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Philippine Retirement Authority Current Program and Policy Assessment/Business Model Review

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Abstract

This study assesses the Philippine Retirement Authority's (PRA) current program and business model. Established by Executive Order No. 1037 in 1985, the PRA aims to position the Philippines as a prime retirement destination, contributing to the country's social and economic development. Utilizing GAP and SWOT analyses, the research explores potential enhancements to PRA's business strategy, guided by Porter's competitive advantage model and Prahalad and Hamel's core competencies framework. In addition, the analysis supplements the analytical frameworks with a strategic agenda that covers a discussion of five strategic dimensions: 1. PRA's goal; 2. PRA's source of market or competitive advantage; 3. PRA's major source of core competence; 4. PRA's current business model; and 5. PRA's strategies in specific management functions.

The findings reveal PRA's commendable financial performance from 1986 to 2021, achieving fiscal autonomy in 1993. As of December 31, 2021, the agency reported significant financial metrics per retiree. The GAP analysis suggests two pathways for performance improvement: intensifying efforts to meet targets or recalibrating targets to align with available resources, with the SWOT analysis supporting the latter.

Recommendations include enhancing SRRV benefits with a focus on efficient processing and registration, developing a medium-term plan detailing corporate goals and necessary initiatives, promoting a brand identity synonymous with exceptional customer service and the warmth of Philippine hospitality, collaborating with the Department of Tourism to support retirement promotion, and adopting a specialization model to better serve targeted customer segments and regions.

Keywords: Philippine Retirement Authority (PRA), GAP Analysis, SWOT Analysis, Business model, competitive advantage, Retirement

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Executive Summary

The Philippine Retirement Authority (PRA) is a government-owned and controlled corporation (GOCC) created by Executive Order No. 1037 on July 4, 1985. It is mandated to promote the Philippines as a retirement haven in order to accelerate the social and economic development of the Philippines. The main product of PRA is the Special Resident Retiree's Visa (SRRV) which is a multiple entry and indefinite visa with the option to reside permanently in the Philippines. PRA is under the supervision of the Department of Tourism (DOT) through the Board of Trustees, chaired by the Secretary of the Department of Tourism, and is headed by the General Manager who is appointed by the President of the Philippines. As of February 2023, PRA has a total of 163 officials and staff.

The financial performance of PRA from 1986 to 2021 is commendable. It has achieved fiscal autonomy in 1993. As of December 31, 2021, PRA has achieved these financial-to-retiree ratios (in cumulative and current terms): PhP73,023.22 net operating income per net retiree, PhP39,935.61 dividend remitted per net retiree, PhP237,066.81 revenue generated per net retiree, and $9,969.30 foreign exchange generated per net retiree.

The GAP analysis has revealed that PRA has two options in bridging the gap between its targets and its actual performance: (1) intensify its efforts to achieve its targets, and (2) redefine its targets consistent with PRA's resources and capabilities. The SWOT analysis supports the latter option.

The findings of the company and industry analysis recommend the following:

1. Reinforce the benefits of SRRV with a brand reputation of speed and timeliness in the processing and registration of applicants.
2. Formulate a medium-term plan describing in detail the corporate goals of PRA and the activities, projects, and programs needed to achieve these goals. The planning process will reveal the resources and capabilities needed for each activity, project, and program.
3. Pursue further a brand identification strategy where SRRV is synonymous with excellent customer service (during and after enrolment) and reinforcing the "warm hospitality" brand of retiring in the Philippines.
4. Leverage the tourism promotion resources of the Tourism Promotion Board of DOT by interfacing with PRA's retirement promotion activities.
5. Pursue a specialization business model. This means that PRA will focus its efforts on serving a target customer segment and the geographical areas served.

