

University of the Philippines- Manila

College of Arts and Sciences

Department of the Social Sciences

**A CORRELATION STUDY OF THE EXPANDING SM GROUP OF COMPANIES
VIS-À-VIS THE DETERIORATING PHILIPPINE ECONOMY**

In Partial Fulfillment of the requirements for the Degree of

BA Development Studies

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Abstract

The long term or overall objective expected in the study would be an attempt to provide a holistic view on SM Group of Companies and its subsidiaries' operations with emphasis on SM investments, Inc., SM Prime Holdings, Inc., and Shoe Mart, Inc. vis-à-vis the socio-economic situation in the Philippines.

Based on the objectives set forth by the investigator, an inferential study particularly a correlation study, guarantees to obtain answers to the research problem. Triangulation, or the combination of various research methods and techniques, both qualitative and quantitative, was employed in the study so as to acquire credible data and to reduce the chances of bias. Other tools of data collection are survey questions, observation checklists, case study guide, company/industry study guide, and interview guide. Descriptive statistics are for the tests of hypothesis, the chi-square tests, etc. will suffice.

In Chapter VII, this study verify that the usual money spent depends on the amount of the daily wage. Income is then directly proportional to the money spent, which eventually contributes to SM's profit. As the capability to meet the Daily Cost of Living decreases, consumer spending also decreases. This study also substantiates the assumptions of the Engel Law, Historical-Materialism, consumer psychology, 'economies of scale', among others.

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Approval Sheet

This certifies the acceptance of the thesis "A CORRELATION STUDY OF THE EXPANDING SM GROUP OF COMPANIES VIS-À-VIS THE DETERIORATING PHILIPPINE ECONOMY" of Shenna Lee L. Sanchez, Bachelor of Arts in Development Studies, by the Department of the Social Sciences in the University of the Philippines-Manila.



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CHAPTER 1

I. Introduction

A. Background of the study/ rationale

Given that the current administration adheres to Globalization thrusts, many Filipinos indeed are still living below the poverty level due to the fall of the economy deeper into its structural crisis of underdevelopment and its worsening bankruptcy. The government claims that the Philippines enjoy impressive economic growth as shown by the various economic indicators, including but not limited to, the GDP, inflation rate, FDI, and the like. However, this leads a number of people to pose the question: economic growth of whom? The loose operation of deregulation and privatization measures have proven to be a double-edged sword since it partly promoted the soaring prices of vital services and commodities that eventually, strike consumers. Despite protests from several interest groups, utility costs such as power, water and oil prices continue to surge upwards.

Other economic indicators such as wages, social services, and the like seem to better reflect the real situation of the Filipinos. Wages and income did not show substantial improvement while social services become highly commercialized. Meager wage hike orders and slight increase in workers' Cost of Living Allowance (COLA) are not enough. These piece-meal adjustments solely could not offset the rising cost of living. In the NCR, the Daily Cost of Living

(DCOL) is pegged at more than PhP602.31 as of December 2004. Moreover, the actual minimum wage of PhP280 in this region is insufficient.¹

Philippine's massive unemployment & underemployment is still one of Asia's worst. The country's employment becomes too susceptible to factors that the government cannot control because of relying too much on the global labor market. Furthermore, corporate control of the means of production is one of the reasons behind the massive destruction of jobs and livelihood. Another factor is the intensifying competition from foreign goods and capital that causes displacement in factories and establishments. Rising wage inequality has been one of the driving forces behind the increase in household inequality.

B. Statement of Problem

Whereas, the rapid deterioration of living standards does not illustrate a directly proportional decrease in profit of the SM Group of Companies with its subsidiaries, affiliates, etc. as proven by the SM Prime Holdings, Inc. ranking no. 98 as of December 2004.² As aforementioned previously, utility costs are consistently increasing, hence, it is logical to assume that a company's operations expenses will tend to incrementally rise with it. However, the SM Group of Companies turn out to be consistently expanding and amassing hefty earnings while it is a known fact that Filipinos are becoming more and more marginalized which restrains their capability to buy? Does it keep itself afloat by its connivance with Henry Sy's banks and other business ventures?

¹ IBON Economic & Political Briefing 2005.

² BusinessWorld Top 1000 Corporations in the Philippines 2004.

This study then aims to uncover this phenomenon through coherently connecting the giant store chain's background to the economic condition of Filipinos. It somewhat benefits from the plagued economic condition, as shown by Shoe Mart, Inc.'s Php 11.073B profit last year.³ Furthermore, the Investigator will present certain aspects on SM Group of Companies Management and Marketing Tactics/Strategies for expansion and profit; labor flexibilization practices; Board of Director; Investor Relations; Tax Payments; tie-up with banks; among others.

C. Significance of the Study

It seems that Filipinos continue to go to malls even though they are financially broke. In lieu of La Consolacion's Research Journal, 39-40% of the population remains impoverished as of April 2003.⁴ Consequently, SM Group of Companies noticeably appears to be unaffected in terms of gross profit, by the downward trend of the standard of living of the consumers. It is assumed that if they could no longer afford the prices of the products sold by a merchandising outlet then it would be directly proportional to the bankruptcy of the latter. Yet, other factors exist in relation to the SM Group of Companies' success and persistent expansion such as the marketing strategies undertaken by it.

Barriers to growth seem to be evident only to the less privileged. Several people suppose that as long as the government has the upper hand in the status quo, the wide disparity between the have and the have-nots will still

³ BusinessWorld Top 1000 Corporations in the Philippines. 2004.

⁴ La Consolacion Research Journal. 2003.

absolutely be in the offing due to the reason that policy makers are either speculators themselves or highly influenced by the private sector. Meanwhile, the larger portion of the population "could only but stare with envious eyes at the rapid pace of development of some capitalists."⁵

In today's globalized world, infrastructures as well as establishments are deemed as a nation's symbols of prosperity and industrialization. On the contrary, it is possible that such will become breeding grounds for the alienation of workers in the form of market-oriented hiring schemes that offer meager pays and that disregards job security. Many fall as preys to such arrangements due to the lack of opportunities even to the new graduates, leading them to give in to their employers' preference of providing little or no benefits at all. Unfortunately, more and more are getting involved with a bad fate, for instance, rural dwellers hoping of making it big or simply just getting by in the principal city of Manila.

Since corporations are driven to maximize profits, a number of them tend to use cost-cutting and downsizing measures and simply allocate most of the profit for further expansion and maintenance. An imperfect competition would mean that prices are greater than the marginal revenue but since $MR=MC$, prices would eventually be greater than marginal cost. Therefore, consumers are paying more than the cost of producing the good. Apparently, some companies would insist that such condition is equitable due to the substantial costs incurred by their service.⁶

⁵ La Consolacion Research Journal. 2003.

⁶ Mankiw, N. Gregory. Macroeconomics. New York: Worth Publisher. 2000.

Aside from accentuating the need for the government to secure and protect its laborers' welfare, this study will also contribute to the local/domestic industries in such a way that it will be made known that imported goods are swallowing our own industries. Undeniably, small and medium enterprises (SME's) will find it somewhat futile to compete with both the giant national and transnational corporations. The concept of "economies of scale" gives an explanation to this occurrence by stating that large-scale industries have better technologies and thus, in the long run, lower cost of production.⁷

This is not to discount the conveniences offered by large companies to Filipinos in terms of quality service & employment generation. Another is in terms of contributions to overall economic output share of Gross Domestic Product (GDP) as well as to the fiscal sector of the government in terms of revenue generation through tax payments. Hence, this study is an attempt to weigh both sides in order to come up with stipulations if there could be a Win-Win situation through economic policies and other appropriate solutions. However, greater weight is given in favor of the marginalized sector.

D. Objectives

The long term or overall objective expected in the study would be an attempt to provide a holistic view on SM Group of Companies and its subsidiaries' operations with emphasis on SM investments, Inc., SM Prime

⁷ Mankiw, N. Gregory. Macroeconomics. New York: Worth Publisher. 2000.

Holdings, Inc., and Shoe Mart, Inc. vis-à-vis the socio-economic situation in the Philippines.

Specific Objectives:

- To disclose the pertinent background of the retail magnate Henry Sy Sr. and the SM Group of Companies as well as some of its selected subsidiaries by following the format of an industry or company study
- To determine the consumers' and employees' profile towards Shoe Mart, Inc. through surveys, key informants, etc.
- To evaluate the contribution of OFW remittances to the upward trend of the SM Group of Companies' net income
- To enumerate Shoe Mart, Inc.'s marketing strategies, resource management, price deliberation, efficiency and among others
- To discuss in detail the impact of the "economies of scale" concept to SM Group of Companies' Expansion
- To take into account SM Prime Holdings, Inc.'s annual report for the year 2003: comprised of its cost of production, total revenue, total assets, among others
- To point out the various labor flexibilization practices of Shoe Mart, Inc
- To discern relevant economic indicators, including but not limited to, the current daily cost of living (DCOL), government tax revenues delimited to those collected by the Securities and Exchange Commission (SEC), labor participation rate, Consumer Price Index (CPI), poverty indicators, etc.

through the use of existing records and computations of various organizations (NCTO, Government, PO, and other interest groups)

- To determine the relationship between the stagnant minimum wage and the consumption pattern of Filipinos (particularly of necessity goods)
- To expound several concepts and issues of and related to consumer culture/psychology, brand loyalty, McDonaldization, etc
- To interpret the statistics and figures collected in order to come up with a rationale for the phenomenon being observed
- To correlate the relationship between the Daily Wage of consumers which represents Filipinos' deteriorating economy and the money they usually spend every visit to SM malls which contributes to its parent company's, the SM Group of Companies, profits.

E. Review of Related Literature

The literature review contends that the SM Group of Companies' success is due to behavioral & economic factors. The foci of the review on the behavioral hypothesis include but not limited to, the Filipinos' conspicuous consumption, escapist mentality, and virtue of cooperation and network links of overseas ethnic Chinese, among others. Apparently, the economic hypothesis includes profit-maximization scheme/reduction of costs, marketing/advertising, business incentives/tax holidays from the government, contribution of OFW remittances, etc.

1. Engels, Friedrich. Socialism: Utopian and Scientific.

. . . The materialist conception of history starts from the proposition that the production of the means to support human life – and, next to production, the exchange of things produced- is the basis of all social structure; that in every society that has appeared in history, the manner in which wealth is distributed and society divided into classes or orders is dependent upon what is produced, how it is produced, and how the products are exchanged. From this point of view the final causes of all social changes and political revolutions are to be sought not in men's brains, not in man's better insight into eternal truth and justice, but in changes in the modes of production and exchange. They are to be sought not in the *philosophy* , but in the *economics* of each particular epoch. The growing perception that existing social institutions are unreasonable and unjust, that reason has become unreason and right wrong, is only proof that in the modes of production and exchange changes have silently taken place with which the social order, adapted to earlier economics conditions, is no longer in keeping.

2. Marx, Karl and Friedrich Engels, *The Communist Manifesto*.

Translated by Samuel Moore, edited by Joseph Katz. New York: Simon and Schuster, 1964.

In the proportion as the bourgeoisie, i.e. capital, is developed, in the same proportion is the proletariat, the modern working class, developed – a class of laborers, who live only so

long as they find work, and who find work only so long as their labor increases capital. These laborers, who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to all the vicissitudes of competition, to all the fluctuations of the market.

The lower strata of the middle class – the small trades people, shopkeepers, and the retired tradesmen generally, the handicraftsmen and peasants – all these sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which modern industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialized skill is rendered worthless by new methods of production. Thus the proletariat is recruited from all classes of the population.

3. Gerber, James. International Economics. 2nd edition. 2002.

The production of many goods, however, is characterized by economies of scale, or decreasing costs, over a relatively large range of output. Economies of scale can be either internal economies or external economies. Internal economies are defined as falling average costs over a relatively large range of output. In practice, this leads to larger firms because size confers a competitive advantage in the form of lower average costs. One of the distinguishing features of intraindustry trade is the presence of

internal economies of scale. In the case of external economies, larger firms have no inherent advantage over smaller firms, but average costs decline for all firm as the size of the industry increases. Unlike internal economies of scale, with external economies, the size or scale effects are located in the industry and not in the firm. . .

4. Schumpeter, Joseph. *Capitalism, Socialism, and Democracy*.
1942.

The reason for capitalist expansion was the innovation of entrepreneurs. This led to capitalist construction and the establishment of new firms seeking profit and financed by bank credit. Firm followed the innovator until the initial gains were exhausted. As businesses repaid their bank loans, a process of deflation set in, with consequent readjustment of the economy and slumps.

5. Marx, Karl and Friedrich Engels, *The Communist Manifesto*.

Translated by Samuel Moore, edited by Joseph Katz. New York: Simon and Schuster, 1964.

"Exploitation of the laborer is a never-ending chain reaction. No sooner is the exploitation of the laborers by the manufacturer, so far, at an end, that he receives his wage in cash, then he is set upon by the other position of the bourgeoisie, etc. (70-71). These

classes of people found in the lower strata are the proletariats, who find work only so long as their labor increases capital. (87).

F. Methodology

Based on the objectives set forth by the investigator, an inferential study particularly a correlation study, guarantees to obtain answers to the research problem. In this type of study, there will be a consideration to the background and current status of the SM Group of Companies as well as of its workers & clients. It will provide answers as validly, accurately and economically as possible. Hence, the collected data is only relevant if it measures what supposedly should be measured.

Although the objectives dictate the appropriate research design, there are also other factors to take into account regarding the choice. One factor is the availability of one of the subjects, i.e. workers. To cite an example, several Shoe Mart employees are somewhat hesitant to fill out survey forms and to disclose pertinent information since it entails risking their employment status and lead to retrenchment, hence the few respondents. Thus, it is imperative to allow them maintain anonymity if they chose to participate in this study.

An additional tool is the triangulation, or the combination of various research methods and techniques, both qualitative and quantitative, which acquires credible data and to reduces the chances of bias. Other tools of data collection are survey questions, observation checklists, case study guide,

company/industry study guide, and interview guide. Descriptive statistics and the chi-square tests, etc., as analysis of data and as test of hypothesis respectively, will suffice. The general purpose for doing statistical tests in this study is to determine the correlation or association between variables.

Initially, there will be a thorough review of existing records, including but not limited to, archival research, census collected by NSO as well as other institutions, surveys, journals, periodicals/serials, books, among others. Beforehand, the objectives and variable of interest must be taken into account to obtain the indispensable data through participant observation, such as taking part in the mobilizations led by the KMU- Sandigan ng Manggagawa ng Shoe Mart (SMS), tours inside the SM Corporate Offices, strolling in various SM malls, etc.

To fill-out the survey forms are 30 Shoe Mart Department Store employees coming from different branches, and subsequent to it, only then can the investigator ensue in the telephone interview of KMU- Sandigan ng Manggagawa sa Shoe Mart (SMS) and Gabriela affiliated branch of SMS to obtain a more accurate and sufficient response output in comparison to surveys. See Appendix A. Moreover, follow-up questions were in place to make clear some relevant information not fully expounded through survey forms.

Following next is the mailed survey and/or personal distribution of survey forms to some of Shoe Mart's customers which intends to fill-out their profile and behavior. See Appendix B. SM City North Edsa, being one of the most

profitable amongst SM Department Stores, will represent the preferred branch of the urban based customers. Meanwhile, the survey also includes the rural based customers of SM City Bacoor in Cavite.

The sample size was taken from the Total Labor Force population, numbering 35,600,000 as at January 2005, which most likely comprises the ardent consumers and/or workers. The sample size for the total respondents is reckonable using the Slopen's formula:

$$n=N / (1 + Ne^2)$$

$$\text{Hence, } n = 35,600,000 / [1 + 35,600,000 (.05) (.05)]$$

$$n = 400$$

The 400 respondents were divided into two: urban and rural based customers of SM in North Edsa and Bacoor respectively. The distribution of survey form for SM City North Edsa customers were done in an interval of 5 customers entering the mall (i.e. forms were distributed to every 5th customer until there is already a total of 200 respondents).

Since landline subscribers more likely belong to class C and upwards (i.e. C, B, A), it is logical to speculate that they can purchase frequently from SM. A total of 91 residential and commercial addresses within the vicinity of Molino IV, Bacoor, Cavite in the Globe phone directory were randomly selected with the aid of the Table of Random Numbers. Each subscriber is designated a corresponding number according to alphabetical order. Enclosed with the letter of intent is the questionnaire with a self-addressed, stamped envelope to the respondent's address. The remaining 109 rural-based respondents entails the

distribution of survey form to every 5th customer entering the mall which ends with the 109th respondent. Surveys that will be in a multiple choice type will supply the quantitative data. It will fill out pertinent information about the respondents' background, behavior, and economic status, among others.

Key Informant (KI) interviews are for data collection, questionnaire development, and hypothesis generation regarding the SM Group of Companies' cost of production/operation as well as its employees' and customers' socio-economic condition. These would make clear some of the complexities, inherently embedded in studies like these, such as concepts and theories. Impartially enough, the SM Group of Companies also have positive merits that the study could never fully discard.

Since the SM Investments Corporation (SMIC) is the holding company of the SM Group, its Sr. HR and Administrative Manager is the key informant since the mentioned character has the expertise and thorough knowledge on the parent company and its subsidiaries' operations. The referrals to be granted by the aforementioned authority will propel the interview proper to a number of the SM Group of Companies investments/subsidiaries namely the SM Prime Holdings, Inc. (SMPHI), SM Development Corporation (SMDC), Shoe Mart Inc., SM Synergy, Banco De Oro, etc.

In order to obtain a great deal of information about the SM Group of Companies' operations there has to be an inquiry on the prospect key informants, aside from SMIC's SR HR, that accommodate interviews.

