 44%. The only businesses that outperformed the sector average in return on investment were Companies 4 and 5. For Coconut businesses 1, 2, and 4, the productivity of the assets in producing income declined in 2014. This indicates that Firm 1, 2, & 3 did not meet the required efficiency in the use of the increased assets.

Return on Equity. These measures the rate of return earned on common stock equity. Stockholders invest in a firm with the expectation of a return on their money (Ballada, 2018). The industry average for Return on Equity is 60.18%. This indicates that expectation to get return on their money is high. Among the players, only pawnshop B did not play well. In 2013, there has been a drop in the ROE of Company 2 due to the increase in the common stockholders' equity. Profit Margins is computed with gross margin over net sales. It indicates efficiency of earning net income from sales. The industry average is 36.54%. This signifies that the industry is attractive and profitable due lower fixed costs. It is noted that coconut businesses' are cost advantage and size advantage. This indicates that fixed is said in control. Almost all players have played very well except for the coconut businesses 1& 3 due to lower profit margin that maybe attributed to high operational cost in 2020.

## CONCLUSIONS

The present supply chain has to be strengthened since there aren't enough facilities to process raw materials into finished goods like

medications and cosmetics. In order to produce higher-quality items for export, it is strongly advised that an aggressive market development and technology commercialization plan be implemented immediately. The traditional coconut goods produced in the nation are produced at such high costs that they are less competitively priced on the international market. With the exception of coir goods, it has therefore made little contribution to the export market.

## RECOMMENDATIONS

1. The current supply chain has to be improved because there are insufficient facilities to turn raw materials into things like cosmetics and medicines. It is highly recommended that there must be an urgent need for active market development and commercialization strategy of the technology to deliver better-value products for export.
2. Drawing from the paper's overview and limitations of the coconut business, this study offers the following recommendations. First, cooperation between the participants in the coconut supply chain needs to be promoted if productivity in the sector is to be maximized.
3. In order for producers and manufacturers to fairly capitalize on possibilities and provide the volume and quality demanded by both local and foreign markets, policies and interventions should be tailored to the needs of the industry. This suggests modernizing the cultivation of coconuts by giving farmers more authority and expanding the manufacturing sector to increase industrial activity.
4. Lastly, in order to support the expansion of the business, it is critical to fortify the institutional ties between the Philippine government, coconut farmers, and the processing industry.

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