Philippine Retirement Authority Current Program and Policy Assessment

Epictetus E. Patalinghug

1. Introduction

The Philippine Retirement Authority (PRA) is a government-owned and controlled corporation (GOCC) created by Executive Order (E.O.) No. 1037 on July 4, 1985. It was originally named the Philippine Retirement Park System, but on July 30, 1985, the Board of Trustees changed its name to Philippine Retirement Authority. PRA is mandated to develop and promote the Philippines as a retirement haven. E.O. 1037 has aimed to accelerate the social and economic development of the Philippines and to simultaneously strengthen the country's foreign exchange position.

PRA was originally under the supervision of the Office of the President, but on August 31, 2001, E.O. 26 transferred the control and supervision of the PRA to the Board of Investments (BOI), an attached agency of the Department of Trade and Industry (DTI). And on May 12, 2009, Republic Act No. 9593 entitled "Tourism Act of 2009" mandated that PRA is an attached agency of the Department of Tourism (DOT) and is placed under the supervision of the DOT Secretary.

The governance structure of PRA is composed of a Board of Trustees, General Manager, Deputy General Manager, Internal Auditors, four department managers, ten division managers, and four satellite officers-in-charge (OICs).

The Board of Trustees is chaired by the Secretary of the Department of Tourism (DOT) with the PRA General Manager as the Vice Chair. The remaining three members of the Board of Trustees are composed of officials from Bangko Sentral ng Pilipinas (BSP), Bureau of Immigration (BI), and Department of Tourism (DOT).

The four departments of PRA are: Administrative and Finance Services Department, Management Services Department, Resident Retiree Servicing Department, and Marketing Department.

The ten divisions of PRA are: Procurement Management Division, Administrative Support Division, Financial Management Division, Corporate Planning Division, Information and Communication Technology Division, Servicing Division, Processing Division, Client Relations and Program Development Division, Advertising and Promotions Division, and Internal Audit Division.

The four satellite offices are located in Baguio City, Angeles City (Clark-Subic), Cebu City, and Davao City. They are coordinated by the Satellite Office which is supervised by the Resident Retiree Servicing Department. Lastly, an Interim Legal Services Unit is established under the Office of the General Manager.

The different projects, programs and activities of PRA are managed by specific division: for example, enrollment of foreign retirees is managed by the Processing Division; placement of advertisements is coordinated by the Advertising and Promotions Division; competency-based training programs are supervised by the Administrative Support Division; and social integration programs are administered by the Servicing Division. As of December 31, 2021, PRA has a total human resource force (officers and staff) of 166 employees (2021 PRA Annual Report), but as of February 9, 2023, PRA has a total of 163 employees (88 regular and 75 job order). See PRA, “Regular and Job Order Employees”, February 2023.

The above describes the corporate structure of PRA whose vision is to make the Philippines the preferred retirement destination in Southeast Asia by 2028.

2. Review of Related Literature

2.1. Measuring competitiveness

Competitiveness is generally defined as the ability of entrepreneurs to create and produce market goods and services that have a more attractive package of benefits and to generate more wealth than their competitors in the market (International Institute for Management Development, 1994, as cited in Aiginger, et al., 2013). From an industrial perspective, Buhalis (2000) defines competitiveness as the effort and attainment of long-term profitability above the average of the particular industry and alternative investment opportunities in other sectors. Following Ritchie and Crouch's (2003, p.2) definition, destination competitiveness is "its ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the wellbeing of destination residents and preserving the natural capital of the destination for future generations."

Determining the competitiveness of a destination is crucial in measuring its performance against its competitors. Since scholars cannot directly measure competitiveness, studies have used indicators to estimate destination competitiveness. Several studies have examined the factors that affect destination competitiveness. A model by Ritchie and Crouch (2000, 2003) outlines the factors that determine the competitiveness of a tourist destination. The model identified 36 destination competitiveness attributes and classified them into five key factors. Dwyer and Kim (2003) translate the model of Ritchie & Crouch (2000) into 83 indicators and classify new key factors as demand conditions and situational conditions. The most widely used model is the World Economic Forum model, which has been used to rank countries based on a wide range of criteria and factors that could affect national competitiveness. It consists of 72 variables grouped into three categories: regulatory framework; business, environment, and infrastructure; and human, cultural, and natural resources.