G. Theoretical Framework

It is hypothesized that there is no direct relationship between the profitability of companies such as the SM Group of Companies and the standard of living of the majority of the Filipinos, as it now appears. In layman's terms, the hypothesis is equivalent to the premise that the profitability of the SM Group of Companies is independent of the standard of living of the majority of the Filipinos because no matter how worse the economic status of the Philippines is, the SM Group still amass profits. The money usually spent by customers every visit to SM malls represents the additional revenue for the SM Group whilst the daily wage represents the standard of living of the Filipinos. An essential tool in stressing and comparing living conditions among households in different income levels is the consumption pattern. As postulated in the Engel Law: "(1) the proportion of a household's budget devoted to food declines as the household's income increases, (2) the proportion of a household's budget devoted to housing stays about the same, or increases, (3) the proportion of a household's budget devoted to clothing stays the same, or increases, and (4) the proportion of a household's budget devoted to luxury increases."⁸

Besides the consumption pattern, the investigator will borrow the well-known Historical-Materialist framework of analysis. In lieu to Friedrich Engels' Socialism: Utopian and Scientific,

. . . The materialist conception of history starts from the proposition that the production of the means to support human life –

⁸ Fortes, Resa. Engel Law Consumption ratios on the Estimation of Commodity & Food for total urban & rural Philippines. 2003.

and, next to production, the exchange of things produced- is the basis of all social structure; that in every society that has appeared in history, the manner in which wealth is distributed and society divided into classes or orders is dependent upon what is produced, how it is produced, and how the products are exchanged. . .⁹

Development Research with a Historical-Materialist perspective is indeed change-oriented towards the society, and thus, applicable to exemplify, evaluate, and interpret the obtained data. Theory of social reality comes with this kind of research which implies that this theoretical framework will be intended for the exploited classes. Certain marginalized sectors will be included in the study populations since they are all the more affected through the 'domino-effect' with the skewed distribution of wealth favorable to the capitalists. This study aims to provide theories to the advantage of the marginalized comprising the majority of the population. In addition, the investigator will also expound the Filipino consumers' cultural set-up. Finally, the Chi-Square Test of Independence will interpret the data collected.

H. Definition of variables and terms

The other aforementioned variables include but not limited to marketing strategies, labor flexibilization practices, profit-maximization schemes, etc. are also significant in the evaluation of information. The variables to be investigated are the dependent variable which corresponds to the profitability of SM and the

⁹ Engels, Friedrich. Socialism: Utopian and Scientific.

independent variables that includes the deteriorating standard of living, labor flexibilization, financial oligarchy, tax holidays, and incentives, among others.

1. Peso devaluation – substantial peso fall due to severe beating from speculative attacks that has exposed its vulnerability to external market conditions.
2. Daily Cost of Living – the amount needed by a family of 6 to afford the basic necessities. The government's current Consumer Price Index (CPI) and other sector's computation basis gauge the daily cost of living.
3. Labor Flexibilization – include market-oriented hiring schemes such as labor-only contracting, consignment, agency hiring, streamlining, multi-tasking and subcontracting.
4. Contractual Workers – individuals whose employment has been fixed for a specific project or undertaking, the completion on the termination of which has been determined at the time of engagement.
5. Consumer Price Index – a measure of the overall level of prices that shows the cost of a fixed basket of goods bought by a typical consumer relative to the cost of the same basket in a base year.
6. Poverty Indicator – the government's policy is based on a computation of the basic nutritional requirements done by the Food and Nutrition Research Institute (FNRI). The FNRI's survey on the other hand, is

based on its food consumption survey and the income data derived from his family income and expenditure survey (FIES) of the NSO.

7. Poverty Level – lowest level of living requiring supplemental charity to maintain even the barest physical existence.
8. Subsistence Level – level that provides for the barest physical existence without outside aid but does not provide for social needs.
9. Financial Oligarchy – interlocking of leading banks in the Philippines with their dominant family owners and their businesses; an indicator that shows the intense concentration of capital in the hands of a few local elite.
10. Minimum Decency Level – refers to decent living that includes meager provision for education, amusement and insurance.
11. Comfort Level – the level that meets the physical and social needs for comfortable living.
12. Purchasing Power of the Peso – a measurement of the buying capacity of one's money compared to a given base year. Apparently, it has been on a downtrend. This simply means that the legislated daily minimum wage has a lower real value.
13. Stockholders Equity – also called net worth, this represents the total contribution of stockholders to a firm, including retained earning the firm accumulated. It represents the excess value of assets over liabilities.

I. Description of the Study Sample

In lieu with the fact that the area of study is the SM Group of Companies and the populations under study are the workers & customers/consumers, both customers residing within and outside Metro Manila area are permissible respondents to fill out the survey forms and to comprise the subset of the sample population that denotes the Filipino consumers.

The investigator speculates that the areas within SM City North Edsa have a great concentration of urban dwellers meeting rural migrants. A total of 400 respondents filled out the survey forms for SM City North Edsa customers and SM City Bacoor.

The Shoe Mart employees, particularly sales clerks, comprise the largest number of its population; hence was the source of 30 respondents chosen through quota sampling.

The selection was made due to the cost constraints, better speed of evaluation, and better quality of information since we are dealing only with few numbers, therefore we can spend more time and resources for better quality control of the data. Consequently, data that are more comprehensive is reasonably doable from a sample rather than the entire population.

CHAPTER 2

I. Profile of the SM Group of Companies and the corresponding profit of some of its subsidiaries and affiliates

The SM Group of Companies is one of Asia's largest conglomerates. It has been part of every Filipinos consumer's daily life due to the reason that the company has been venturing into a variety of investments not only locally but in the global context as well. Executive President Teresita Sy-Coson, Henry Sy Sr.'s daughter, asserted that the SM Group "was managing some malls in mainland China, the operations of which were not folded into SM Prime Holdings, Inc."¹⁰

Teresita Sy, Elizabeth Sy, Henry Sy, Jr., Hans Sy, Herbert Sy and Harley Sy are all Henry Sy Sr.'s offspring.¹¹ See Appendix C All other members of the Board of Directors and officers are not related either by consanguinity or affinity.

A. SM Investments Corp. and Subsidiaries (SMIC)

SMIC is the holding company of the SM group. It was incorporated in the Philippines on January 15, 1960. Currently it is divided into four principal sectors:

Commercial Centers – SM Prime Holdings, First Asia Realty Development Corporation

¹⁰ Philippine Daily Inquirer. Sy to pursue expansion despite crisis. November 16, 2001

¹¹ Echauz, Lydia. Henry Sy Sr. Manila: DLSU Press, c1997.

Retailing and Merchandising – Shoemart, Inc, SM Mart, Inc., SuperValue, Inc., Super Shopping Market (Hypermarkets), Watsons Personal Care Stores, International Toy World,

Financial Services – Banco de Oro Universal bank, Generali Pilipinas, BDO Capital & Investment, BDO Insurance Brokers, BDO Insurance Brokers

Real Estate Development Corporation, Highlands Prime, Inc., Belle Corporation, Tagaytay Resort Development Corporation, Manila South Coast Development Corporation.¹² See Appendix D

SM Investments, Inc. is in charge of scouting for properties with great potential for future development, as in the case of eyeing on projects with proximity to Central Business District like Fort Bonifacio.¹³ SMIC has gross revenue of Php7.098M.¹⁴

Two of its subsidiaries – mall operator SM Prime Holdings Inc. and property developer SM Development Corp. -- along with associate Banco de Oro Universal Bank are listed on the Philippine Stock Exchange.

SM Prime Holdings Inc. SMIC is most of the time tapping Macquarie Securities (Asia) Pte.Ltd. as global coordinator for the international offer and Banco De Oro Capital and Investment Corp. for the domestic offering. Some of the proceeds of the public offerings are intended to finance projects related to

¹² Arugay, Josephine. Personal Interview. SMIC. February 18, 2005.

¹³ PDI. Sy scouting for investment opportunities. October 1999. p. B3

¹⁴ BusinessWorld Top 1000 Corporations in the Philippines 2004.

tourism, leisure, and property development and repay a portion of its existing loans.¹⁵

B. SM Prime Holdings, Inc.

SM Prime Holdings, Inc. ("SMPHI" or the "Company") was incorporated on January 6, 1994 to develop, conduct, operate and maintain the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, or cinema theaters within the compound of the shopping centers. Its main sources of revenues include rental income from leases in mall and food court, cinema ticket sales and amusement income from bowling and ice skating.¹⁶ This implies that Filipinos became inclined to leisure, food consumption and sports.

Henry Sy, Sr., has served as Chairman of the Board of Directors of SM Prime and President since 1994. He is the founder of the SM Group and is currently Chairman of ShoeMart Inc., SM Investments Corp. and SM Development Corporation.¹⁷ He opened the first ShoeMart store in 1958 and has been at the fore in SM Group's diversification into the shopping center, banking and financial, cement manufacturing, tourism and real estate industries. He has also invested in other companies outside the SM Group.¹⁸

¹⁵ Pomento, Alex. Macquarie Securities (Asia) Pte.Ltd.

¹⁶ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

¹⁷ Treacy, Michael & Wiersema Fred. The Discipline of Market Leaders.

¹⁸ Echauz, Lydia B. Henry Sy Sr. Manila: DLSU Press, c1997.

SM Groups of Companies have reported several revenues as of August 2004. SM Prime has posted 2Q04 a net profit of Php1.07 billion, an increase of 11% from Php963 million. The operating margins of the company have somehow managed to stay as it is the last year, at 58% in the 2Q04. Nevertheless, minority interest shares have increased that led to a decline in the company's net margins to 41% from 45% in 2Q03.¹⁹

Accordingly, JP Morgan Asia Pacific Equity Research adds more,

The company's revenue grew dramatically driven mainly by the recently concluded national elections. Revenues consist mainly of rentals and cinema income, both, had an increase of up to Php2 billion and Php593 million respectively.

The company has an expansion plan that expects a rapid growth brought mainly by the expected rise and operation of the Mall of Asia in 2005. This is a defensive approach when it comes to the property market. It is a play for resilience in its dominant retail position. Among the expected benefits are the increase in its total industry sale and also an increase in its interest rates due to its net cash position of up to Php3.7 billion.²⁰

The Company competes with other local mall operators for tenants and customers. Although there is increased competition, the Company believes it has certain significant competitive advantages which include, among others, the very good locations of the malls, proven successful tenant mix and selection criteria,

¹⁹ Lim, Kelly. JP Morgan. Asia Pacific Equity Research. SM Prime Holdings, Inc. 2Q04 : Steady as she goes. August 12, 2004.

²⁰ Ibid.

and the presence of the dominant SM Department Store and SM Supermarket as anchor tenants. Some of the major competitors considered by the company are the Ayala Malls and Robinsons Malls.

As of February 29, 2004, the Company is directly owned by ShoeMart, Inc. (46.67%), SM Investments Corporation (21.33%) and SM Development Corporation (1.21%). The Anchor Stores in the seventeen operating malls are the SM Department Stores and SM Supermarkets.

SM Prime Holdings Inc., the country's leading shopping mall developer and operator, reported P1.07 billion in net income for the three months ended June, up 11 percent from P963 million in the same period last year. Gross revenue rose by 15 percent year-on-year to P2.59 billion from P2.26 billion.

In the January-June period the net income reached P2.2 billion, up nine percent year-on-year from P2.0 billion. Gross revenue in the six months was up 14 percent year-on-year at P4.92 billion from P4.30 billion.

Rental revenue, at P3.84 billion, accounted for the biggest contribution to total earnings. It included rentals from three malls opened in the last quarter of 2003, namely, SM City Lucena, SM City Baguio, and SM City Marilao. Cinema revenue rose 11 percent, largely due to blockbuster films, the company said. SEC

Form 17-P discloses SMPHI and subsidiaries consolidate balanced sheets, consolidated statement of income and consolidated statements.²¹

The year 2003 was, once again, a high growth year for SM Prime Holdings, Inc., which focused its development plans "on regional expansion, and bringing new, spacious community-centered venues for total leisure, entertainment, and shopping to emerging tourist, commercial, and industrial areas."²²

By moving toward the provinces, SM Prime Holdings, Inc. is moving closer to its market. Three more SM Supermalls now operate in strategic locations with strong geographic accessibility and high shopper traffic potential.

SM Prime Holdings, Inc.'s investments in world-class mall facilities and infrastructure make SM Supermalls the primary choice of Filipino shoppers nationwide. On weekdays and weekends, shoppers enjoy a full day's program of activities at SM malls, with a wide-range of entertainment, food, leisure, and shopping choices at their complete disposal. See Appendix E and F

As of end 2003, total gross floor area in SM Prime Holdings, Inc.'s 17 malls equaled 2.31 million square meters. SM Prime has a land bank of 194 hectares allocated for planned mall expansion in the next five years; planning has already begun for new malls in

²¹ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

²² *Ibid.*

Lipa, Batangas; Marikina; Clark, Pampanga; and Sta.Rosa, Laguna. The SM Mall of Asia is being built with the same ingenuity and fervor that launched SM City North Edsa in 1985 and SM Megamall in 1994, and changed every Filipino family's total shopping experience. Located on a 60-hectare prime property on scenic Manila Bay, the SM Mall of Asia aims to exceed all standards in shopping, entertainment, and leisure in the country.

In 2005, the first phase of SM Mall of Asia's construction will be completed, totaling over 350,000 square meters of gross floor area. This will include the main shopping mall (anchor stores, tenanted shops, a bowling center, an ice skating rink and a food court), the entertainment mall (cinemas, restaurants), and two parking buildings.

When fully completed, the SM Central Business Park complex-- where the SM Mall of Asia is located-- will have hotels, office, and residential condominium developments and other spots for recreation.²³ See Appendix G

SM Prime Holdings, Inc. accentuates that it makes the climb to progress together with the Filipino. As a corporate citizen, "it strives constantly to uplift the lives of Filipinos in the areas of education, health, and livelihood".²⁴

²³ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

²⁴ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

C. SM Foundation

Through SM Foundation, Inc., SM's outreach and community service organization, SM Prime Holdings, Inc. supports a college scholarship program, health and medical programs, community donation projects, and livelihood programs for micro-enterprises and people with disabilities. The SM Foundation College Scholarship program, which funds promising students from public schools across the country, has produced 500 graduates to date and currently supports 400 more undergraduate scholars.²⁵

SM Foundation's health and medical program manages 12 activity centers across the country for the young and the elderly. One hundred thirty medical missions reaching 85,000 people nationwide have been conducted since 2001. A mobile clinic facility offering health services to poor families is equipped with a consultation room, x-ray and ECG facilities, and can perform basic laboratory procedures for more accurate medical diagnoses.²⁶

SM also continues with "Donate a Book", which benefits public school libraries and reading centers; "Share a Toy", which brings Christmas cheer to many children confined in public hospitals, children in day care centers, charity institutions, and in indigenous communities; and "Share Your Extras", which brings goods, furniture, and food to families in the poorest areas.²⁷

²⁵ Ibid.

²⁶ Ibid.

²⁷ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

D. Shoemart Inc.

SM is the Philippines' leader in the retail industry. For more than 40 years it has been committed in "providing quality products and services at reasonable prices and to meet the ever-changing needs of its customers in a responsible and responsive manner."²⁸ Through its merchandise mix, world class interiors, one-stop shopping concept, service, and value-plus pricing, it was made known that the company has been a mover and shaker in the Philippine retail scene.

The SM Department Store chain is the acknowledged trendsetter and innovator in the Philippine retail scene. The first SM Department store opened in downtown Manila in 1972. Today, it has 15 branches strategically located around Metro Manila, and key Philippine provinces - Pampanga in Central Luzon and Cebu and Iloilo in the Visayas region. The SM Department store chain is part of SM, a dynamic group of companies founded by Henry Sy, Sr. as a shoe store in 1958.²⁹

E. Banco De Oro

Banco De Oro (BDO) is a full-service universal bank with 167 branches nationwide. It is a key subsidiary of the SM Group of Companies and the banking unit owned by Henry Sy. Recently, Banco de Oro Universal Bank has tied up with remittance firm Chartered Forex Philippines Inc. BDO in a disclosure

²⁸ Ibid.

²⁹ Echauz, Lydia B. Henry Sy Sr. Manila: DLSU Press, c1997.

to the Philippine Stock Exchange said "it signed agreements with Chartered Forex, a remittance company operating worldwide for an exclusive co-branding."³⁰

Under the agreements, Chartered Forex will have the exclusive right to co-brand its remittance services with BDO. In return, Chartered Forex has committed its foreign and inward remittance business in the Philippines to BDO.

The tie-up is expected to give BDO a share of the huge remittances sent by overseas Filipino workers.

The Bangko Sentral ng Pilipinas earlier reported that remittances from OFW's in September 2003 rose to \$600 million, up 7.6 percent from \$556 million the previous year. This brings the cumulative nine-month remittances to \$5.663 billion, an improvement of 5.1 percent from \$5.389 billion in the same period last year.³¹

BDO registered an unaudited net income of P965 million for the first nine months of the year, which is 15 percent higher compared to P842.1 million in the same period last year . BDO attributed the growth to the bank's strong net interest income which totaled P2.78 billion, up 69 percent from a year-ago level..³² BDO said the acquisition would further broaden the bank's consumer lending activities, particularly in residential mortgages.

³⁰ Manila Standard. Banco de Oro and Forex Inc Agreement. November 20, 2003.

³¹ Ibid.

³² Ibid.

Banco De Oro Universal Bank fully owns a subsidiary, BDO Insurance Brokers, Inc. (BDOI), that started operations in 1997. BDOI since then finances BDO and the SM Group of Companies insurance requirements. In 2001, it was ranked no. 9 insurance broker in terms of revenue. This implies it's abrupt improvement and consistent position within the top 10 unlike in the years 1998 and 1999, wherein it was ranked no. 40 and 13, respectively.³³

Their vision lays emphasis on providing clientele the most comprehensive coverage at minimal cost, consistently providing innovative products and delivering of competent and problem free service imbued with the highest standard of integrity and professionalism. Their qualities are include but not limited to financial strength and stability backed-up by Banco De Oro Universal Bank and SM Group of Companies; full Service Insurance Broker - No. 9 Insurance Broker out of 144 registered professional insurance brokers in the Philippines in terms of revenue in year 2001; and dynamic and efficient organization. Actual business volume reached P287 Million in year 2002 ;Market Clout - Managing an asset value close to P200 Billion; and Full computer resources.³⁴

In terms of its link with SM Department Store and SM affiliate stores, BDO introduced their Banco De Oro Cash Card so families can do their shopping without carrying a large amount of cash because the card functions as an electronic wallet. To prove the convenience it offers, the card can be used to pay for almost

³³ BusinessWorld. 2004.

³⁴ Ibid.

anything and it can be used to withdraw cash from any Banco De Oro or Expressnet/Megalink ATM. Unlike credit cards, holders don't have to pay monthly interest rates nor annual fees. Finally, the card can be used to reload any Globe prepaid cellular phone.³⁵

III. SM Group of Companies' tactics for profitability

A. Business Diversification

Henry Sy Sr. considers his various business diversifications whenever he looks for new opportunities. He "has been at the fore in SM Group's diversification into the shopping center, banking and financial, cement manufacturing, tourism and real estate industries. He has also invested in other companies outside the SM Group."

Sy once asserted 'I think it's the trend, buy out or merge. But for me it's a question of buy.' He has bought 125 Million shares of food conglomerates in San Miguel Corporation for Php9.6 Billion. SMIC affirmed that it bought the San Miguel shares to 'broaden is portfolio investments in the Philippines.' ³⁶ See Appendix I and J

B. Tax holidays

The SM Group of Companies also requests for tax holidays in order to continue its "mission of providing reasonably priced consumer products and

³⁵ BusinessWorld. 2004.

