

Philippine Stock Exchange index (PSEi)

6,246.20 ▼ 6.98 PTS. ▼ 0.11%

THURSDAY, NOVEMBER 23, 2023  
BusinessWorld

PSEI MEMBER STOCKS

|  |  |  |  |   |   |   |  |  |  |
|--|--|--|--|---|---|---|--|--|--|
| <b>AC</b><br>Ayala Corp.<br>P647.50<br>-P2.00 -0.31%         | <b>ACEN</b><br>ACEN Corp.<br>P4.96<br>-P0.01 -0.2%         | <b>AEV</b><br>Aboitiz Equity Ventures, Inc.<br>P48.30<br>-P0.40 -0.82% | <b>AGI</b><br>Alliance Global Group, Inc.<br>P10.32<br>-P0.04 -0.39%     | <b>ALI</b><br>Ayala Land, Inc.<br>P29.60<br>-P0.25 -0.84%                                 | <b>BDO</b><br>BDO Unibank, Inc.<br>P131.90<br>+P0.40 +0.3%    | <b>BLOOM</b><br>Bloomerry Resorts Corp.<br>P9.98<br>+P0.11 +1.11% | <b>BPI</b><br>Bank of the Philippine Islands<br>P104.00<br>-P1.20 -1.14% | <b>CNPF</b><br>Century Pacific Food, Inc.<br>P30.80<br>---             | <b>CNVRG</b><br>Converge ICT Solutions, Inc.<br>P8.21<br>-P0.12 -1.44% |
| <b>DMC</b><br>DMCI Holdings, Inc.<br>P9.25<br>+P0.03 +0.33%  | <b>EMI</b><br>Emperador, Inc.<br>P20.90<br>+P0.10 +0.48%   | <b>GLO</b><br>Globe Telecom, Inc.<br>P1,755.00<br>-P5.00 -0.28%        | <b>GTCAP</b><br>GT Capital Holdings, Inc.<br>P563.50<br>+P3.50 +0.63%    | <b>ICT</b><br>International Container Terminal Services, Inc.<br>P215.40<br>-P3.00 -1.37% | <b>JFC</b><br>Jollibee Foods Corp.<br>P238.80<br>-P1.20 -0.5% | <b>JGS</b><br>JG Summit Holdings, Inc.<br>P37.90<br>-P0.75 -1.94% | <b>LTG</b><br>LT Group, Inc.<br>P8.94<br>-P0.04 -0.45%                   | <b>MBT</b><br>Metropolitan Bank & Trust Co.<br>P51.90<br>-P0.10 -0.19% | <b>MER</b><br>Manila Electric Co.<br>P372.00<br>-P1.00 -0.27%          |
| <b>MONDE</b><br>Monde Nissin Corp.<br>P8.48<br>+P0.29 +3.54% | <b>NIKL</b><br>Nickel Asia Corp.<br>P5.11<br>-P0.03 -0.58% | <b>PGOLD</b><br>Puregold Price Club, Inc.<br>P27.80<br>-P0.35 -1.24%   | <b>SCC</b><br>Semirara Mining and Power Corp.<br>P28.90<br>+P0.30 +1.05% | <b>SM</b><br>SM Investments Corp.<br>P830.00<br>---                                       | <b>SMC</b><br>San Miguel Corp.<br>P107.40<br>-P0.10 -0.09%    | <b>SMPH</b><br>SM Prime Holdings, Inc.<br>P31.95<br>+P0.45 +1.43% | <b>TEL</b><br>PLDT Inc.<br>P1,260.00<br>---                              | <b>URC</b><br>Universal Robina Corp.<br>P121.00<br>+P1.10 +0.92%       | <b>WLCON</b><br>Wilcon Depot, Inc.<br>P19.62<br>+P0.02 +0.1%           |

# Real estate's return to pre-pandemic levels seen

By Revin Mikhael D. Ochave  
Reporter

SURGING demand across various sectors is expected to drive the Philippine real estate sector's return to pre-pandemic levels, industry experts said.

"The country's real estate sector will continue to grow next year. We're actually going back to pre-pandemic levels in 2024," McKinsey & Company Philippines Managing Partner Jon Canto said during the BusinessWorld Forecast 2024 economic forum in Taguig City on Nov. 22.

"Philippine real estate has been resilient but sustained demand and investments will take it to the next level," he added.

Mr. Canto said that optimism for the real estate sector is driven by increased foreign tourists, surging investment pledges, higher property prices, and sustained demand in the office and retail segments.

"We are optimistic about real estate. It is one of the sectors that is going to rebound fully next year. It has been resilient in the wake of COVID-19, inflation, and rising construction costs," Mr. Canto said.