International Living (2023) has developed the Annual Global Retirement Index to measure the results of their in-depth opinion surveys among foreign retirees. The index has seven (7) categories, namely:

- Housing – the value of real estate properties and ease of purchase or lease
- Visa and Visa Benefits – ease of acquiring a visa and attached benefits
- Cost of Living – the affordability of goods in a host country
- Affinity Rating – willingness to retire or travel to a country
- Development and Governance – assessments on personal freedom, minimal bureaucracy, and a stable and safe environment
- Climate – less extreme weather patterns
- Healthcare – assessments of healthcare services in a host country

(International Living, 2023)

2.2. Retirement schemes of other countries – ASEAN

Several countries in Southeast Asia are offering retirement programs to attract foreign retirees. Of the 25 destinations cited as the world's best places to retire according to Annual Global Retirement Index 2022, five (5) destinations are in Southeast Asia. These are Thailand (11th), Cambodia (14th), Malaysia (15th), Bali (16th), and Vietnam (18th). The ranking considered the following aspects in ranking the countries – housing, benefits, visas/residence, fitting in/entertainment, development, climate, healthcare, governance, opportunity, and cost of living. These five destinations ranked the highest in cost of living, while Malaysia got a high score in healthcare and development.

Thailand is Asia's top destination for retirees. It scored an average of 72.9 out of 100 across the ten (10) categories. In 2016, the Cabinet of Thailand instituted a new retirement scheme wherein nationals from 14 countries, namely: 1) Japan; 2) Australia; 3) Denmark; 4) Finland; 5) France; 6) Germany; 7) Italy; 8) Netherlands; 9) Norway; 10) Sweden; 11) Switzerland; 12) United Kingdom; 13) Canada; and 14) United States of America are allowed to stay a maximum period of 10 years – 5 years according to visa and a maximum extension of 5 years. Only those who are aged 50 and above are eligible for this scheme—however, applicants with forbidden diseases as mentioned in the Ministerial Regulation No. 14 (B.E. 2535). Thus, three (3) are disqualified for the said visa.

Before issuing a retirement visa, the Thai government screens the financial capabilities of a retiree. The visa applicant must have at least 3 million Baht (~USD 82,890) deposited in a Thai bank located in Thailand or have at least 1.8 million Baht (~USD 49,734) and have an annual income of 1.2 million Baht (~USD 33,156). The visa also specifies that retirees must not withdraw the deposit within a year after issuance. Deposits may only be spent in Thailand after a year while maintaining the balance at 1.5 million Baht (~USD 41,445)). Once granted a retirement visa, the retiree may work as a volunteer and purchase a vehicle or a condominium.

Foreigners living in Thailand are subject to the Alien Employment Act of Thailand, which requires foreigners to have a work permit issued by the Department of Employment, Ministry of Labor of Thailand. However, working for a salary is strictly prohibited in Thailand if one is a holder of a retirement visa. They can only engage in volunteer activities while staying in the country. With respect to owning a vehicle, the Thai government requires non-Thai citizens to present a passport, non-immigrant visa, and work permit or certificate/letter of residence issued by the Thai immigration office or the Thai Embassy before purchasing vehicles. Furthermore, there are no restrictions on nationality for foreigners who want to buy a condo in Thailand as long as they entered the country legally. The restrictions under the Condominium Act also imposed that developers/sellers of the condominiums may only sell 49 percent of the total floor area of the condominium building to foreigners.