³⁶ Malaya. „ Pays 10% premium at Php55 per share. SM buys San Miguel seat for Php9.6B. September 2002. p. 11+ 13

services by way of tax incentives in the form of tax holidays³⁷. In the case of their entry to San Fernando, Pampanga, local businessmen protested since the request for 10 years tax holiday discriminates against them. The incentives would cover real property taxes on buildings and machinery, amusement taxes, local business taxes, and other fees imposed by existing laws.³⁸

Nevertheless, Mayor Reynaldo Aquino made clear that the tax holiday was limited only to the SM Group of Companies and that regular SM tenants will still pay their taxes.³⁹ As an implication, this tax incentive will benefit only the SM Group and thus, lessen their costs of operations.

C. Advanced technology, rapid turnover and low profit margins

As for SM SuperMarket, Inc., advanced technology and efficient service is the primary rule. It also sells affordable SM Bonus products. In Rachel Bowlby's *Carried Away: The invention of Modern Shopping*,

But in many ways, department stores and supermarkets belong together. Both are large-scale institutions, selling a vast range of goods under one roof and making use of modern marketing principles of rapid turnover and low profit margins. Both rely on economies of scale through their large selling areas, and through direct buying in bulk from producers or manufacturers. Both

³⁷ Malaya. Pays 10% premium at PhP55 per share. SM buys San Miguel seat for PhP9.6B. September 2002. p. 11+13

³⁸ PDI. Tax holiday for mall giant denounced. May 24, 1999.

³⁹ PDI. Pampanga mayor defends mall project, tax holiday. May 25, 1999

were taken, when they first appeared on the scene, as emblematic of contemporary developments not only in marketing, but in social life more generally: cities and leisure in one case, suburbs and cars in the other.⁴⁰

As a major retail outlet, it stands firm on the continued utilization of price bar codes since it is more efficient, cheaper, and less labor-intensive. It once had been charged by the Department of Trade and Industry (DTI) of violating the Price Tag Law.⁴¹

D. Consumer culture

SMPHI, on the other hand, is into property development as aforementioned. Aside from mall development, the condominium Chateau Elyséé and residential subdivision Susana Heights are only a few of its various investments. To quote Bowlby,

Consumer culture lends itself to images of unconscious imprisonment. The deluded are unaware that their desires are for worthless or superfluous things, or that they are shaped - if not entirely created - by the skills and tricks of advertising and other forms of presentation. They don't know that there is a better and freer world than the shopping world in which they find themselves; for them it has no exit, not do they seek one.

⁴⁰ Bowlby, Rachel. Carried Away: The invention of modern shopping. New York: Columbia University Press, c2001.

⁴¹ PDI October 1999. p. B1

Opposite dark pictures like these stand their mirror images: shopping as freedom of choice, pleasure, material progress. Instead of confinement, darkness, hidden controls, shopping in its positive guise appears as sheer heaven or, more prosaically, as the proud symbol of modern mobility. People are no longer restricted to their traditional horizons, whether geographical, social or psychological; consumer choice epitomizes their liberty to move away from old constrictions, to indulge the freedom of new desires and demands and to take on different identities as they wish. This is also the dream world of shopping's own self-images, its beautiful stores and its glossy advertisements, where people's desires are treated as forever open to change and fulfillment.⁴²

SM Shoe Mart, Inc, considers proximity, Western-inspired structure, comfort, variety, among others in the improvement of service. It makes sure to cater different classes, notably from the lower- middle class.⁴³ In some ways, firms are into creation of 'needs' hence, consumers would be enticed to buy the product regardless if it is indeed a 'need'. According to Rachel Bowlby "[t]here is no buying or selling here; this is shopping as possibility- the sight and feel of things, the embedding of desires and plans". In addition, she mentioned the French writer Paul Morand, after finding himself in a part of the garment District

⁴² Bowlby, Rachel. Carried Away: The invention of modern shopping. New York: Columbia University Press, c2001.

⁴³ The Milflores Guide to Philippine Shopping malls. Manila: Milflores Publishing. 2000.

in Manhattan one evening in 1929, exclaimed ". . . all the social classes disappear in this instant ready-made luxury for all."⁴⁴

In terms of advantages, malls speed up urban development and supports many thousands of small entrepreneurs. See Appendix I. However, giant malls are also resented by several small businesses due to their effect on them. Some would wonder whether retailing history is like or unlike the history of the modes of production and whether it is a matter of evolution or revolution.

The psychology of 'mass' consumption assumes an involuntary loss of individual subjectivity, through a response that is 'mindless' as are the devices that bring it about. The 'techniques' of persuasion – 'techniques' suggesting artifice as well as efficiency-act upon a mentality that is thought of as uniform across individual manifestations, constant and predictable in its reactions. Where a mind is understood to reflect on or otherwise modify what comes its way, this is a mentality that merely reacts to prompts. It is, precisely, 'mindless', like the mechanical techniques that address or manipulate it.⁴⁵

Supermarkets are being used as a metaphor for the state of the world because of the way that commerce in general has often been seen as antithetical to cultural values.

⁴⁴ Bowlby, Rachel. Carried Away: The invention of modern shopping. New York: Columbia University Press, c2001.

⁴⁵ *Ibid.*

Furthermore, SM's key element is contrast between the budget-conscious consumers vs. brand-conscious ones. Indeed, consumer psychology intertwines with the current marketing trend,

On the one hand, there is a semi-technical language, derived from the big academic business of consumer psychology that has entered everyone's vocabulary of describing or experiencing their own behaviour. Solemnly or ironically both, with a knowing mixture of mastery and susceptibility, we refer to 'loss-leaders' and describe our 'impulse purchases' or avoidance of them. Marketing language may also be applied more widely. The 'sell-by date', heralded as an important breakthrough for food retailing in the early 1970s, moved out of the store in the 1990s to be used in relation to anything passé; now the expression has probably passed its own. We can speak the marketing language, we know what is being done to us; but this same language also shapes our understanding.⁴⁶

The SM Group of Companies is allotting Php2.5- 3 Billion annually over the next three years since they sought to pursue building at least 2 new malls each year and expand its landbanking activities.⁴⁷

⁴⁶ Bowlby, Rachel. Carried Away: The invention of modern shopping. New York: Columbia University Press, c2001.

⁴⁷ SM Prime Holdings, Inc. Operational Highlights. Annual Report 2003.

SM Prime's stance to open four malls this year will increase its shopping space and earnings . With its expansion is the notion of its dominance of the mall industry.⁴⁸

SM Group of Companies noticeably appears to be unaffected in terms of gross profit, with the downward trend of the standard of living by the consumers. See Appendix G. It is assumed that if they could no longer afford the prices of the products sold by a merchandising outlet then it would be directly proportional to the bankruptcy of the latter. Yet, other factors exist in relation to the SM Group of Companies' success and persistent expansion such as the marketing strategies undertaken by it.

Barriers to growth seem to be evident only to the less privileged. Several people supposes that as long as the government has the upper hand in the status quo, the wide disparity between the have and the have-nots will still absolutely be in the offing due to the reason that some policy makers are either speculators themselves or highly influenced by the private sector. Meanwhile, the larger portion of the population could only but stare with envious eyes at the rapid pace of development of some capitalists.

Since corporations are driven to maximize profits, a number of them tend to use cost-cutting and downsizing measures and simply allocate most of the profit for further expansion. An imperfect competition would mean that prices are

⁴⁸ Macquarie Research Equities.

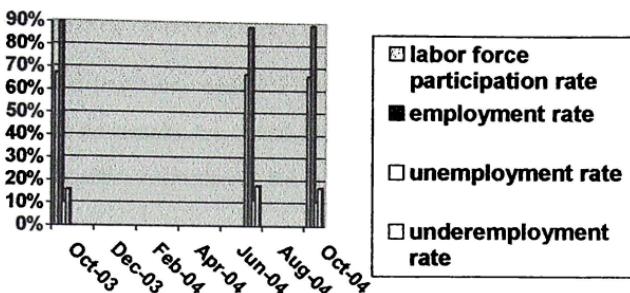
greater than the marginal revenue but since $MR=MC$, then prices would eventually be greater than marginal cost. Therefore, consumers are paying more than the cost of producing the good. Apparently, some companies would insist that such condition is equitable due to the substantial costs incurred by their service.⁴⁹

E. Employee Relations

In today's globalized world, infrastructures as well as establishments are deemed as a nation's symbols of prosperity and industrialization. On the contrary, it is possible that such may become breeding grounds for the alienation of workers in the form of market-oriented hiring schemes that offer meager pays and that disregards job security. Many fall as preys to such arrangements due to the lack of opportunities even to the new graduates, leading them to give in to their employers' preference of providing little or no benefits at all. Unfortunately, more and more are getting involved with a bad fate, for instance, rural dwellers have hope of making it big or simply just getting by in the principal city of Manila. The current unemployment, labor force participation, underemployment and employment rate seems to improve according to LFS. However, the toiling masses do not recognize this due to their worsening situation. See Figure 1

⁴⁹ Mankiw, N. Gregory. Macroeconomics. New York: Worth Publisher. 2000.

Figure 1: Labor and Employment



Source: LFS

As of December 31, 2003, the Company's employees, officers and employees of the Management Companies are not subject to a collective bargaining agreement (CBA).⁵⁰

As stated in the Medium Term Philippine Development Plan (MTPDP), the government recognizes and promotes enough special employment arrangements that will enhance the flexibility and competitiveness of enterprises.⁵¹

The CEP is based on the 1999-2004 MTPDP and the principle that "employment builds the key to economic growth and social equity". It focuses on generating and preserving employment in the country.

According to the program, employment alienation means, among others, developing 'Globally Competitive' industries and transferring the country to a high

⁵⁰ Sandigan ng Manggagawa sa Shoe Mart (SMS). Telephone Interview. March 4,2005.

⁵¹ Medium term Comprehensive Employment Program. 1999-2001.

—value added service economy. It also promises to give greater government spending on labor-based infrastructure and maintaining labor export as an alternative source of employment".⁵²

Most employers support a productivity based wage since this will encourage productivity. It is in their strong conviction that businesses will be more competitive internationally due to labor flexibilization schemes.⁵³

But there's one other issue that has won some public sympathy: contractualization. As of 2002, SM Mart employs 20,000 contract workers – company calls them "trainees" – and only about 4,000 are regular workers. The company maintains 4,500 trainees at its six branches in the metropolis (there are other branches); only 1,500 are regular workers belonging to Sandigan ng Manggagawa sa SM (SMS). The Herrera Law prohibits contractual workers from joining a union.⁵⁴

A trainee receives P260 a day; a regular employee gets P340, plus benefits and allowances. Whatever pay increase received is not because of company's benevolence but through union struggles. See Appendix J Still, increases are a pittance. In their 2003 Collective Bargaining Agreement (CBA), SMS has asked for at least P100 minimum wage increase but to show reasonableness in the negotiation has reduced it to P40, or P120

⁵² Ibid.

⁵³ Leogardo, Atty. Vicente. A Study on Wage Fixing. DOLE Department Order no. 10, Rules and Regulations Implementing Books III and VI of the Labor Code. PHILEXPORT.

⁵⁴ Narvaez, D.J. Thesis. Minimum Wage Fixing of the Regional Tripartite Wages & Productivity Boards. c2002.

spread over three years. But the company only offers P15 or P75 for five years. SMS usually goes on strike if their negotiation for a wage increase and other benefits went deadlock.⁵⁵

According to *The Communist Manifesto*,

"Exploitation of the laborer is a never-ending chain reaction.

No sooner is the exploitation of the laborers by the manufacturer, so far, at an end, that he receives his wage in cash, then he is set upon by the other position of the bourgeoisies, etc. (70-71). This class of people found in the lower strata are the proletariats, who find work only so long as their labor increases capital. (87).⁵⁶

Normally, a position paper of SMS says, SM's 20,000 trainees are simply juked out of their jobs every three months to be replaced by new ones. This means, every year the company hires 80,000 workers. Over the years that SM has expanded more than a million workers have been hired only to rejoin the country's large army of unemployed. This is Henry Sy's way of amassing wealth: labor pay which should go to workers in better wages, benefits and allowances if they were regularized goes instead to

⁵⁵ Sandigan ng Manggagawa sa Shoe Mart (SMS). Telephone Interview. March 4, 2005.

⁵⁶ Marx, Karl & Friedrich Engel, *The Communist Manifesto*. Translated by Samuel Moore, edited by Joseph Katz. New York: Simon & Schuster Inc., 1964.

the company's wealth. His employees have called Sy as Asia's "Contractual King".⁵⁷

As of 2004, the original members of SMS were laid-off and replaced by new contractuels mostly Iglesia ni Cristo (INC) members. The latter, INC members, are not allowed to join unions but were recently tasked by the SM administration to form a new one in order to justify the termination of the previous SMS union. It is assumed that the new union is not entitled of CBA.⁵⁸

F. Economies of Scale

Undeniably, small and medium enterprises (SME's) will find it somewhat futile to compete with both the giant national and transnational corporations. The concept of "economies of scale" gives an explanation to this occurrence by stating that large-scale industries have better technologies and thus, lower cost of production.

Economies of scale is characterized by increasing returns to scale: Production is more efficient if the scale is larger, doubling the inputs to an industry will more than double the industries' production. Unfortunately, when there are economies of scale –increasing returns, decreasing average cost of

⁵⁷ Siazon. Thesis. A Comparative Study of the contractual workers of SM & Robinsons Place Manila. 2002.

⁵⁸ Sandigan ng Manggagawa sa Shoe Mart (SMS). Telephone Interview. March 4,2005.

production- large firms usually have an advantage over small firms so that markets tend to become imperfectly competitive.⁵⁹

The production of many goods, however, is characterized by economies of scale, or decreasing costs, over a relatively large range of output. Economies of scale can be either internal economies or external economies. Internal economies are defined as falling average costs over a relatively large range of output. In practice, this leads to larger firms because size confers a competitive advantage in the form of lower average costs. One of the distinguishing features of intraindustry trade is the presence of internal economies of scale. In the case of external economies, larger firms have no inherent advantage over smaller firms, but average costs decline for all firm as the size of the industry increases. Unlike internal economies of scale, with external economies, the size or scale effects are located in the industry and not in the firm. . .⁶⁰

⁵⁹ Pindyck, Robert S. and Rubinfeld, Daniel L. Microeconomics. 5th ed. New Jersey: Prentice Hall, c2001.

⁶⁰ Gerber, James. International Economics. 2nd edition. 2002.

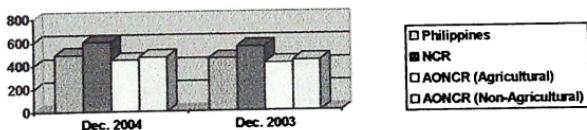
IV. Philippine scenario

A. Daily Cost of Living and Income

Wages and income in the Philippines did not show substantial improvement while social services become highly commercialized. Meager wage hike orders and slight increase in workers' Cost of Living Allowance (COLA) are not enough.

In the NCR, the Daily Cost of Living (DCOL) is pegged at more than PhP602.31 as of December 2004. Moreover, the actual minimum wage of PhP280 in this region is insufficient.⁶¹ See Figure 2

Figure 2: Daily Cost of Living (for a family of six, in pesos)



Source of basic data: NSO

Philippine's massive unemployment & underemployment is still one of Asia's worst. The country's employment becomes too susceptible to factors that the government cannot control because of relying too much on the global labor market. Rising wage inequality has been one of the driving forces behind the increase in household inequality. Corporate control of the means of production is

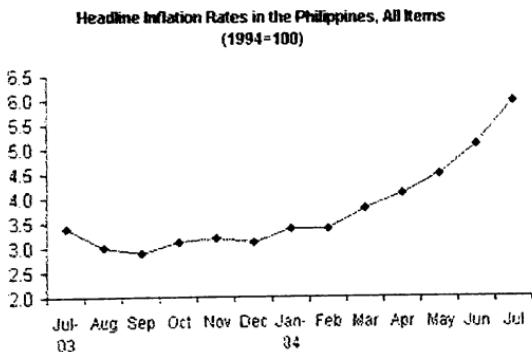
⁶¹ IBON Economic & Political Briefing. People Bear the Brunt. January 13, 2005.

one of the reasons behind the massive destruction of jobs and livelihood. Another is the intensifying competition from foreign goods and capital/ causes displacement in factories and establishments.

B. Consumer Price Index

The rising cost of living and inflation could not be offset by piece-meal adjustments. See Figures 3 and Tables 1 and 2; 2a

Figure 3



Source: National Statistics Office
Manila, Philippines

Table 1

Month-on-Month Inflation Rates, All Items		
	July	June
Philippines		
1994-based	1.1	1.5
2000-based	1.2	1.7
NCR		
1994-based	0.4	1.7
2000-based	0.6	1.7
AONCR		
1994-based	1.3	1.5
2000-based	1.7	1.5

Table 2

Summary Inflation Report Consumer Price Index

July and June 2004

Year-on-Year Headline Inflation Rates, All Items			
	July	June	Year-to-date
Philippines			
1994-based	6.0	5.1	4.3
2000-based	6.6	5.4	4.6
NCR			
1994-based	6.1	5.1	4.6
2000-based	6.4	5.5	4.7
AONCR			
1994-based	6.0	5.1	4.3
2000-based	6.7	5.4	4.8

Year-on-Year Core Inflation Rates, Philippines			
	July	June	Year-to-date
1994-based	6.0	5.4	4.5
2000-based	6.2	5.3r	4.7

Source: National Statistics Office

Manila, Philippines

Year-on-year headline inflation rate at the national level picked up by 0.9 percentage point to 6.0 percent in July from 5.1 percent in June. This was mainly brought about by the 10.8 percent increase in the inflation of services. Higher inflation rates recorded in food, beverages and tobacco (FBT), fuel, light and water (FLW) and miscellaneous items also contributed to the uptrend. Inflation a year ago was 3.4 percent.⁶² See Appendix K

Table 2a. Consumer Price Index by Region: 2003 (2000 = 100)

Region	Average CPI 2003
Philippines	113.9
National Capital Region	14.8
Cordillera Administrative Region	115.2
Region I - Ilocos	112.9
Region II - Cagayan Valley	112.2
Region III - Central Luzon	111.2
Region IV-A - CALABARZON	114.7
Region IV-B - MIMAROPA	112.5
Region V - Bicol	112.9
Region VI - Western Visayas	113.6
Region VII - Central Visayas	119.7
Region VIII - Eastern Visayas	112.0
Region IX - Zamboanga Peninsula	110.1
Region X - Northern Mindanao	113.6
Region XI - Davao	112.8
Region XII - SOCCSKSARGEN	111.3
Region XIII - Caraga	112.1
Autonomous Region in Muslim Mindanao	114.7

Note: 1/ In 2000, Basilan including Isabela City was under Region IX.