Noli D. Hernandez, Megaworld Corp. executive vice-president for sales and marketing, said the Philippine real estate sector has been doing well despite rising inflation.

"Overall, despite the surging inflation, I would like to say to you that the Philippine real estate sector has been doing very well," Mr. Hernandez said.

The country's inflation rate decelerated to 4.9% in October from 6.1% in September amid the slower increase in food prices.

"For our office and hotel businesses, we have also seen a surge of investor confidence and as far as retention levels of tenants are concerned, these have been steady and even increasing," Mr. Hernandez said.

"Similarly, we're seeing a very huge demand coming from the MICE (meetings, incentives, conferences

and exhibitions) industry. We have been seeing not just an increase in occupancy rates but also an increase in room rates," he added.

According to Mr. Hernandez, the risk posed by inflation to the real estate sector's recovery could also become an opportunity.

"While inflation poses a threat, it also can serve as a boon to the industry because we know that real estate investment still remains to be a very good hedge against inflation. On one hand, there is the threat posed by inflation as a deterrent to the impulse to invest but on the other hand, it can be the same impulse that will generate more interest in the industry," Mr. Hernandez said.

Meanwhile, Federal Land, Inc. President William Thomas F. Mirasol said the company is seeing increased consumer confidence and "favorable opportunities in the high income and luxury market segments."

"Higher interest rates naturally bring down demand. But as the

economy is growing, we see more consumers that are more confident in the future. They're saying that the interest rate is higher than it used to be, but it is not that scary," Mr. Mirasol said.

Mr. Mirasol also called for better infrastructure such as roads in order to bring down property prices.

"No developer wants to raise its costs more than absolutely necessary. Developers also want to reach a broader market. If the nation had better infrastructure, like if you live in Cavite and you work in Metro Manila and it was only a 20-minute drive, then we would see lower property prices," Mr. Mirasol said.

"The key to making sure that prices don't rise unreasonably is going to be infrastructure. One of the biggest cost drivers for real estate is the cost of land, and while land remains isolated, it is very difficult for people to move around from one place to another. That's why you see pockets of development that tend to rise at a much faster rate than any other area," he added.

## Aboitiz group to use AI across its business units

THE ABOITIZ group is targeting to integrate artificial intelligence (AI) across its units, the top official of Aboitiz Data Innovation Pte. Ltd. (ADI) said, as the company sees broader adoption and interest in the technology.

"[AI will be integrated] across the board, so again, the way we look at artificial intelligence, we are very much focused on customer service and operations," David R. Hardoon, chief executive officer of ADI, said in an interview with BusinessWorld.

Headquartered in Singapore, ADI is the data innovation unit of listed

holding firm Aboitiz Equity Ventures, Inc.

The company said it will tap and utilize AI for its financial services unit and its energy arm, Aboitiz Power Corp.

"For our financial services, it [has] everything to do with customer services, hyper-personalization. For our power [unit], which is all about operations it will help us identify potential failures

in advance, grid irregularities and load balancing," he said, adding the firm will also tap AI for its cement manufacturing unit. — Ashley Erika O. Jose

FULL STORY



Read the full story by scanning the QR code <tinyurl.com/227rhxtr>

# Younger workers forcing rethink of outdated business practices

COMPANY executives said they are overhauling their business practices to unlock the leadership potential and address the changing expectations of Gen-Z and millennial workers.

Flatter organizational structures are deemed necessary to unleash the potential of the two generations as they rise

to leadership roles, they said at a panel discussion at the BusinessWorld Forecast 2024 economic forum on Wednesday.

"A command and control structure does not work anymore," Carlos Ramon C. Aboitiz, chief corporate services officer at Aboitiz Power Corp., said. "We need to allow (Gen Zs and millennials) to articulate

their own vision, and kill policies that no longer make sense."

They said openness, empathy, agility, balance, and purpose are critical values to nurture in the workplace.

"They need opportunities to pilot programs and proofs-of-concept, which the company can do small-scale. Give them that safe space to fail," said Jericho P. Go, senior vice-president and business unit general manager at Robinsons Land Corp.

"Crazy ideas may not be crazy after all. Voice it, put it in a business plan, and justify its worth in the company," he added, noting the importance of embedding lifelong learning in company initiatives.

Isabelle Gotianun Yap, executive director and vice-president at East West Banking Corp., said Gen Zs and millennials comprise 81.3% of the company's workforce, with about 60% holding managerial roles.

Mr. Aboitiz noted that the average age of employees in his company is 36, with about 70% consisting of Gen Zs and millennials.

"They have the ability to quickly harness technology and new ways of working," Ms. Yap said. "With our young leaders who had a familiarity with low-code, no-code process automation, we were able to quickly start a community of practice with them, optimizing technologies and systems for the company."