To encourage older foreign migrants (those ages 50 and above) to lengthen their stay in Thailand, their government introduced a special visa scheme that allows qualified applicants to remain in the country for a maximum of 10 years. The Non-immigrant Visa "O-X" is available to nationals of the mentioned countries who earn or have a passive income of USD 33,000 and have deposited USD 50,000 in a Thai bank located in Thailand (Department of Consular Affairs n.d.). As a way to boost the economy devastated by the pandemic, Thailand has recently issued the following incentives for migrants (e.g., wealthy pensioners): 1) long-term resident visa and issuance of an automatic work permit; 2) similar income tax rates with

Thai citizens and tax exemptions for income earned abroad; and 3) ease restrictions on asset ownership (e.g., vehicle, condominium, etc.) (Koty 2021).

Another key destination in the region is Malaysia, ranked 15th in the 2022 Annual Global Retirement Index. Malaysia has been offering retirement opportunities to foreign nationals since 1996 under the 'Malaysian Silver Hair' program, only targeting elderly foreign retirees.

To make their migration policy more liberal, Malaysia introduced 'Malaysia My Second Home' (MM2H) in 2002. It abolished the minimum age criterion to attract a more vibrant and creative younger market. MM2H is Malaysia's program for foreign nationals who wish to stay in the country as long as possible on a multiple-entry social visit pass. MM2H simultaneously aims to attract foreign investments and stimulates income from the tourism, health, and education sectors.

The visa issued under MM2H is initially for ten (10) years and is renewable. It is also not limited to retirees. Malaysia does not impose age restrictions as long as they can financially support themselves. However, applicants under 50 must show proof of liquid assets worth a minimum of RM 500,000 (~USD 112,900) and offshore monthly income of RM 10,000 (~USD 2,258). On the other hand, applicants aged 50 and above may comply with the financial proof of RM 350,000 (~USD 79,030) in liquid assets and offshore monthly income of RM 10,000 (~USD 2,258).

Upon the arrival of the applicant, Malaysia requires those aged below 50 to open a fixed deposit account of RM 300,000 (~USD 67,740). After a year, the applicant may withdraw up to RM 150,000 (~USD 33,870) for expenses relating to house purchase, education for their children living in Malaysia, and medical purposes and should maintain a minimum balance of RM 150,000 (~USD 33,870) from second year onwards and throughout their stay in Malaysia under this program. Those who are aged 50 and above have a less stringent financial requirement. They can either open a fixed deposit account worth RM 150,000 (~USD 33,870) or show proof of monthly pension from the government amounting to RM 10,000 (~USD 2,258). However, they may only withdraw their deposit after a year. They can only withdraw up to RM 50,000 (~USD 11,290) for expenses relating to house purchase, education for children in Malaysia, and medical purposes. Malaysia also requires the applicants to submit a medical report from a healthcare facility in Malaysia and be covered by a valid medical insurance.

Those issued a visa under MM2H are entitled to purchase a house in Malaysia, subject to the minimum price established for foreigners by the different states. They may also purchase or import a car and be eligible for tax incentives wherein excise duty is exempt when purchasing a new locally assembled vehicle. They are also exempt from excise and import duty when importing a pre-owned vehicle.

Aside from Thailand and Malaysia, Cambodia is another noteworthy competitor, ranked among the top retirement destinations. In the 2020 annual global retirement index, Cambodia ranked 1st in the cost-of-living category. A retired person can survive on approximately $1000 to $2000 a month. Cambodia offers the Cambodian E-class visa to foreign retirees to allow them to stay in Cambodia for a long time. Like other countries, Cambodia requires the applicant to be financially capable of supporting themselves while living abroad. The E-class visa is usually issued to foreign retirees at least 55 years of age, but younger applicants may also apply. Requirements for foreign retirees are less stringent compared to other neighboring countries. Aside from presenting proof of pension and other social security documents, including proof of having enough funds in the bank, no steep financial requirements were needed to obtain the Cambodian E-class visa.

Another Southeast Asian country that made it to the Global Ranking is Vietnam. Challenges, however, remain in the country's visa policy since it doesn't have any clear policy for foreign nationals who want to retire in the country. Currently, Vietnam only grants tourist visas for 1 to 3 months. One can apply for visa exemption if they have a Vietnamese parent or spouse, with a maximum period of 5 years. Those who wish to stay longer must re-apply once their visas expire.