2/ In 2000, Marawi City is a part of Region XII.

3/ Basilan province (excluding Isabela City), which was part of Region IX in 2000, has been transferred to ARMM under EO 36.

Source: 2003 Family Income and Expenditure Survey (Preliminary Results)

**National Statistics Office
Republic of the Philippines**

⁶² NSO.

Table 2b. Total Families and Distribution of Total Income at Current Prices, by Region: 2000 and 2003

Region	Total Families (in P1,000)		Income (in P1,000)		Total	Percent
	2000	2003	2000	2003		
Philippines	15,072	16,005	2,187,250,217	100.0	2,380,854,459	100.0
National Capital Region	2,189	2,299	657,268,424	30.0	639,610,619	
26.9						
Cordillera Administrative Region	275	293	38,404,070	1.8	43,247,849	1.8
Region I - Ilocos	808	849	97,628,234	4.5	104,962,515	4.4
Region II - Cagayan Valley	567	600	61,444,635	2.8	75,659,918	3.2
Region III - Central Luzon	1,553	1,645	233,724,026	10.7	260,956,946	
11.0						
Region IVA - CALABARZON	1,792	1,944	319,974,799	14.6	358,064,102	
15.0						
Region IVB - MIMAROPA	447	475	44,469,960	2.0	48,687,521	2.0
Region V - Bicol	899	947	85,693,168	3.9	103,531,434	4.3
Region VI - Western Visayas	1,212	1,277	132,805,985	6.1	143,890,168	
6.0						
Region VII - Central Visayas	1,105	1,168	109,980,924	5.0	141,792,627	
6.0						
Region VIII - Eastern Visayas	737	784	67,432,425	3.1	80,169,090	3.4
Region IX - Zamboanga Peninsula	1/ 543	590	47,913,022	2.2	53,723,980	
2.3						
Region X - Northern Mindanao	688	734	74,687,807	3.4	79,614,861	
3.3						
Region XI - Davao	723	771	78,106,526	3.6	91,108,262	3.8
Region XII - SOCCSKSARGEN	2/ 650	700	66,759,161	3.1	75,853,969	
3.2						
Region XIII - Caraga	409	438	33,324,105	1.5	39,714,439	1.7
Autonomous Region in Muslim Mindanao	3/ 476	492	37,632,947	1.7	40,266,158	1.7

Note: 1/ In 2000, Basilan including Isabela City was under Region IX.

2/ In 2000, Marawi City is a part of Region XII.

3/ Basilan province (excluding Isabela City), which was part of Region IX in 2000, has been transferred to ARMM under EO 36.

Source: 2003 Family Income and Expenditure Survey (Preliminary Results)

National Statistics Office
Republic of the Philippines

The Consumer Price Index (CPI) is a measure of the overall level of prices that shows the cost of a fixed basket of goods bought by a typical consumer relative to the cost of the same basket in a base year. It gives different weights to different 'goods' in the basket.⁶³

Hence, a Laspeyres index is used to measure the cost of living. However, it tends to overstate the increase in the cost of living because it does not take into account that consumers have the opportunity to substitute less expensive goods for more expensive ones. A Paasche index, on the other hand, tends to underestimate the increase in the cost of living. The CPI is a closely watched measure of inflation. Policy makers monitor the CPI when choosing monetary policy; many laws and private contracts have cost-of-living allowances which use the CPI to adjust for changes in the price level.⁶⁴

Consumption pattern is an essential tool in stressing and comparing living conditions among households in different income levels. As postulated in the Engel Law: (1) the proportion of a household's budget devoted to food declines as the household's income increases, (2) the proportion of a household's budget devoted to housing stays about the same, or increases, (3) the proportion of a household's budget devoted to clothing stays the same, or increases, and (4) the proportion of a household's budget devoted to luxury increases.⁶⁵

⁶³ Pindyck, Robert S. and Rubinfeld, Daniel L. Microeconomics. 5th ed. New Jersey: Prentice all, c2001.

⁶⁴ Mankiw, N. Gregory. Macroeconomics. New York: Worth Publisher. 2000.

⁶⁵ Fortes, Resa. Engel Law on the Estimation of Commodity & Food Consumption ratios for total urban & rural Philippines. 2003.

Whereas, the rapid deterioration of living standards does not illustrate a directly proportional decrease in profit of the SM Group of Companies with its subsidiaries, affiliates, etc. For instance, SM Prime Holdings, Inc. ranking no. 88 as of December 2004.⁶⁶ As aforementioned previously, utility costs are consistently increasing, hence, it is logical to assume that a company's operations expenses will tend to incrementally rise with it.

C. Family Income and Expenditure Survey

The share of family expenditure on food items continued to slide indicating a change in the spending pattern of Filipino families towards less spending on food. In 2003, the share of food expenditure to total expenditure was 42.6 percent, about 1.0 percentage point lower than the 2000 proportion of 43.6 percent.⁶⁷

The proportion of expenditure on food consumed at home went down from 38.6 percent in 2000 to 37.3 percent in 2003. On the other hand, higher spending on food consumed outside the home was observed as the proportion went up from 5.0 percent in 2000 to 5.3 percent in 2003 suggesting a change in the Filipino family lifestyle of regularly eating outside the home and possibly be linked to the growth of fast food chains. Families spent more on transportation and communication as these expenditure were monitored to move up from 6.8

⁶⁶ BusinessWorld Top 1000 Corporations in the Philippines 2004.

⁶⁷ 2003 Family Income and Expenditure Survey. FIES.

percent in 2000 to 7.4 percent in 2003. Increases in expenditure share were also noted in fuel, light and water, personal care and effects, clothing, footwear & other wear, medical care, durable furniture and equipment and miscellaneous expenditures such as those for special family occasions and gifts & contributions.⁶⁸ See Tables 3 and 4

Table 3

2003 Family Income and Expenditure Survey
Preliminary Results

Philippines	2003	2000	Percent Increase
Total Income (In P1,000)	2,380,854,459	2,187,250,217	8.9
Total Expenditure (In P1,000)	2,005,045,840	1,791,132,882	11.9
Average Income	148,757	145,121	2.5
Average Expenditure	125,277	118,839	5.4
Number of Families (In 1,000)	16,005	15,072	6.2

Source: 2003 Family Income and Expenditure Survey (Preliminary Results)
Income and Employment Statistics Division
National Statistics Office
Republic of the Philippines

⁶⁸ NSO.

Table 4 Price indices

PRICE INDICES (Source: NSO)		(2000=100)		
Consumer Price Index (1994=100)		Jan 2005	Dec 2004	Jan 2004
Philippines		126.3	125.4	116.5 ^f
National Capital Region (NCR)		127.8	126.4	117.4 ^f
Areas Outside NCR		125.6	124.9	116.0
Inflation rate				
Headline		8.4	8.6	4.1 ^f
Core		7.9	7.8	4.1 ^f
Purchasing power of the peso		0.79	0.80	0.86

The share of family expenditure on food items continued to slide indicating a change in the spending pattern of Filipino families towards less spending on food. In 2003, the share of food expenditure to total expenditure was 42.6 percent, about 1.0 percentage point lower than the 2000 proportion of 43.6 percent.⁶³ See Appendix L and M

The proportion of expenditure on food consumed at home went down from 38.6 percent in 2000 to 37.3 percent in 2003. On the other hand, higher spending on food consumed outside the home was observed as the proportion went up from 5.0 percent in 2000 to 5.3 percent in 2003 suggesting a change in the Filipino family lifestyle of regularly eating outside the home and possibly be linked to the growth of fast food chains. Families spent more on transportation and communication as these expenditure were monitored to move up from 6.8 percent in 2000 to 7.4 percent in 2003. Increases in expenditure share were also noted in fuel, light and water, personal care and effects, clothing, footwear &

⁶³ 2003 Family Income and Expenditure Survey.

other wear, medical care, durable furniture and equipment and miscellaneous expenditures such as those for special family occasions and gifts & contributions.⁶⁴

D. OFW Remittances contribution to the SM Group of Companies profitability

OFWs continue to play an important part in the national economy. They are able to contribute to the country's dollar reserve. Such remittances were primarily responsible why the Philippines' gross international reserves (GIR) remains high despite the outflow of investments and the overall dollar transactions.⁶⁵ See Appendix N

The 4.9% growth in the dollar remittances from overseas Filipino workers in the 1st quarter helps boost consumer spending, especially in relations outside Metro Manila. Robust consumer spending has encouraged food companies, large and small, to expand capacities. Consumer spending will continue to get this boost from the inflows of remittances from OFWs as more high-paid workers are deployed in such developed countries as the US, Canada, the Netherlands, Germany, Spain and Italy .⁶⁶ See Appendix O

⁶⁴ 2003 Family Income and Expenditure Survey.

⁶⁵ IBON Facts and Figures May 15, 2001

⁶⁶ Next 5000 corporations: The 5000 engines of economic growth Business profiles. 2002-2003.

"Consumer spending is fueled by remittances from OFWs as more and more workers seek for greener pasture, dollar remittances will also have an upward trend. OFW contribution amounts to US\$734m in July 2004. Remittances have allowed consumption to grow by 4% per annum since 2000."⁶⁷

SM malls' tenants generate 176bn annual revenues in 2003, annual revenue of which 5-10% is remitted to the SM Group of Companies as part of the rental income. The total sales in SM malls are equivalent to 20% of total remittance amounting to Php 414bn in 2003, thus Macquaries Research Equities estimate that the company's numerous malls strategically situated in different regions in the country captures 20% of every US dollar of OFW money spent.⁶⁸ However, it is not only SM malls that attracts OFWs but also the real estate/property development of SM Prime Holdings, Inc. (SMPHI). For instance, the Chateau Elysé condominium is designed to provide state-of-the-art living at an affordable price. See Appendix P

Since SM Prime malls and condominiums are located in areas with strong concentrations of OFW families, it is probable that these malls capture a percentage of their income. Hence, will lead to higher retail sales. The continued depreciation of the peso versus the US dollar increases the purchasing power of Filipinos receiving regular remittances. This allows them to have more buying power in the market. It is not surprising to see that the annual growth in

⁶⁷ Pomento, Alex. Macquarie Research Equities.

⁶⁸ Ibid.

remittances in peso terms has spurred private consumption. Therefore, it is the OFWs that primarily buoy the retail trade sector after all.⁶⁹ See Appendix Q

V. Analysis of Data

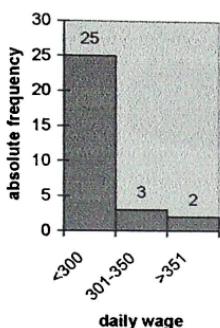
The survey conveyed that among the respondents who took part in this study, 93.33% just started working for no more than 6 months since they are only contractual workers. Furthermore, Table 5 with Panel A and Panel B illustrate that majority are just receiving a scanty pay.

Table 5: Frequency Distribution of the Wage received by SM Dept. Store employees (in Php)

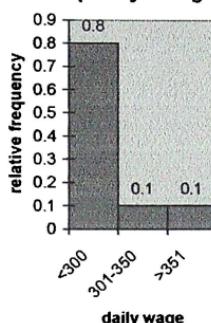
Wage earned by the respondents (Php)	Absolute frequency (corresponding no. of respondents)	Relative frequency
<300	25	0.8
301-350	3	0.1
351- above	2	0.1
Total	30	1.0

⁶⁹ CLSA Asia-Pacific Markets.

Panel A: Histogram



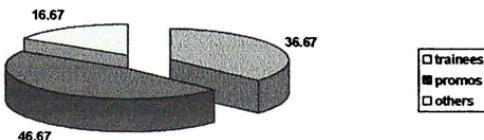
Panel A: Relative frequency histogram



When it comes to social security benefits, only 13.33% replied that they are indeed receiving such benefits. Of the choices, the right to working conditions and service rest day both got 7% while nobody affirmed having insurance or medical subsidy due to the fact that some employers are unaware that contractual workers should also attain the benefits regular employees are getting. In addition, 3% held to obtain a 13th month pay while the rest of the respondents had not. In terms of the question on if they shoulder the apprenticeship fees, 16.67% negated that notion.

In order to take a glimpse of the current classifications of SM employees, please refer to Figure 4 .

Figure 4 : SM Dept. Store's employee classification

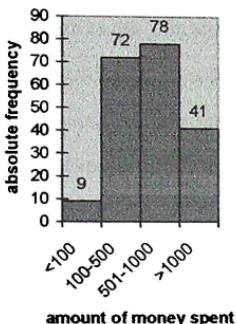


Following next is the results of the survey meant for the usual amount spent in SM Dept. Stores. Table 6 with Panel A and B gives an idea about the corresponding amount laid out vis-à-vis the corresponding respondents

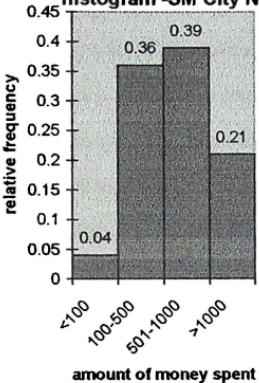
Table 6 : Frequency Distribution of the money usually spent by customers both in SM City North Edsa and SM Bacoor malls (in Php)

Amount of money spent by the respondents	Absolute frequency (SM City North Edsa customers)	Absolute frequency (SM Bacoor customers)	Relative frequency (SM City North Edsa customers)	Relative frequency (SM Bacoor customers)
<100	9	12	0.04	0.06
100-500	72	78	0.36	0.39
501-1000	78	74	0.39	0.37
>1000	41	36	0.21	0.18
Total	200	200	1.00	1.00

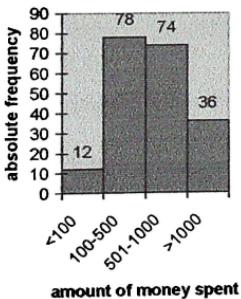
**Panel A: Histogram -SM
City North Edsa**



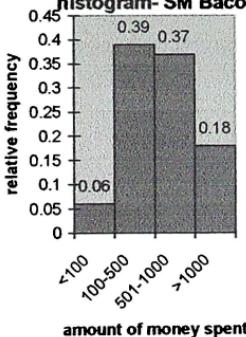
**Panel B: Relative frequency
histogram -SM City North Edsa**



**Panel C: Histogram - SM
Bacoor**



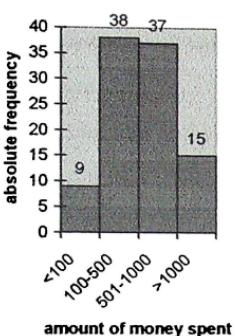
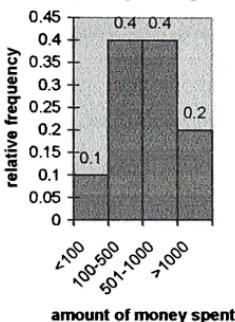
**Panel B: Relative frequency
histogram- SM Bacoor**



Among the SM Bacoor customers, 39% spends Php one hundred to five hundred, 37% spends Php five hundred one to one thousand, 18% spends more than one thousand, and the remaining 6% usually spends less than a hundred. In comparison to SM City North Edsa customers, 39% spends five hundred one to one thousand, 36% spends one hundred to five hundred, 21% spends more than one thousand, and 4% spends less than a hundred. Both groups has the least number of respondents in the Ph <100 range. This implies that SM earns a lot since it is a rare chance where products cost cheaper than a hundred pesos.

Table 7 : Frequency Distribution of the combined money usually spent by customers both in SM City North Edsa and SM Bacoor malls (in Php)

Amount of money spent by the respondents	Absolute frequency	Relative frequency
<100	32	0.08
100-500	156	0.39
501-1000	148	0.37
>1000	64	0.16
Total	400	1.00

Panel A: Histogram**Panel B: Relative frequency histogram**

In view of the fact that the respondents tacitly belong to class C and upwards, the survey respectably divulge that only 32 out of the 400 respondents spends Php<100. Perhaps those who usually spend Php100 and above only take a trip to SM from time to time but purchase a bulk of goods or services seeing SM as a one-stop shopping area. 40.75% is in the mall once every week, 20.25% every other day and 14.5%, everyday. It is plausible that most of them work and hence could not stroll day after day. Other respondents, 24.5%, aver that they only drop by in SM whenever they need something.

Their money goes to buying something, consistent with the 31.5%, individuals. Since they can choose every option that applies, a large number also corroborated the idea of dining in the mall i.e. 25.75%. Subsequently, 88 respondents or 22% sees a movie once in a while, whereas 21.25% of them simply hang out & unwind. The rest of the respondents uttered going to SM to

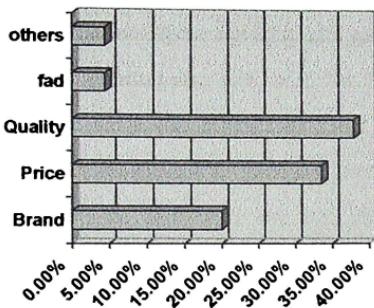
have their currencies converted before they could buy anything; withdraw money through the ATM; work-out in the sports section; pamper themselves in the spa; and a lot more reasons due to the convenience of getting everything done in one diverse place.

In coherence to the reasons aforementioned are the particular sections of SM that are frequently visited: 35.75% in the boutiques, 23.75% in the department store, 22% in the supermarket, 18.5% in the appliances area, and the rest chose the less popular areas. It is undeniable that Filipinos love entertainment and it agrees with the survey results that movie houses lead the choices 51%, while arcade/games center follow next. Sports and leisure sections, on the other hand, was chosen by a mere 19.5%. Nobody among the respondents gambles inside the mall. 204 51%, 78 19.5%

Filipinos are also fond of eating; hence, SM came up with a variety of options to choose from. 42% of the respondents are fast-food aficionados, 21.33% coffee shop patrons, 20% are into fine dining and 14.67% are the budget conscious who prefers food court/junctions.

In terms of purchases, 78% considers quality. Although others, 33.55%, take into account the price, 20% the brand and a mere 4.25% are into fad. Figure 5 shows these factors in buying.

Figure 5: Customer Preference

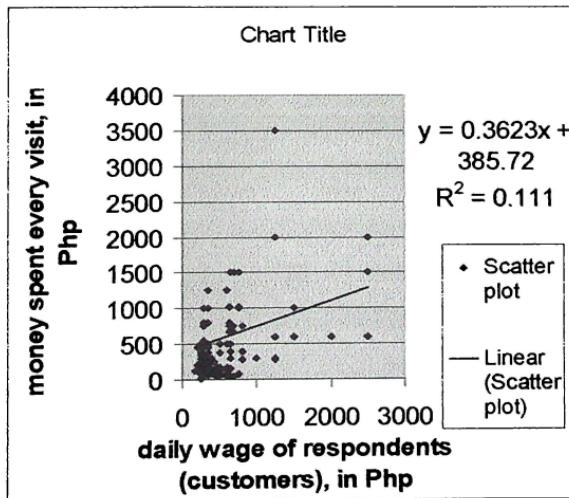


The investigator is also interested in the consumers' preference, thus, was a part of the survey. As anticipated, 71.5% are into imported goods while the 28.5% minority buys locally manufactured items. This verifies the contention of how Westernized in mind and in heart are a quantity of Filipinos, perhaps one of the reasons why malls sell more of imported goods.

