

**PAINS AND GAINS OF INFLATION AS EXPERIENCED
BY SELECTED ELECTRICAL CONTRACTORS:
AN INDUSTRY ANALYSIS**

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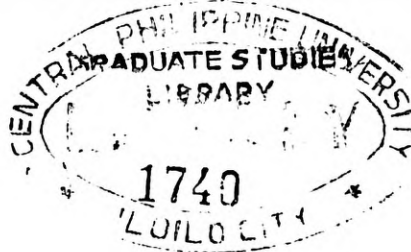
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By

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This study is descriptive in nature. It is an industry analysis that provides an insight to the responses of the five selected electrical contractors in the city of Iloilo with regards to the changes in the general level of prices.

Major findings of this study showed that the five electrical contracting companies are comparatively identical in the services that they offered, except for one company that focuses its specialty in transmission and distribution lines.

The labor cost of a single project is estimated at fifty percent of the cost of materials, however Company B defies this trend by establishing a two hundred forty percent increase of its materials cost. In addition to this, the prices of the major materials moved three times in the span of twelve months, bringing the price of materials up by as much as forty two percent.

However, on normal circumstances, labor cost is treated as a fixed cost. It is not affected by the varying prices of materials.

These five electrical contracting companies have different ways of dealing with the changes in prices, these actions includes the following: proper materials sourcing; proper monitoring of prices; wise stocking of volatile materials and cost cutting.

The five contracting companies share the same threats and opportunities in view of the fact that they belong in the same niche. However, each company is individually distinct in terms of their strengths and weaknesses.

Lastly, inflation posed more disadvantages than advantages to the electrical contracting companies. To protect both the contracting companies and the client, proper price escalation must be well defined in the contract.