Additionally, Ms. Yap noted the need to continuously improve learning programs and tools for sustain-

ability, alongside providing more and better quality feedback because the two worker cohorts value it.

"We should not overplay these generational changes. There is nothing to be fearful of," Mr. Aboitiz said. "(Current) leaders need to overcome (these fears)."

"Understand how our behaviors and expectations are different, and design an environment to allow for the coming together of these differences," he added.

"Communication is key. Listen to understand," Mr. Go said. "They will maximize the use of tech to increase efficiency and improve sustainability."

"Don't be afraid to share your vision and higher purpose for the company. Once it is adopted by the next generation, it will light a fire in them." — Miguel Hanz L. Antivola

## CHED urges firms to prepare workers for AI

THE Commission on Higher Education (CHED) said it is critical for workers to take on skills that will prepare them for the greater adoption of artificial intelligence (AI).

In a briefing at an information technology (IT) summit for schools and companies, CHED Chairman J. Prospero E. de Vera III said the commission aims to integrate AI into the learning process by training teachers and students, even those who are not in technology-related degree programs. — Jomel R. Paguian

FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/yktr19da>

OPINION

## Office politics and creative conflict

**I suspect that our chief executive officer (CEO), who will retire in two years, is creating a conflict between and among three sales executives. The executives also suspect they're being assessed as candidates to replace the CEO, who has remarked that a little office politics helps create healthy and friendly competition. The competition is heating up, and is adversely affecting sales performance. Is there a cure? — Lone Wolf.**

You may have evidence to suspect that the CEO is creating conditions to foster creative conflict. Just the same, it should remain a suspicion since creating conflict is not the ideal approach for choosing candidates. Being suspicious could be a personal asset. But to be suspicious all the time, and without facts, is a liability.

Besides, sales performance should not be the only basis for choosing a replace-

ment CEO; there are many other factors to consider. For one, general-manager skills like human resources, finance, operations, and public relations, among others. It is possible to imagine a manager who excels at sales but struggles with people management.

We must also talk about consistent work performance over the past five years if we are to consider promoting an executive to CEO.

And that's not all. Creating conditions for so-called "creative conflict" could backfire, complicating the relationship among the candidates and poor performance all around. At the extreme, the candidates could sabotage one another to the detriment of the organization.

The most important thing to understand is whether the current CEO has a mandate from the owners or the board

to undertake such a process in finding a replacement. In general, the only thing we know for certain is that the CEO is the conduit between the board of directors and the executives and their workers.

We're not even sure if the CEO has the mandate to choose a replacement from among the leading internal candidates. What if the board decides to hire someone from outside the organization?

**OFFICE POLITICS**  
Workplace conflict is everywhere. Many of them are deliberate rather than accidental creations. Sometimes, workplace conflict happens due to office politics or opposing management styles. If this happens, the result can be disastrous for the organization.

Any person, regardless of rank, can play office politics if he uses his discretionary powers to promote a personal agenda. His motive may include revenge, amassing power and authority, building an empire and beating rivals to key promotions, among others.

However, there's also a positive side to office politics, which may cause workers

to enhance their image or personal brand, making them appear more professional.

Experts have noted that to have successful careers, managers need to be good politicians, but not to the extent of violating the company's ethical, moral, and legal standards. Just the same, the question remains: should the CEO create conflict to identify a successor, assuming that he's authorized to do that?

Such an approach is dangerous. Office politics does more harm than good. It's more of a problem than a solution for any organization. It consumes a lot of energy, disrupts the candidates' work, and damages their relationships with colleagues in the long term. Because of political infighting, corporate goals and sales targets may fall by the wayside as candidates are diverted from what needs to be done.

Further, office politics reduces trust and diminishes respect. In a tense political environment, it also affects the well-being of non-management workers and undermines active collaboration between and among functional units.

In real terms, how would you assess whether office politics is good or bad? Let's answer this question by raising more questions:

**One, does it result in the greatest good for the greatest number of people inside an organization?** If not, then it's clearly bad politics.

**Two, does it violate any person's rights, as in when rivals tap each others' telephones to obtain embarrassing evidence?** If yes, then it's bad politics.

**Three, does it treat all persons fairly?** Do rules and penalties apply to all regardless of their personal circumstances? If not, then it's bad politics.

Playing office politics is inevitable for everyone. You cannot ignore it and hope it dies a natural death. There's only one option for you — manage it well.

Bring REY ELBO's leadership program called "Superior Subordinate Supervision" to your management. Chat with him on Facebook, LinkedIn, X (Twitter) or e-mail [elbonomics@gmail.com](mailto:elbonomics@gmail.com) or via <https://reyelbo.com>