Meanwhile, 49.5% stays in the mall for one to three hours. Second in the ranking is the 36.25% who leisurely walks for three to five hours. There is even a 10% who can beat five or more hours perhaps due to the almost endless possibilities of activities inside SM. Intrinsic in Filipinos is also the quality of being sociable, hence, 39% stated that they bond with their peers/buddies, 28.25% with their family, 19.25% with a partner, 9% with office mates and 4.5% did not specify anything.

Figure 6 reports the money spent per visit in Php Y and the daily wage the respondents receive in Php X by all of the 400 respondents. Microsoft Excel was employed to calculate the covariance between X and Y. To plot the two variables, the investigator highlights both variables and chose Insert-Chart. After clicking XY (scatter) plot, click next. The Series can be named in the "Series" tab, there's also a need to switch the X and Y variable so that Y is on the vertical axis. In the next window, the chart and axes can be named. In the next box, the location can be determined and then click "Finish." The following graph is created:

Figure 6 : Scatter Plot



Above indicated are the regression line, regression equation and R^2 . In the dialog box, the investigator gave the location of the Y and X variables. It is important that all the independent variables be in a continuous range of columns. The two-variable linear model, or simple regression analysis, is used for testing hypotheses about the relationship between a dependent variable Y and an independent explanatory variable X and prediction.

Table 8: Regression Statistics

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.333155058				
R Square	0.110992293				
Adjusted R Square	0.108758605				
Standard Error	408.9634862				
Observations	400				
ANOVA					
	df	SS	MS	F	Significance F
Regression	1	8310735.037	8310735.037	49.69015686	7.99794E-12
Residual	398	66565950.96	167251.1331		
Total	399	74876686			
	Coefficients	Standard Error	t Stat	P-value	Lower 95%
Intercept	446.6950033	33.68620223	13.26047383	1.71187E-33	380.4698751
X Variable 1	0.306389019	0.043464833	7.049124546	7.99794E-12	0.220939668
	Upper 95%	Lower 95.0%	Upper 95.0%		
	512.9201314	380.4698751	512.9201314		
	0.39183837	0.220939668	0.39183837		

The coefficient of determination for the money-wage is explicable by R^2 . Thus, the regression equation explains about .1101 or 11.01% of the total variation in the money spent, which the investigator assumes to contribute in SM Group of Companies' profit. Table shows the ANOVA computation.

Using the data collected from the surveys, the data analysis tools in Microsoft Excel aid the investigator in calculating the mean, median, mode, sample variance, sample standard deviation, and coefficient of variation to statistically describe the data.

Table 9: Descriptive Statistics

mean	615.9	635.4
covariance	67811.9525	
median	575	625
mode	750	280
sample var	221881.0175	187660.8672
sample std.	471.0424796	433.1984155
dev.		
pearson	0.333155058	

VI. Findings and Interpretation

Using the Chi-square test of Independence, one can test at 1% significance level if the money spent per visit by SM malls' customers, which contributes the latter's profit, is independent of the customers' income on a daily basis. The income is on a daily basis in order to point out if they are capable of meeting the Php 602.31 Daily Cost of Living (IBON Economic & Political Briefing 2005).

The χ^2 statistic calculated from the sample data is given by

$$\chi^2 = \sum (f_o - f_e)^2$$

f_e

where f_o denotes the frequencies and f_e the expected frequencies.

If the calculated χ^2 is greater than the tabular value of χ^2 at the specified level of significance and degrees of freedom, the null hypothesis H_0 is rejected in favor of the alternative hypothesis H_1 .

The degrees of freedom for tests of independence, or *contingency-table* tests, are given by

$$df = (r - 1)(c - 1)$$

where r indicates the number of rows of the contingency table and c , the number of columns.

The expected frequency for each cell of a contingency table is

$$f_e = \frac{\sum_r f_o \sum_c f_o}{n}$$

where \sum_r and \sum_c indicate sum over row and column, respectively, of the observed cell and represents the overall sample size.

Given the data gathered through sample survey, we may plug in to the table the number of individuals with their corresponding response.

Table 11 : Contingency table for selected SM Dept. Store's customers

Wage on a per day		Money usually spent per visit (Php)				
basis(Php)		<100	100-500	501-1000	>1000	Total
<602		18	94	50	23	185
≥602		14	62	98	41	215
Total		32	156	148	64	400

To test the relationship of the two variables it is advisable to construct a table of expected frequency based on the observed contingency table collected through the survey. For the first cell in row 1 and column 1,

$$fe = \frac{\sum r f_o \sum c f_o}{n} = \frac{(185)(3)}{400} \approx 14.8$$

To find the expected frequency of row 1 and column 2,

$$fe = \frac{\sum r f_1 \sum c f_o}{n} = \frac{(185)(156)}{400} \approx 72.15$$

To find the expected frequency of row 1 and column 3,

$$fe = \frac{\sum r f_2 \sum c f_2}{n} = \frac{(185)(148)}{400} \approx 68.45$$

To find the expected frequency of row 1 and column 4,

$$fe = \frac{\sum r f_3 \sum c f_3}{n} = \frac{(185)(64)}{400} \approx 29.6$$

To other three expected frequencies can be obtained by subtracting from row and column totals. Thus,

Table 11 : Expected frequencies for the observed frequency

Wage on a per day		Money usually spent per visit (Php)				
basis(Php)		<100	100-500	501-1000	>1000	Total
<602		15	72	68	30	185
≥602		17	84	80	34	215
Total		32	156	148	64	400

$$df = (r - 1)(c - 1) = (2 - 1)(4 - 1) = 3$$

$$\begin{aligned}
 \chi^2 = & \sum \frac{(f_o - f_e)^2}{f_e} = \frac{(18 - 15)^2}{15} + \frac{(94 - 72)^2}{72} + \frac{(50 - 68)^2}{68} \\
 & + \frac{(23 - 30)^2}{30} + \frac{(14 - 17)^2}{17} + \frac{(62 - 84)^2}{84} \\
 & + \frac{(98 - 80)^2}{80} + \frac{(41 - 34)^2}{34} \\
 & \approx 25.49
 \end{aligned}$$

Since the calculated value of χ^2 exceeds the tabular value of χ^2 with $\alpha = 0.01$ and $df = 3$ (through Chi-Square Distribution) i.e. 11.34, we reject H_0 , that the

daily wage is not a factor in the allocated amount of money for purchasing any consumption good in SM (and conclude that individuals earning less than Php 600 seem more likely to spend less than Php100 while individuals earning more money tends to spend more of it) Hence, the usual money spent depends on the amount of the daily wage. Income is then directly proportional to the money spent, which eventually contributes to SM's profit.

As the capability to meet the Daily Cost of Living decreases, consumer spending also decreases. Only the few elite & well-off could possibly splurge. This refutes the earlier hypothesis of an inversely proportional relationship between the profitability of companies such as the SM Group of Companies and the standard of living of the majority of the Filipinos. Therefore, other essential factors prompt the profitability of the company after all. As postulated in the Engel Law: (1) the proportion of a household's budget devoted to food declines as the household's income increases, (2) the proportion of a household's budget devoted to housing stays about the same, or increases, (3) the proportion of a household's budget devoted to clothing stays the same, or increases, and (4) the proportion of a household's budget devoted to luxury increases.⁷⁰ This study verifies the aforementioned assumptions.

As CPI and inflation rate increase, Purchasing Power of the Peso (PPP) decreases. For instance, as CPI increased to 126.3 in January 2005 from 116.5 in a year ago and headline inflation rate became 8.4 in January 2005 from 4.1 in

⁷⁰ Fortes, Resa 2003.

January 2004, PPP decreased from 0.86 in January 4 to 0.79 in January 2005.

See Appendix F

The Philippines may be below par but as the peso devaluation continues in comparison to the US dollar, Filipinos receiving regular remittances increase their purchasing power. Therefore, the SM Group of Companies may not be directly earning that much in its domestic market, it is still buoyed by the greater buying power of OFWs in the market.

To recall, R^2 in the regression statistics of Table 8 has a value of .1101. To get R, the investigator computed its square root, i.e. $\sqrt{.1101} = 0.33$. Since $R > 0$, it means that X and Y change in the same direction. Regression analysis implies causality between X and Y. However, correlation analysis implies no causality or dependence but refers simply to the type and degree of association between two variables. The main use of correlation analysis is to determine the degree of association found in regression analysis.

Development Research with a Historical-Materialist perspective is indeed change-oriented towards the society, and thus, applicable to exemplify, evaluate, and interpret the obtained data. Theory of social reality comes with this kind of research which implies that this theoretical framework will be intended for the exploited classes. Certain marginalized sectors were included in the study populations since they are all the more affected through the 'domino-effect' with the skewed distribution of wealth favorable to the capitalists. The findings obtained strengthen the Historical Materialist perspective.

"From this point of view the final causes of all social changes and political revolutions are to be sought not in men's brains, not in man's better insight into eternal truth and justice, but in changes in the modes of production and exchange. They are to be sought not in the *philosophy*, but in the *economics* of each particular epoch" ⁷¹

Moreover, this study verifies the related literature on Communist Manifesto:

"In the proportion as the bourgeoisie, i.e. capital, is developed, in the same proportion is the proletariat, the modern working class, developed – a class of laborers, who live only so long as they find work, and who find work only so long as their labor increases capital. These laborers, who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to all the vicissitudes of competition, to all the fluctuations of the market." ⁷²

The diminutive capital of the lower strata of the middle class "does not suffice for the scale on which modern industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialized skill is rendered worthless by new methods of production." ⁷³ Unfortunately, when there are economies of scale –increasing returns, decreasing average cost of production- large firms usually have an advantage over small firms so that

⁷¹ Engels, Friedrich. *Socialism: Utopian and Scientific*.

⁷² Marx, Karl and Friedrich Engels, *The Communist Manifesto*.

⁷³ *Ibid.*

markets tend to become imperfectly competitive. The SM Group undeniably has economies of scale as shown by its characteristics. Due to this reason, it will not hurt itself if it lowers down the prices of its products until its competitors die out.

Through this study, it was found that Banco De Oro has mutual relationship with the SM Group since both parties benefit in their connivance. "The reason for capitalist expansion was the innovation of entrepreneurs. This led to capitalist construction and the establishment of new firms seeking profit and financed by bank credit." ⁷⁴ Financial oligarchy may possibly be another reason for the parent company's inevitable boom and gains. The hold of a few elite over the wealth of the nation buttresses as banks continue to merge while the finance capital and industrial capital maintains their tie-up.

With the ailing situation of the country, Filipinos gives the impression of preoccupying themselves with the superficial joys of going to the malls in order to forget temporarily their hunger and debts. The SM Group of Companies somehow, in any way or another, benefits from this kind of mentality that Filipinos have, i.e. escapist. A number of them tends to be impulsive buyers, though they should be prioritizing more important bills/payments. SM subsidiaries' allure is indeed irresistible, be it in the real estate, mall development, tourism, banking, entertainment and, retail tycoon Henry Sy's, other business ventures.

As mentioned earlier, this paper in no way claims to be conclusive. In order to strengthen the findings, the investigator recommends that a more detailed study on the Chinese-Filipino business practices & strategies. The hypotheses that cannot be accepted are not necessarily 'rejected'; one simply does not have sufficient evidence to accept it.

⁷⁴ Schumpeter, Joseph. Capitalism, Socialism, and Democracy. 1942.

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APPENDIX A

Survey questionnaire for SM employees

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards"

Given your involvement on this matter, please kindly fill-out this survey form.

Every response is assured to be kept confidential.

Thank you very much.

Name (optional) _____

Age _____

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

_____ Months

yes no

2. How much wage are you receiving per day? Php _____

<300

301-500

351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following?

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers are made to pay apprenticeship fees when joining

training programs? yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced from the worker's first month's

salary? yes no

Thank you very much.

Appendix B

Survey questionnaire for SM customers

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: _____

Status: Single Married

Contact No. _____

1. How often do you go to a mall?

- Everyday
- Every other day

- Once a month
- Others (Pls. Specify): _____

- Every week

2. What is/are the reason/s for going to a mall? (Please check all that applies)

- To see a movie To hang out and relax
- To dine Others (Pls. Specify): _____
- To buy something/window shop

3. How much is your income (please compute in a daily basis):

- less than or equal to Php600 >600

4. How much do you usually spent when you go to a mall? Php _____

- Less than P100.00 P1001.00 and above
- P101.00 – P500.00 Others (Pls. Specify): _____
- P501.00 – P1000

5. What particular place/shop in a mall do you usually go to?

- Department Store Appliance Store
- Supermarket Others (Pls. Specify): _____
- Boutiques

6. Inside a mall, where do you usually go for entertainment?

- Movie house Gambling (ex: bingo)
- Arcade/games center Others (Pls. Specify): _____
- Sports and Leisure

7. Where do you usually dine?

- Food chains (ex: McDo, Jollibee) Coffee shops
- Food court Others (Pls. Specify): _____
- Fine dining

8. What factor/s do you consider when you buy something? (You can choose more than one)

- Brand Fad

Price

Others (Pls. Specify):

Quality

9. Between the two choices, which do you prefer?

Local Foreign/Imported

10. How long do you usually spend your time inside a mall?

Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____

Specify): _____
 3-5 hours

11. When you go to a mall, you are with your _____?

Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Henry Sy Sr. Profile

According to Lydia B. Echauz' journal with a title 'Henry Sy Sr',

Henry Sy Sr. arrived in Manila in 1936 from Xiamen, China, at the age of 12. He came to follow his father who supported their family by running two *sari-sari* (variety) stores. He helped his father in their stores until Manila was razed to the ground as the Second World War was ending. One store was burned and the other was looted. Pained by the hardships of war, his father decided to go back to China, asking young Henry to join him. Henry, then 19, decided otherwise. He went into trading of whatever merchandise there was, which was very limited, given the circumstances of the times.

Job lots of shoes which he bought from American businessmen became his main merchandise. In time, he managed a shoe store co-owned by him and his friends, who chose him to be the general manager. After a few years, the group broke up and Henry decided to carve out his niche in the field. With his savings, he traveled to the U.S., mainly Boston and New York, to look into the business prospects in shoes. Using the yellow pages of the telephone book as reference, he combed the business district, one section each day, asking cabbies to take the most cost efficient route for a fee. There he surveyed the shoe supply. He struck good

bargains on job lots of shoes, that is, of varying styles and sizes. He was the biggest buyer of the sample shoes, invariably size 4, his wife's but not too many American women's size. At "end-season," he bought the ending season's shoe materials supply, again in bulk. He made many such trips and purchases. It did not take long for the word to spread. The man who did not merit the shoe suppliers' attention when he first stepped on U.S. soil was now a favored buyer.

In the meantime his one shoe store in Manila grew into a chain, Plaza, Paris, and Park Avenue among them. As he was running out of names starting with P, he decided to just call the subsequent stores Shoemart. The first Shoemart (SM) opened on Carriedo, Manila in 1958. Many more SMs followed soon.

Because local shoe supply was not enough for his stores, eh extended the offerings of his business to the soft line- - clothes and accessories, a natural complement to shoes. In 1972 Shoemart-Carriedo was expanded to become the first SM Department Store. Shoemart-Makati was likewise converted to a full-size department store in 1975. Not long after, Shoemart-Cubao became the third SM Department Store. Shoemart-Makati and Shoemart-Cuabo were huge compared to the traditional shoe stores and department stores. More huge Shoemarts have come into existence then.

Before long, SM became a household word and leader in the department store industry.

Still, shopping was mostly an individual activity. Henry wanted to make shopping fun, family affair. He thought of what other activities families would want to do and enjoy doing together. The idea of a mall clicked into place and Henry conceptualized SM malls to put under one roof no just the SM Department Store and the SM Supermarket, but also the SM Food Court, cinemas, dining outlets, a whole array of merchandise and service shops, amusement facilities such as skating rinks, bowling alleys, video game arcades, kiddy rides, and countless novel ideas of activities.

Henry once more moved to make his idea a reality, as he is now known to do successfully. From 1985 to 1997 he has built six SM malls, with more on the drawing board for the next four years. The supermalls now make up SM Prime Holdings, Inc., the premier publicly listed company of the SM Group. Since the SM malls came on the scene, Philippine family lifestyle has never been the same again.

The SM Group is at present engaged in a diverse range of businesses, namely retail merchandising, real estate development and management, banking and financial services, securities investment, tourism and entertainment, cement manufacturing, and consumer services.

APPENDIX D

Interview with SMIC Sr. HR & Administrative Manager Mrs. Josephine Arugay (using Company/Industry Study format)

1. What are the significant aspects of the Company profile of the SM Group of Companies?

The SM Group of Companies is owned by the retail magnate Henry Sy Sr. A It is one of the largest conglomerates in the Philippines . SMIC is the ultimate holding company of the SM Group and is at present engaged in a diverse range of businesses namely retail merchandising, real estate development & management, banking and financial services, securities investment, tourism and entertainment, cement manufacturing, etc. SMIC was incorporated n the Philippines on January 15, 1960. Through its subsidiaries, affiliates and other investments, SMIC operates a diversified range of businesses in the Phil. The SMIC holdings are divided into 4 principal sectors:

Commercial Centers – SM Prime Holdings, First Asia Realty Development Corporation

Retailing & Merchandising – Shoemart, Inc., SM Mart, Inc. Supervalue, Inc., Super Shopping Market (Hypermarkets), Watsons Personal Care stores, International Toy World

Financial services- Banco de Oro Universal Bank, BDO Capital & investment, BDOI Insurance Brokers, Generali Pilipinas.

Ms. Sanchez,

This is to acknowledge receipt of your request. However when I browsed over the attached questionnaire, I feel that majority of the areas might not be answered by our group. Anyway, I will be very glad to refer you to the appropriate departments. Perhaps the best move at this point is for you to try visiting our office so we both can discuss your concerns.

Our office address is SM Corporate Offices, Bldg. A, 1000 Bay Boulevard, SM Central Business Park Bay City, Pasay City.

Please bring this note along with you. Thanks.

Mrs. Josephine A. Arugay
Sr. HR & Admin Manager
SMIC

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|      cc:      (bcc: Josephine Rebecca A Arugay/SMPRIME) |
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|      questionnaire                         |
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The SMIC has subsidiaries whose shares are listed on the Philippine Stock Exchange namely SM Prime Holdings, Inc., SM Development Corporation, BDO Universal bank & Highlands Prime, Inc.

SM Synergy, an 85% owned subsidiary. In January 2003, the present company acquired an additional 34.55 interest in SM Synergy for PhP86.3 M.

2. Is there any sector of SM Group of Companies that is into production/If yes, pls. provide a number of profiles about its product.

A. Is it executing its operations efficiently?

B. What are the various inputs & the costs of such inputs?

C. Where do sources of inputs coming from?

D. Are there any strategies in the management of inputs?

Let's take the (SMDC) SM Development Corporation as an example. Input includes land which is from the SM Group of Companies' land bank of 194 hectares in 16 strategic location, which are earmarked for future mall development in the coming years. Real estate costs that relate to acquisition, development, improvement & construction of the condominium units are charged to operations when the related reserves are recognized. The costs of the condo units with contemplated construction not yet completed are determined based on actual units incurred plus estimated costs to complete the condo unit. Some inputs come from Henry Sy Sr's other related business ventures.

3. The Market (Consumers)

A. Please cite some markets strategies aimed at your customers

B. Who are your target consumers? What can you say about the consumers' profile and practices?

C. How is the pricing of the products deliberated?

SMDC is into real estate development & applies advertisements on a monthly basis (e.g. ads: locally & abroad, billboards sales strategies, saturation drives, creating awareness, booth exhibits in malls, corporate visits, etc. in order to persuade customers to consider the units.

Target consumers are from market class B-C, particularly the OFWs. The pricing of the products are deliberated through accounting of marketing expenses, construction costs, land cost, operating expenses, etc.

4. SM indeed has a quantity of stockholders , how can you declare that there is a win-win situation for both parties?

Dividend income is recognized when the stockholder's right to receive the payment is established. Stockholders invests capital to be used in making the company grow, therefore in return, we declare dividends for them.

5. What can you say about your recruitment process?

SM Group of companies is a member of the Personnel Management Network of the Phil. Job vacancies are made known thru newspaper ads, networking, referrals, etc. External recruitment is only done if the current labor supply does not possess the requirement suited for the job description.

APPENDIX E

SMPHI Price

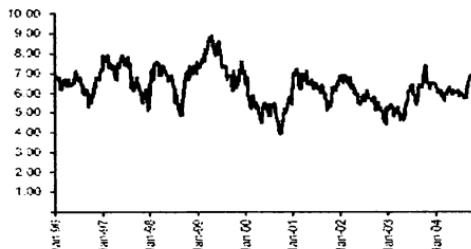
Chart

CLSA
Asia-Pacific Markets

Changing mindset

SM Prime Holdings – O-PF

Figure 1
SMPH Price Chart, (P)



SOURCE: CLSA Asia-Pacific Markets, TechnoStock

Note: In the interests of brevity, this document was not edited.
Key to investment rankings: **BUY** = Expected to outperform the local market by +10%; **O-PPF** = outperform by 0-10%; **PF** = outperform by 0-10%; **SELL** = underperform by +10%. Performance is defined as 12-month total return (including dividends). All information and statistical data herein have been obtained from sources we believe to be reliable but we may not have been prepared by us to evaluate or verify them. We do not undertake to advise you as to the change of this view. This is not a solicitation or offer to buy or sell CLSA Asia-Pacific Markets' products or services. CLSA Asia-Pacific Markets' products and services are not intended for distribution to or use by persons in jurisdictions where the distribution or use would be contrary to local laws or regulations. Persons may have used the information set forth herein before and may have a position in, may from time to time purchase or sell or may be materially interested in any of the securities mentioned or related thereto. Any use of this information is at the user's own risk. © 2004 Morgan Stanley Capital International Inc. (MSCI). All rights reserved. The information contained herein is the property of Morgan Stanley Capital International Inc. (MSCI), without a license or written permission of MSCI, no part of this information may be reproduced, stored in a retrieval system, or transmitted, in whole or in part, to any other person or entity without prior written permission of MSCI. MSCI is a registered trademark of Morgan Stanley Capital International Inc. and MSCI is a service mark of MSCI and S&P and has been licenced for use by CLSA Asia-Pacific Markets and is the exclusive property of Morgan Stanley Capital International Inc. and Standard & Poor's. CLSA is a service mark of S&P and has been licenced for use by CLSA Asia-Pacific Markets.

Relative Performance Chart of SMPHI

Macquarie Research Equities

SM Prime Holdings, September 2004

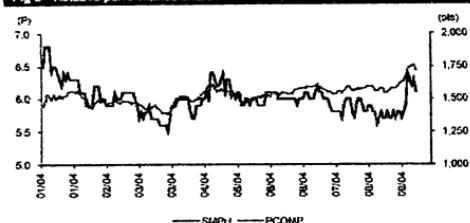
Among the 15 companies we cover, we believe SM Prime is the best way to play the growth in remittances. Most of SM Prime malls are located in areas with strong concentrations of OFW families. Moreover, since almost 60% of the remittances are spent on basic items, it is logical to assume that a majority of the shopping money goes to SM Prime's malls, since it has the largest number of malls in the country.

Furthermore, since inside SM Prime malls are predominantly designed to cater to the basic needs of OFW families, particularly food, clothing, house wares and inexpensive entertainment (movies and arcades). Moreover, foreign-exchange counters are also strategically located inside the malls, ensuring that once OFWs or other people to exchange their foreign currency, they are tempted to spend inside the mall.

SM Prime's management has not been able to quantify the amount of foreign currency exchanged inside its malls. However, observing transactions at a foreign-exchange counter inside an SM department store suggests that each booth transacts between US\$20,000-50,000 (P11.25m per day). SM Prime's tenancy generates P175bn in annual revenues, of which 5-10% is remitted to the company as part of the rental income. The total sales in SM malls are equivalent to 30% of total remittances amounting to P474bn in 2003, thus we estimate that 20% of every US dollar of OFW money spent is captured by the company's malls.

This allows SM Prime to post higher rental growth as compared to other mall operators. Last year, SM prime posted 7% same-store sales, while other players grew by only 3-5%. We expect this trend to continue this year given that the new malls to be opened are in the provinces that have high-density areas of OFW families.

Fig 2. Relative performance chart



Source: Bloomberg

APPENDIX G

SM Prime Holdings, Inc. (SMPHI). Consolidated Financial Highlights.

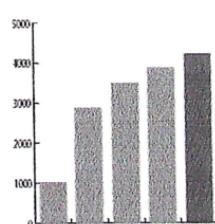
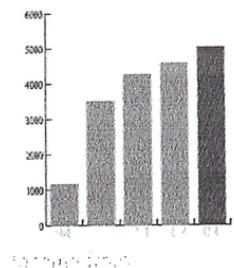
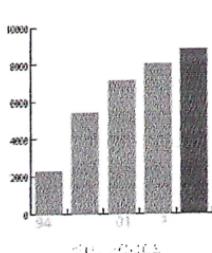
ANNUAL REPORT

2003.

2003 Consolidated Financial Highlights

In Million Pesos except Earnings Per Share and Dividends

FOR THE YEAR	2003	2002	Amount	% of Increase (2003-2002)	1994	Amount	% of Increase (2003-1994)
OPERATING RESULTS							
Revenues	8,802	8,515	286	3%	2,263	6,759	28%
Income from Operations	5,038	4,581	457	10%	1,149	5,889	338%
Net Income	4,181	3,891	320	8%	1,014	3,167	312%
Earnings per share	0.422	0.386	0.036	8%	0.140	0.282	201%
Cash Dividends	12.5%	10.0%	2.5%	25%			
FINANCIAL POSITION							
Cash and equivalents	10,576	9,288	2,288	28%	4,653	3,941	128%
Property and Equipment	33,312	30,373	2,739	9%	10,363	22,940	221%
Total Assets	45,870	40,355	5,515	14%	15,424	30,446	105%
Total Borrowings	6,523	5,878	2,645	46%			
Stockholders' Equity	34,184	31,277	2,907	9%	14,048	20,136	143%



APPENDIX H

as of May 2004

Awards And Citations For SM Prime Holdings, Inc.

- 2nd Place Overall Best Managed Company, 1st place Best corporate Strategy, 1st place Best corporate governance, 2nd place Best financial management, 2nd place Best focus on shareholder value, 2nd place Best operational efficiency
- 12th Annual Best-Managed Companies Poll, AsiaMoney Magazine, January 2004
- 2nd Place, Best In Corporate Governance Corporate Governance Benchmark Research Survey, The Asset Magazine, December 2003
- 2nd place Best Corporate Governance in the Philippines, 44th place Best Corporate Governance in all Emerging Markets, Corporate Governance Poll, Euromoney Magazine, September 2003
- 2nd place Best Asian Company, 2nd place Best Company in Property Sector in Asia, Euromoney Magazine, December 2003
- #1 Corporation in Property Sector, #95 in Overall Ranking BusinessWorld Top 1000, Anniversary Report 2003
- #12 in Overall Ranking, Philippine Graphic Top Moneymakers 2003

1st Place Best Managed Corporation in the Philippines, 2nd place Best in Property Sector in Asia
Euromoney, 2002

1st place Best in Corporate Governance
Corporate Governance Benchmark Research Survey
The Asset Magazine, December 2002

1st place Best Company in the Philippines
Asia's Best Companies
Euromoney, February 2002

Asia's Leading Companies
Far Eastern Economic Review 2001

1st place Philippines' Best Managed Company, Best Managed Company Over the Past 10 years, 1st Place Best in Corporate Governance, Corporate Strategy, Management of Financial Accounts, Treatment of Minority Stockholders, Access to Senior Management
Asia Money Magazine, December 2001/January 2002

1st Place in the Philippines
Asia's Best-Managed Companies
The Asset Magazine, October 2000

Best Philippine Company for Strategy and Management
Asia Money Magazine, December 2000

Best Managed Company in the Philippines
Euromoney, 2000

Asia's Leading Companies
Far Eastern Economic Review 2000

1st place Best Philippine Company for Overall Strategy and Reliable Forecasting
Asia Money Magazine, December 1999/January 2000

1st Place in the Philippines
Asia's Best Companies
Euromoney Magazine, December 1999

1st Place Best Managed Company in the Philippines
AsiaMoney Magazine, December 1997/January 1998

SM Prime Holdings, Inc. is named one of only four "All-Weather stocks in Southeast Asia"—and the only one from the Philippines
Time Magazine, 6 July 1998

Cited in "Asia's Strongest Companies" Poll
Finance Asia Magazine, March 1998

Cited as one of the "World's Top 200 Emerging Market Companies"
Business Week, 13 July 1998

1st place Best Managed Company in the Philippines, Best Philippine Company for Strategy and Management,
Reliable Forecasting and Financial Accounts
AsiaMoney Magazine, 1997

APPENDIX I

Interview with Sandigan ng Manggagawa ng ShoeMart (SMS)

1. Anong mga isyu ang kadalasan ninyong ipinaglalaban tuwing nagpikipiket?

Isa rito ay ang pagsasa-apruba ng Department Order # 18-02 na ipinalit sa tinutulan ding DO # 10- 97. Parehas lamang ang dalawa na nagpapalabo sa konsepto ng security of tenure kung kaya't na-illegalisa ang kontraktuwalisasyon. Naitatago sa DO# 18-02 ang laganap na kontraktuwalisasyon sa anyo ng 'probationary', 'apprentice', 'learners' at 'trainees'. Nakasaad din dito na ang 'security of tenure' ay batay sa tagal ng panahong nakasulat sa kontrata.

Nagkaroon pa nga noon ng pag-aaral ang Center for Women's Resources (CWR) na nagbubunyag na halos 80-85 bahagdan ng manggagawa sa branches ng SM sa NCR ay mga kontraktuwal. Wala pa sa 1/3 ng kabuuang bilang ng mga manggagawa ng SM ang regular. Masasabing kontraktuwal ang mga manggagawa kung sila ay naging 'trainees' o yung mga mismong na-recruit ng SM o kaya ay mga 'promo' na ni-recruit naman ng mga consignors tulad ng GAP, Levis, atbp. Hangad naming maging regular ang mga manggagawa matapos ng 6 na buwan dahil iyon naman ang nakatakda sa Labor Code.

Ikalawa rito ay ang mga isyu ng Collective Bargaining Agreement (CBA) kung saan laging naisasantabi ng pamunuan ng SM ang mga manggagawa nito. Nagkaroon din ng pagkakataong nghabla ang SM laban sa mga sumapi sa mga aktibidad na may kinalaman sa CBA. Tuluyan nang binalewala ang CBA noong Disyembre 31, 2003. Nilabag din ng SM ang 1999 CBA dahil hindi nagiging kasapi agad sa unyon ang mga baguhang regular na manggagawa. Nagpapapirma muna ang SM ng papeles, ngunit wala namang nabanggit sa napagkasunduan na magkaroon muna ng pirrmahan bago maging miyembro ng unyon. Tila baga ayaw talaga ng SM na sumapi sa unyon ang mga empleyado nito.

Ikatlo din sa mga idinidiin ng SMS ay ang P125 umento sa sahod. Kung 20,000 ang manggagawa ang SM, 4000 lamang dito ang regular at 1500 lang dito ang kasapi sa SMS. Ang mga trainee ay tumatanggap ng P260 kada araw habang ang mga regular ay P340 at may kalahok pang benepisyto at allowances, at ang mga 'promos' naman ay may P180 lamang. Tungkol naman sa hinihinging umento, P15 kada araw kada taon lamang diumano ang kayang ibigay ng SM. Samantalang ang kakaunting miyembro lang naman ng unyon ang bibigyan nila. Sa isang position paper ng SMS ay sinasabi na halos 80,000 manggagawa ang tinatanggap ng SM kada taon dahil 20,000 na trainees ang tinatanggap ngunit tinatanggal din malipas ang tatlóng buwan. Imbes na ipambayad ng sapat sa mga manggagawa sa pamamagitan ng mas angkop na pasuweldo, benepisyto at allowance ay napupunta lahat ito sa bulsa ni Henry Sy Sr. sa pagpapalawak pa ng emperyo nito.

2. Ano ang mga hinaing ninyo laban sa SM na may kinalaman sa unyon ninyo?

Binabalewala ng pamunuan ng SM ang hinihingi naming kakarampot na dagdag sa pasahod at benpisyso. Gumagawa pa nga ito ng kaparaaan upang mabuwag ang SMS. Ngunit ang pinakamalala dito ay ang paglabag sa karapatang pantao sa pamamagitan ng brutal na pag-disperse sa amin ng mga guwardiya. Alam naman siguro nila na nakasaad sa Labor Code na bawal ang marahas na pagsira sa piketlayn ngunit patuloy pa rin nilang nilalabag. Nais talagang buwagin ng SM ang SMS, tulad na lamang noong pinasali nila sa SMS ang mga baguhang regular na manggagawa na kasapi na Iglesia ni Cristo (INC) upang sila ang pumalit sa SMS. Nagpabalap pa sila ng signature campaign na nagsasaad na kikilalanin ang bagong unyon na pamumunuan ng mga kasapi ng INC, na P14 na lang ang umento sa sahod at hindi na magkakaroon muli ng CBA. Pinipilit ang mga manggagawa na pumirma sa pamamagitan ng pangangako ng signing bonus na halos P1500.

3. May mga isyu ba na kinasangkutan ng kababaihan?

Oo naman. Isa sa hindi makatarungang patakarang-paggawa ng SM ay ang komodipikasyon sa kababaihan. 80 hanggang 85 bahagdan ng mga manggagawa ay pawang mga babae. Pinipilit pa ang mga ito na mag-makeup at magsuot ng maikling palda. Bukod pa rito ay ang buong araw na pagtayo at limitadong oras para sa paggamit ng palikuran. Di rin sila binibigyan ng benepisyo laan para sa kalusugan, araw ng pagliban para sa pagbubuntis o dili kaya para sa buwanang dalaw.

4. Ano ang masasabi ninyo ukol sa Maza bill?

Ang Maza bill "Strengthening the Right to Security of Tenure Act of 2001" ay naglalayong amyendahan ang mga Artikulo 280 at ibasura ang Artikulo 281 maging 55-57 ng Labor Code na nagpapatibay sa probationary employment ng mga manggagawa. Layunin nito na maisa-regular ang mga kontraktuwal at mabigyan ng nauukol na pasahod at benepisyo. Dito rin nakasaad ang mga kaparusahan para sa mga lalabag

APPENDIX J

QUICKSTAT – NSO

QUICKSTAT - February 2005			
A Monthly Update of NSO's Most Requested Statistics			
INDICATOR	REFERENCE PERIOD and DATA		
PRICE INDICES (Source: NSO)			(2000=100)
Consumer Price Index (1994=100)	Jan 2005	Dec 2004	Jan 2004
Philippines	126.3	125.4	116.5
National Capital Region (NCR)	127.8	126.4	117.4
Areas Outside NCR	125.6	124.9	116.0
Inflation rate			
Headline	8.4	8.6	4.1
Core	7.9	7.8	4.1
Purchasing power of the peso	0.79	0.80	0.86
	Dec 2004	Nov 2004	Dec 2003
Retail Price Index for Construction Materials in NCR (1978=100)	1,000.1	990.9	822.2
	Oct 2004	Nov 2004	Oct 2003
Retail Price Index in NCR (1978=100)	1,103.6	1,098.2	1,035.8
Wholesale Price Index for Construction Materials in NCR (1985=100)	311.9	310.9	268.4
	Aug 2004	Jul 2004	Aug 2003
General Wholesale Price Index in the Philippines (1998=100)	146.7	145.4	133.6
	Nov 2004	Oct 2004	Nov 2003
Producer's Price Index for Manufacturing in NCR (1994=100)	207.7	207.6	188.7

OFW REMITTANCES in thousand US dollars (Source: Bangko Sentral ng Pilipinas)		Nov 2004	Oct 2004	Nov 2003
Total		739,926	741,169	579,275
Land Based		619,217	614,891	473,671
Sea Based		120,709	126,278	105,604
OFW DEPLOYMENT (Source: Philippine Overseas Employment Administration)		Sep 2004 ^a	Aug 2004	Sep 2003
Total		53,994	59,739	74,655
Land Based		36,824	41,721	58,027
Sea Based		18,170	18,018	16,628
ACTUAL STRIKES/LOCKOUTS (Source: National Conciliation and Mediation Board)		Dec 2004	Nov 2004	Dec 2003
Notice of strikes/lockouts files		30	47	34
Actual strikes/lockouts declared		2	4	-
LABOR AND EMPLOYMENT (Source: LFS)		Oct 2004 ^a	Jul 2004	Oct 2003
Total labor force (million)		35.6	35.8	35.1
Labor force participation rate		66.5%	67.2%	67.1%
Employment rate		89.1%	88.3%	89.8%
Unemployment rate		10.9%	11.7%	10.2%
Underemployment rate		16.9%	17.6%	15.8%
NATIONAL ACCOUNTS in million pesos (Source: NSCB)		4th Qtr 2004 ^a	3rd Qtr 2004	4th Qtr 2003
At Current Prices				
Gross National Product		1,484,809	1,288,664	1,315,048
Gross Domestic Product		1,389,817	1,198,335	1,232,128
At Constant Prices				
Gross National Product		342,537	302,733	324,727
Gross Domestic Product		318,560	279,590	302,308
INCOME AND EXPENDITURE (at current prices) Source: FIES		2003 ^b	2000	1997
Annual average family income		P148,616	P145,121	P123,168
Annual average family expenditure		124,377	118,839	99,537
Annual average family saving		P24,239	P26,282	P23,631

Source: National Statistics Office

Manila, Philippines

Deployment is now 900,000/year from only 75,000 in 1975

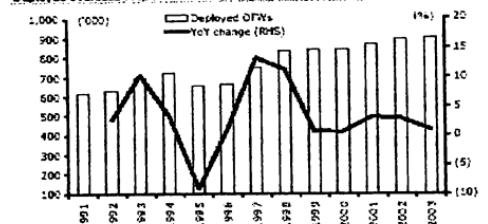
Lack of job opportunities is the reason why people look for jobs abroad

The government began encouraging Filipinos to work abroad in 1975 when the country first sent 35,000 workers. Today, more than 900,000 Filipinos go abroad for work annually. At any given time, about 7.5m Filipinos, more than 9% of the 82m total population, is hard at work in more than 190 countries across every continent. Thus, what was conceived in the 1970s as a stop-gap measure to alleviate domestic unemployment and help the country pay for its oil imports is now a major force in the economy and a vital source of foreign currencies. For millions of Filipino families, it is the clearest way to escape poverty.

Last year, close to 900,000 Filipino workers went abroad, 10,000 more than the previous year. Since the Asian financial crisis, the annual number of workers going abroad has averaged 861,633, compared to less than 700,000 prior to 1997. The lack of job opportunities in the Philippines is the main reason that Filipinos try their luck abroad. According to the Department of Labour and Employment (DOLE), the unemployment rate swelled to 11.4% in 2003, as only 560,000 new jobs were created against 1.45m new entrants to the workforce.

Figure 4

Deployed overseas Filipino workers



Source: Philippines Overseas Employment Administration (POEA)

The quest for a better life abroad, or merely a way out of the country, has come to a point where even doctors are enrolling in nursing courses to be able to apply as caregivers in the US. This is a faster way to get a working visa to the US, where caregivers are in greater demand than doctors.

More than 2.0m are permanently residing abroad

With not enough jobs, people are also choosing to emigrate, particularly the skilled. Gazing at the various embassies around Manila's Makati area, long queues are clearly visible of Filipinos trying to secure overseas visas or work contracts. The US, Canada, Australia and New Zealand are the favoured destinations. Eventually, many Filipinos find their host countries a better place to live and decide to migrate bringing their whole family with them. Among the estimated 7.5m overseas workers, more than 2.0m have chosen to stay permanently, by gaining permanent residence or foreign citizenship.

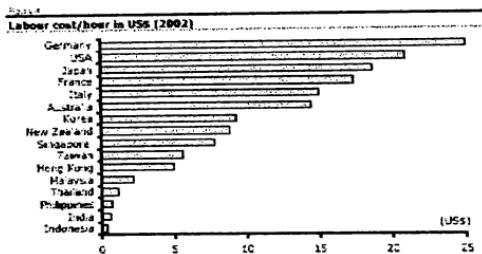
For a licensee to recruit legitimately, the government, through the Philippines Overseas Employment Administration (POEA), requires at least US\$7,000 (P390,000) up front as a surety bond, to be kept in escrow, and a clean legal record. Thereafter, the office keeps a regular public file of a recruiter's status ("Good Standing", "Delisted" or "Banned Forever").

Filipino nurses earn 20x higher if they work abroad

Working in Manila, nurses bring in US\$2,000 a year, while in the US they can earn as much as of US\$40,000. Flexible, industrious and frequently skilled, Filipinos are finding their way into unexpected niche markets. Nurses trained in the Philippines, for instance, are more likely to end up working elsewhere. Hospital recruiters from Norway and the United Kingdom travel to Manila to hire them. A nurses contract averages around three years.

Teachers paychecks are half that of a domestic helper in Hong Kong

Domestic helpers in Hong Kong earn an average of US\$450 a month. Thus, it is no wonder that even Filipino teachers are willing to take the work, given that their monthly teaching paycheck back home is only close to US\$250. According to Department of Labour and Employment (DOLE), the minimum wage in Manila is US\$4.50 a day, compared with the average US\$48 a day earned abroad under contracts approved by the US government.



Filipinos are everywhere

Filipinos mob Hong Kong's Statue Square on any given Sunday afternoon - young domestic workers celebrating their day off together. Hong Kong is a temporary home to 200,000 Filipinos. You see signs in the Dubai airport, with Filipinos napping on beaches between connections to various Persian Gulf destinations. Filipinos have been a major source of labour - both white and blue collar - in the Middle East since the 1973 oil embargo by the Organisation of the Petroleum Exporting Countries (Opec). You find them on ships, and in ports everywhere. At least 25% of the world's seafarers are Filipinos, and the majority of cruise waiters, too.

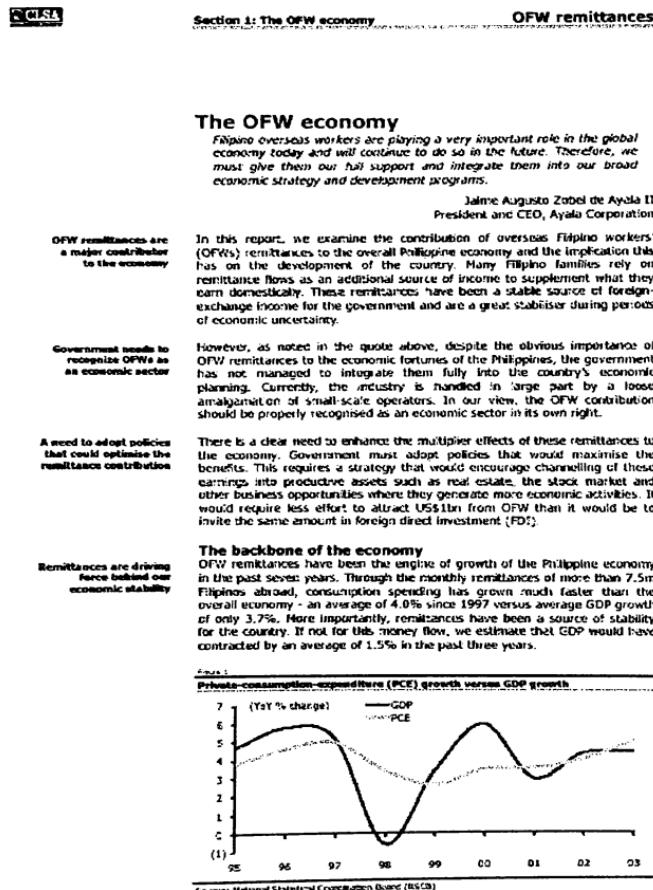
Filipinos are seafarers too

At least 25% of OFWs are sea-based, mostly working for international shipping lines, on both cargo and passenger ships. Sea-based workers have a shorter contract, lasting for less than a year. Yet, despite the shorter contract, their salaries are much higher than what a domestic helper receives in Hong Kong or Singapore.

APPENDIX L

OFW remittance contribution PCE Growth vs. GDP

growth



APPENDIX M

OFW Remittances contributions to SMPHI.

Equities

Philippines

SM Prime Holdings

OFW remittance growth is good for the company

Real estate

Market Cap US\$ 1.07Bn

Outperform

Bloomberg
SMPH.PM

Target Price: P7.60 (+24.6%)

(140004)

Price: P6.10

SM Prime should benefit on the 14% YoY growth in remittances. SM Prime malls are located in areas with strong concentrations of OFW families. We estimate that 20% of every US\$ of OFW money spent is captured by the company's malls. This allows SM Prime to post higher retail sales than other mall players.

Overseas Filipino workers (OFW) remittance jumped 14.4% YoY to US\$734m in July. The July remittance was also the highest level for the year. This brought remittance to US\$4.7bn, up 5% in the first seven months of the year and already 60% of the government's target of US\$8.1bn this year.

The growth was attributable to more Filipinos working abroad. Deployment grew by 9.2% YoY to 562,877 in the period under review. There was good news on the deployment as more Filipinos went to higher-paying jobs, such as production managers, caregivers, managers, caretakers and performing artists.

These remittances are a key factor in stabilising the Philippine economy. The annual remittance from OFWs creates a steady supply of US dollars in the spot market and flows to the economy through consumption and investments. The US\$8.1bn remittances expected this year is equivalent to 10% of GNP, 47% of the country's total foreign reserves of US\$16bn, and almost 15% of current account receipts.

Fig 1. OFW remittances (US\$bn)

Month	2002	2003	2004
Jan	550	600	620
Feb	520	550	580
Mar	580	620	650
Apr	600	620	650
May	620	650	700
Jun	580	620	650
Jul	600	650	680
Aug	550	580	580
Sep	580	600	600
Oct	580	600	620
Nov	580	600	600
Dec	580	600	620

Source: Bangko Sentral ng Pilipinas

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15 September 2004

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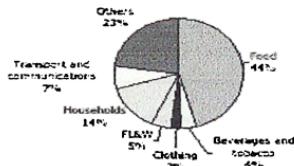
OFW remittances being spent for consumption goods

... but most of remittances goes to support the basic needs of families

Remittances also keep the Philippine economy afloat, as most of the money is used to purchase the basic needs of families. Consumption spending has been the source of growth for the domestic economy. Private consumption accounts for 74% of the Philippines' GDP and the bulk of the growth is attributable to the OFW money.

As mentioned, the bulk of the money is used to support the monthly needs of one's family members back home, particularly in food, clothing and house wares, as well as the education of the children. The breakdown of private spending last year shows that almost 50% went to food and beverages, while 14% went to household expenses. Transport and communications, vital costs in today's modern world, account for only 7% of total private spending. Thus, it is no wonder that companies like San Miguel, SM Prime and Jollibee Foods were able to sustain growth in the past three years, as most of their products/services are for essential consumption.

Figure 15
Breakdown of private consumption (2003).



Source: NSCB

In the past thirteen years, the Philippine peso has plunged by more than 75% against the US dollar, from P24.64/US\$ in 1990 to P55.50/US\$ at end 2003. Most of the steep depreciation in the peso happened in 1997 when the currency fell 42% YoY to P40.92/US\$. Since then the peso has fallen by another 13% to a record low of P56.20/US\$.

Weaker peso means more buying power for OFW families

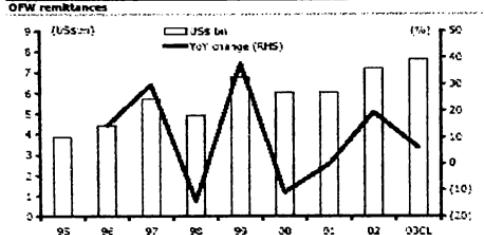
The continued depreciation of the peso versus the US dollar increases the purchasing power of Filipinos receiving regular remittances. This allows them to have more buying power in the market. It is not surprising to see that annual growth in remittances in peso terms has spurred private consumption. Nominal private consumption grew by an average of 11% in the past thirteen years. In the same period, remittances increased by an average 21.9% in peso terms. Moreover, remittances as a percentage of private consumption increased to 14% in 2003 from a meager 4% in 1990.

One out of every two families has at least one OFW

Keeping the Philippines afloat

Given that there are more than 16m Filipino families out of the country's total population of 82m (assuming an average family size of five), the 7.5m OFWs average out to one in every two families having a relative overseas. In other words, half the population sees its income augmented by remittances sent by relatives. OFW money helps a lot in improving the life of recipient families. The US\$1,000 a year sent by a typical OFW is much higher than the country's per capita income of US\$900. Further, the average annual remittance is close to a third of the US\$3,600 average income per family based on the National Statistics Coordinating Board data. The average size of a family is five.

Figure 6



Sources: CLSA, CESA Asia Pacific Markets, NSCB

The US is the main source of remittances followed by Asia-Pacific

The bulk of the country's remittances come from the US, given that it has attracted most migrants. According to the Department of Foreign Affairs, more than 2.0m out of the total 7.5m Filipino overseas workers and emigrants are in the US. Nonetheless, the share of the remittances from the USA has fallen to 67% of the total in 2003, from a high of 80% in 1995. In absolute terms, its contribution remains high at US\$53.9bn, up from US\$2.7bn in 1995. The share of remittances from the Middle East meanwhile has increased to 13% in 2003 from practically nothing in 1995, while Asia-Pacific and European countries have been consistent in their remittances with around 14% and 6%, respectively.

Figure 7

Remittances by source (1995)

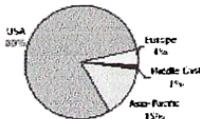
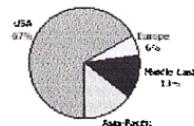


Figure 8

Remittances by source (2003)



Sources: CEA, CESA

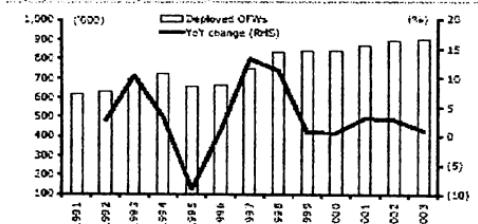
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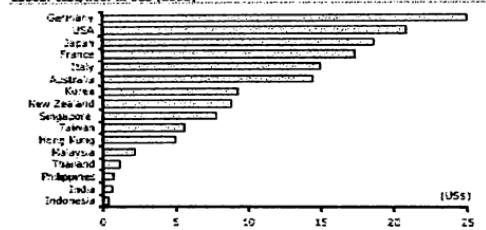
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Figure 4
Labour cost/hour in US\$ (2002)



Source: Economist

Filipinos are everywhere

Filipinos mob Hong Kong's Statue Square on any given Sunday afternoon - young domestic workers celebrating their day off together. Hong Kong is a temporary home to 200,000 Filipinos. You see signs in the Dubai airport, with Filipinos napping on benches between connections to various Persian Gulf destinations. Filipinos have been a major source of labour - both white and blue collar - in the Middle East since the 1973 oil embargo by the Organisation of the Petroleum Exporting Countries (Opec). You find them on ships and in ports everywhere. At least 25% of the world's scalers are Filipinos, and the majority of cruise waiters, too.

Filipinos are seafarers too

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APPENDIX L

OFW remittance contribution PCE Growth vs. GDP growth

 CDSA

Section 1: The OFW economy

OFW remittances

The OFW economy

Filipino overseas workers are playing a very important role in the global economy today and will continue to do so in the future. Therefore, we must give them our full support and integrate them into our broad economic strategy and development programs.

Jalme Augusta Zobel de Ayala II
President and CEO, Ayala Corporation

OFW remittances are a major contributor to the economy

In this report, we examine the contribution of overseas Filipino workers' (OFWs) remittances to the overall Philippine economy and the implication this has on the development of the country. Many Filipino families rely on remittance flows as an additional source of income to supplement what they earn domestically. These remittances have been a stable source of foreign exchange income for the government and are a great stabiliser during periods of economic uncertainty.

Government needs to recognise OFWs as an economic sector

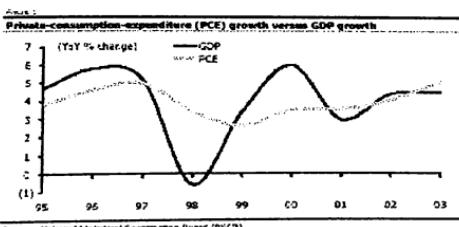
However, as noted in the quote above, despite the obvious importance of OFW remittances to the economic fortunes of the Philippines, the government has not managed to integrate them fully into the country's economic planning. Currently, the industry is managed in large part by a loose amalgamation of small-scale operators. In our view, the OFW contribution should be properly recognised as an economic sector in its own right.

A need to adopt policies that could optimise the remittances contribution

There is a clear need to enhance the multiplier effects of these remittances to the economy. Government must adopt policies that would maximise the benefits. This requires a strategy that would encourage channelling of these earnings into productive assets such as real estate, the stock market and other business opportunities where they generate more economic activities. It would require less effort to attract US\$1bn from OFW than it would be to invite the same amount in foreign direct investment (FDI).

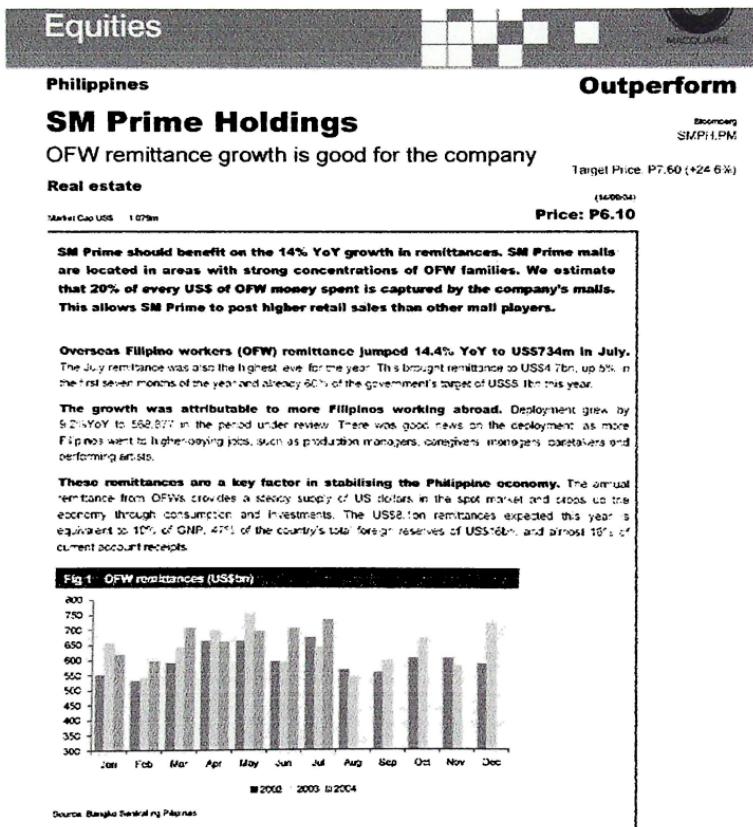
Remittances are driving force behind our economic stability

The backbone of the economy
OFW remittances have been the engine of growth of the Philippine economy in the past seven years. Through the monthly remittances of more than 7.5m Filipinos abroad, consumption spending has grown much faster than the overall economy - an average of 4.0% since 1997 versus average GDP growth of only 3.7%. More importantly, remittances have been a source of stability for the country. If not for this money flow, we estimate that GDP would have contracted by an average of 1.5% in the past three years.



APPENDIX M

OFW Remittances contributions to SMPHI.



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15 September 2004

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APPENDIX N

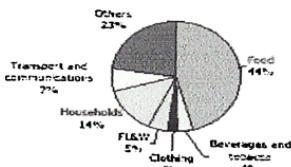
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Figure 15
Breakdown of private consumption (2003)



Source: BOC

In the past thirteen years, the Philippine peso has plunged by more than 75% against the US dollar, from P24.64/US\$ in 1990 to P55.50/US\$ at end 2003. Most of the steep depreciation in the peso happened in 1997 when the currency fell 42% YoY to P40.92/US\$. Since then the peso has fallen by another 13% to a record low of P56.20/US\$.

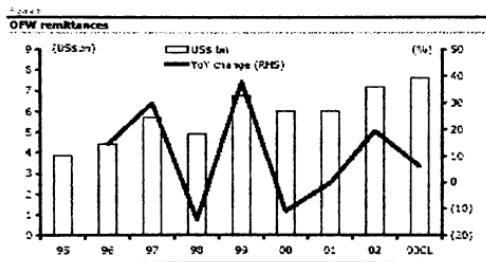
Weaker peso means
more buying power
for OFW families

The continued depreciation of the peso versus the US dollar increases the purchasing power of Filipinos receiving regular remittances. This allows them to have more buying power in the market. It is not surprising to see that annual growth in remittances in peso terms has spurred private consumption. Nominal private consumption grew by an average of 11% in the past thirteen years. In the same period, remittances increased by an average 21.9% in peso terms. Moreover, remittances as a percentage of private consumption increased to 14% in 2003 from a meagre 4% in 1990.

One out of every
two families has
at least one OFW

Keeping the Philippines afloat

Given that there are more than 16m Filipino families out of the country's total population of 82m (assuming an average family size of five), the 7.5m OFWs average out to one in every two families having a relative overseas. In other words, half the population sees its income augmented by remittances sent by relatives. OFW money helps a lot in improving the life of recipient families. The US\$1,000 a year sent by a typical OFW is much higher than the country's per capita income of US\$900. Further, the average annual remittance is close to a third of the US\$3,600 average income per family based on the National Statistics Coordinating Board data. The average size of a family is five.

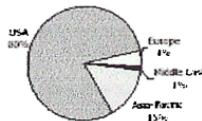


Source: DSWD, CSLA Asia-Pacific Markets, NSCB

The US is the main
source of remittances
followed by Asia-Pacific

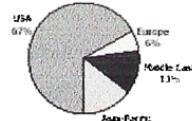
The bulk of the country's remittances come from the US, given that it has attracted most migrants. According to the Department of Foreign Affairs, more than 2.0m out of the total 7.5m Filipinos overseas workers and emigrants are in the US. Nonetheless, the share of the remittances from the USA has fallen to 67% of the total in 2003, from a high of 80% in 1995. In absolute terms, its contribution remains high at US\$53.9bn, up from US\$32.7bn in 1995. The share of remittances from the Middle East meanwhile has increased to 13% in 2003 from practically nothing in 1995, while Asia-Pacific and European countries have been consistent in their remittances with around 14% and 6%, respectively.

Figure 2
Remittances by source (1995)



Sources: CEA, CSLA

Figure 3
Remittances by source (2003)



February 2004

alex.pomento@clsa.com

9

Greetings!

I am Shenna Sanchez, a BA Development Studies UP-student, with the thesis title "A Case study of the expanding SM Group of Companies vis-à-vis the deteriorating Philippine economy"
Given your involvement on this matter, please kindly fill-out this survey form.

Thank you very much.

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: _____

Status: Single Married

Contact No. _____

1. How often do you go to a mall?

Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week

2. What is/are the reason/s for going to a mall? (Please check all that applies)

To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop

3. How much is/your income (please compute in a daily basis): 5 350

less than or equal to Php600 >600

4. How much do you usually spend when you go to a mall?

Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000

5. What particular place/shop in a mall do you usually go to?

Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques

6. Inside a mall, where do you usually go for entertainment?

Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure

7. Where do you usually dine?

Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining

8. What factor/s do you consider when you buy something? (Please check all that applies)

Brand Fad
 Price Others (Pls. Specify): _____
 Quality

9. Between the two choices, which do you prefer?

Local Foreign/Imported

10. How long do you usually spend your time inside a mall?

Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours

11. When you go to a mall, you are with your _____?

Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies UP-student, with the thesis title "A Case study of the expanding SM Group of Companies vis-à-vis the deteriorating Philippine economy"
Given your involvement on this matter, please kindly fill-out this survey form.

Thank you very much.

Name (Optional): _____
Occupation: Student
Status: Single Married

Sex: Male Female
Age: 21
Contact No. _____

1. How often do you go to a mall?
 Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week
2. What is/are the reason/s for going to a mall? (Please check all that applies)
 To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop
3. How much is your income (please compute in a daily basis): Ph. 700
 Less than or equal to Php600 >600
4. How much do you usually spend when you go to a mall?
 Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000
5. What particular place/shop in a mall do you usually go to?
 Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques
6. Inside a mall, where do you usually go for entertainment?
 Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure
7. Where do you usually dine?
 Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining
8. What factor/s do you consider when you buy something? (Please check all that applies)
 Brand Fad
 Price Others (Pls. Specify): _____
 Quality
9. Between the two choices, which do you prefer?
 Local Foreign/Imported
10. How long do you usually spend your time inside a mall?
 Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours
11. When you go to a mall, you are with your _____?
 Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies UP-student, with the thesis title "A Case study of the expanding SM Group of Companies vis-à-vis the deteriorating Philippine economy"
Given your involvement on this matter, please kindly fill-out this survey form.

Thank you very much.

Name (Optional): _____
Occupation: Student
Status: Single Married

Sex: Male Female

Age: 22

Contact No. _____

1. How often do you go to a mall?
 Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week
2. What is/are the reason/s for going to a mall? (Please check all that applies)
 To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop
3. How much is your income (please compute in a daily basis): 1k 550
 Less than or equal to Php600 >600
4. How much do you usually spend when you go to a mall?
 Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000
5. What particular place/shop in a mall do you usually go to?
 Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques
6. Inside a mall, where do you usually go for entertainment?
 Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure
7. Where do you usually dine?
 Food chains (ex: McD, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining
8. What factor/s do you consider when you buy something? (Please check all that applies)
 Brand Fad
 Price Others (Pls. Specify): _____
 Quality
9. Between the two choices, which do you prefer?
 Local Foreign/Imported
10. How long do you usually spend your time inside a mall?
 Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours
11. When you go to a mall, you are with your _____?
 Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards" Given your involvement on this matter, please kindly fill-out this survey form. Every response is assured to be kept confidential.

Thank you very much.

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: 21

Status: Single Married

Contact No. _____

1. How often do you go to a mall?
 Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week
2. What is/are the reason/s for going to a mall? (Please check all that applies)
 To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop
3. How much is your income (please compute in a daily basis): Php 400
 Less than or equal to Php600 >600
4. How much do you usually spent when you go to a mall?
 Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000
5. What particular place/shop in a mall do you usually go to?
 Department Store Appliance Store
 Supermarket Others (Pls. Specify): Satinis, 3rd floor
 Boutiques
6. Inside a mall, where do you usually go for entertainment?
 Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure
7. Where do you usually dine?
 Food chains (ex: McD, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining
8. What factor/s do you consider when you buy something? (Please check all that applies)
 Brand Fad
 Price Others (Pls. Specify): _____
 Quality
9. Between the two choices, which do you prefer?
 Local Foreign/Imported
10. How long do you usually spend your time inside a mall?
 Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours
11. When you go to a mall, you are with your _____?
 Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

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Thank you very much.

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: 21

Status: Single Married

Contact No. _____

1. How often do you go to a mall?

<input type="checkbox"/> Everyday	<input type="checkbox"/> Once a month
<input type="checkbox"/> Every other day	<input type="checkbox"/> Others (Pls. Specify): _____
<input checked="" type="checkbox"/> Every week	

2. What is/are the reason/s for going to a mall? (Please check all that applies)

<input type="checkbox"/> To see a movie	<input type="checkbox"/> To hang out and relax
<input checked="" type="checkbox"/> To dine	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> To buy something/window shop	

3. How much is your income (please compute in a daily basis): 1,400

<input type="checkbox"/> less than or equal to Php600	<input type="checkbox"/> >600
---	-------------------------------

4. How much do you usually spent when you go to a mall?

<input type="checkbox"/> Less than P100.00	<input type="checkbox"/> P1001.00 and above
<input type="checkbox"/> P101.00 - P500.00	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> P501.00 - P1000	

5. What particular place/shop in a mall do you usually go to?

<input type="checkbox"/> Department Store	<input type="checkbox"/> Appliance Store
<input type="checkbox"/> Supermarket	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> Boutiques	

6. Inside a mall, where do you usually go for entertainment?

<input type="checkbox"/> Movie house	<input type="checkbox"/> Gambling (ex: bingo)
<input type="checkbox"/> Arcade/games center	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> Sports and Leisure	

7. Where do you usually dine?

<input type="checkbox"/> Food chains (ex: McDo, Jollibee)	<input type="checkbox"/> Coffee shops
<input type="checkbox"/> Food court	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> Fine dining	

8. What factor/s do you consider when you buy something? (Please check all that applies)

<input type="checkbox"/> Brand	<input type="checkbox"/> Fad
<input checked="" type="checkbox"/> Price	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> Quality	

9. Between the two choices, which do you prefer?

<input checked="" type="checkbox"/> Local	<input type="checkbox"/> Foreign/Imported
---	---

10. How long do you usually spend your time inside a mall?

<input type="checkbox"/> Less than an hour	<input type="checkbox"/> More than 5 hours
<input checked="" type="checkbox"/> 1-3 hours	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> 3-5 hours	

11. When you go to a mall, you are with your _____?

<input type="checkbox"/> Family	<input checked="" type="checkbox"/> Office mates
<input type="checkbox"/> Peers	<input type="checkbox"/> Others (Pls. Specify): _____
<input type="checkbox"/> Partner	

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards". Given your involvement on this matter, please kindly fill-out this survey form. Every response is assured to be kept confidential.

Thank you very much.

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: 34

Status: Single Married

Contact No. _____

1. How often do you go to a mall?

Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week

2. What is/are the reason/s for going to a mall? (Please check all that applies)

To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop

3. How much is your income (please compute in a daily basis): PhP 400

less than or equal to PhP600 >600

4. How much do you usually spent when you go to a mall?

Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000

5. What particular place/shop in a mall do you usually go to?

Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques

6. Inside a mall, where do you usually go for entertainment?

Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure

7. Where do you usually dine?

Food chains (ex: McD, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining

8. What factor/s do you consider when you buy something? (Please check all that applies)

Brand Fad
 Price Others (Pls. Specify): _____
 Quality

9. Between the two choices, which do you prefer?

Local Foreign/Imported

10. How long do you usually spend your time inside a mall?

Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours

11. When you go to a mall, you are with your _____?

Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards" Given your involvement on this matter, please kindly fill-out this survey form. Every response is assured to be kept confidential.

Thank you very much.

Name (Optional)

Occupation: Editor

Status: Single Married

Sex: Male Female

Sex: Male Female

Contact No. _____

1. How often do you go to a mall?

Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week

2. What is/are the reason/s for going to a mall? (Please check all that applies)

To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop

3. How much is your income (please compute in a daily basis): PhP 650

Less than Php600 >600
 less than or equal to Php600 Others (Pls. Specify): _____

4. How much do you usually spent when you go to a mall?

Less than P100.00 P100.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000

5. What particular place/shop in a mall do you usually go to?

Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques

6. Inside a mall, where do you usually go for entertainment?

Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure

7. Where do you usually dine?

Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining

8. What factor/s do you consider when you buy something? (Please check all that applies)

Brand Fad
 Price Others (Pls. Specify): neat
 Quality

9. Between the two choices, which do you prefer?

Local Foreign/Imported

10. How long do you usually spend your time inside a mall?

Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours

11. When you go to a mall, you are with your _____?

Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies UP-student, with the thesis title "A Case study of the expanding SM Group of Companies vis-à-vis the deteriorating Philippine economy"

Given your involvement on this matter, please kindly fill-out this survey form.

Thank you very much!

Name (Optional): Daphne Tah

Sex: Male Female

Occupation: clerk

Age: 26

Status: Single Married

Contact No. _____

1. How often do you go to a mall?

Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week

2. What is/are the reason/s for going to a mall? (Please check all that applies)

To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop

3. How much is your income (please compute in a daily basis): Ph. 375

less than or equal to Php600 >600

4. How much do you usually spend when you go to a mall?

Less than P100.00 P100.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000

5. What particular place/shop in a mall do you usually go to?

Department Store Appliance Store
 Supermarket Others (Pls. Specify): pharmacy
 Boutiques

6. Inside a mall, where do you usually go for entertainment?

Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure

7. Where do you usually dine?

Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): kiosk
 Fine dining

8. What factor/s do you consider when you buy something? (Please check all that applies)

Brand Fad
 Price Others (Pls. Specify): _____
 Quality

9. Between the two choices, which do you prefer?

Local Foreign/Imported

10. How long do you usually spend your time inside a mall?

Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours

11. When you go to a mall, you are with your _____?

Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards" Given your involvement on this matter, please kindly fill-out this survey form. Every response is assured to be kept confidential.

Thank you very much.

Name (Optional): _____
Occupation: Driver
Status: Single Married

Sex: Male Female

Age: 21
Contact No. _____

1. How often do you go to a mall?
 Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week
2. What is/are the reason/s for going to a mall? (Please check all that applies)
 To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop
3. How much is your income (please compute in a daily basis): Ph 350
 less than or equal to Php600 >600
4. How much do you usually spent when you go to a mall?
 Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000
5. What particular place/shop in a mall do you usually go to?
 Department Store Appliance Store
 Supermarket Others (Pls. Specify): ACG hardware
 Boutiques
6. Inside a mall, where do you usually go for entertainment?
 Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure
7. Where do you usually dine?
 Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining
8. What factor/s do you consider when you buy something? (Please check all that applies)
 Brand Fad
 Price Others (Pls. Specify): _____
 Quality
9. Between the two choices, which do you prefer?
 Local Foreign/Imported
10. How long do you usually spend your time inside a mall?
 Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours
11. When you go to a mall, you are with your _____?
 Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Greetings!

I am Shenna Sanchez, a BA Development Studies student, with the thesis title "An Indepth study of the SM Group of Companies' profitability in spite of Filipino's rapidly deteriorating living standards" Given your involvement on this matter, please kindly fill-out this survey form. Every response is assured to be kept confidential.

Thank you very much.

Name (Optional): _____

Sex: Male Female

Occupation: _____

Age: 32

Status: Single Married

Contact No. _____

1. How often do you go to a mall?
 Everyday Once a month
 Every other day Others (Pls. Specify): _____
 Every week
2. What is/are the reason/s for going to a mall? (Please check all that applies)
 To see a movie To hang out and relax
 To dine Others (Pls. Specify): _____
 To buy something/window shop
3. How much is your income (please compute in a daily basis): 750
 less than or equal to Php600 >600
4. How much do you usually spent when you go to a mall?
 Less than P100.00 P1001.00 and above
 P101.00 – P500.00 Others (Pls. Specify): _____
 P501.00 – P1000
5. What particular place/shop in a mall do you usually go to?
 Department Store Appliance Store
 Supermarket Others (Pls. Specify): _____
 Boutiques
6. Inside a mall, where do you usually go for entertainment?
 Movie house Gambling (ex: bingo)
 Arcade/games center Others (Pls. Specify): _____
 Sports and Leisure
7. Where do you usually dine?
 Food chains (ex: McDo, Jollibee) Coffee shops
 Food court Others (Pls. Specify): _____
 Fine dining
8. What factor/s do you consider when you buy something? (Please check all that applies)
 Brand Fad
 Price Others (Pls. Specify): _____
 Quality
9. Between the two choices, which do you prefer?
 Local Foreign/Imported
10. How long do you usually spend your time inside a mall?
 Less than an hour More than 5 hours
 1-3 hours Others (Pls. Specify): _____
 3-5 hours
11. When you go to a mall, you are with your _____?
 Family Office mates
 Peers Others (Pls. Specify): _____
 Partner

Thank you very much for your time! ☺

Name (optional) _____

Age 17

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

10 Months

yes no

2. How much wage are you receiving per month? Ph 250 /day

<300 301-500 351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age _____

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

_____ Months

yes no

2. How much wage are you receiving per month? ₱ 1000 ₱ 2500

₱ <300 ₱ 301-500 ₱ 351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining _____ training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) Bert Sanders

Age 22

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

5 Months

yes no

2. How much wage are you receiving per month? /day Ph 280

<300 301-500 501 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age _____

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

7 Months

yes no

2. How much wage are you receiving per month? 10 day ph. 20

<300

301-500

501 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave

insurance or subsidies

right to working conditions & standards

medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age 24

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

11 Months

yes no

2. How much wage are you receiving per month? /day Ph 280

<300 301-500 351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

6. Are you paid of a pro-rated 13th month pay? yes no

7. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

8. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention Janitor

9. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age 27

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

21 Months

yes no

2. How much wage are you receiving per month? day Ph 340/-

<300 301-500 351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age 33

Status usingle married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

22 Months

yes no

2. How much wage are you receiving per month? /day Ph 425

<300 301-500 351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age _____

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

2 Months

yes no

2. How much wage are you receiving per month? /day Ph 280

<300

301-500

351 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.

Name (optional) _____

Age 34

Status single married

Sex male female

1. For how long have you been working for SM? Are you a regular employee?

27 Months

yes no

2. How much wage are you receiving per month? 4500 PHP _____

<300 301-500 501 above

3. Are you a member of any union? yes no

4. Are you entitled to any of the following? (Please check all that applies)

yearly incentive leave insurance or subsidies

right to working conditions & standards medical support

5. Do you receive any social security benefits? yes no

7. Are you paid of a pro-rated 13th month pay? yes no

8. Is it true that workers pay apprenticeship fees when joining training programs?

yes no

9. In what position did you start as an SM employee?

trainees

consignors or promos

others, please mention _____

10. Are the uniforms issued by SM are reduced form the worker's first month's salary?

yes no

Thank you very much.