The Philippine counterpart to other SE Asia countries' foreign retirement programs is PRA's Special Resident Retiree's Visa (SRRV). According to the 1987 Rules and Regulations Implementing Executive Order No. 1037[1], a retiree is an "overseas Filipino or a foreign national who is at least fifty (50) years old". However, the policy specifies that retired military personnel, a former Filipino who acquired foreign citizenship, a former member of the diplomatic corps who served for at least three (3) years, a retired officer or employee of an international organization, or a foreign national that the Board of Trustees deemed to have a potential contribution to technology, science, or investment and education may apply for the SRRV when they reach forty (40) years old. In a move to liberalize the requirements of the PRA program, the PRA Board, through Resolution No. 4, series of 1993, reduced the age requirement of SRRV applicants to thirty-five (35) years old. Recently, the Board agreed through Board Resolution No. 4, series of 2021, to accept SRRV applications from those aged fifty (50) and above.

With the launch of the KPMG Laya Mananghaya 5-Year Strategic Marketing Plan (2003-2007), the PRA segments the foreign retirement market by age groups: "Active" (35 to 49 years old), "Retiring" (50 to 64 years old), "Retired" (65-75 years old), and "Retired Elderly" (over 75 years of age). In 2010, the PRA developed four (4) SRRV offerings. These are the SRRV Smile, Classic, Courtesy, and Touch products. The PRA also aligns with tourism-oriented agencies such as the Department of Tourism (DoT) to find market opportunities in long-stay visits from foreigners.

Unlike other countries' retirement visas, the SRRV does not specify the length of stay of a foreign retiree. It also has the lowest age requirement to qualify for a retirement visa among Southeast Asian competitors, except Malaysia's MM2H. The PRA only requires that an SRRV applicant comes from a country with diplomatic relations with the Philippines and is at least 35 years old when applying for the SRRV.

The SRRV also has lower financial requirements than those of competitors. The basic SRRV package, the SRRV Smile, for applicants 35 years old and above and in good health, requires a visa deposit of US$20,000.00. Former Filipinos who are 35 years old and above and foreigners 50 years old and above and are retired officers of international organizations recognized by the Department of Foreign Affairs (DFA) may acquire the SRRV Courtesy and only need to secure a visa deposit of US$1,500.00. The SRRV Expanded Courtesy for applicants at least 50 years old and retired armed forces officers from countries with military ties with the Philippines only requires a deposit of US$1,500.00 in PRA-accredited banks and a monthly pension of US$1,000. The deposit covers the principal applicant, spouse, and two

[1] Rules and Regulations Implementing Executive Order No. 1037 Creating the Philippine Retirement Park System Providing Funds Therefor and For Other Purposes

(2) dependents, who should be legitimate or adopted children of the principal, unmarried, and below 21 years old upon application. A deposit of US$15,000.00 for each additional dependent, except for former Filipinos, is required under this package. The SRRV Human Touch, for applicants at least 35 years old and who need medical care, also requires applicants to have at least a monthly pension of US$1,500.00, a health insurance policy accepted in the Philippines, and an SRR Visa deposit of US$10,000.00. Likewise, the SRRV Classic requires visa holders to maintain a visa deposit of US$10,000.00 for those who are at least 50 years old and have pensions, a visa deposit of US$20,000.00 for those who are at least 50 years old but do not have pensions, and a visa deposit of US$50,000.00 for applicants who are 35 to 49 years old. The visa classification that requires more sizable assets from applicants is the SRRV Classic for applicants. SRRV visa fees are US$1,400 for principal applicants and US$300 for dependents. The annual fee is US$360.

The SRRV allows visa holders to be employed in the Philippines, provided that the holder secures an Alien Employment Permit (AEP). Guided by Department Order 221 (s. 2021), the Department of Labor and Employment (DOLE) issues certificate of exemption from AEP to foreign nationals under the following categories: (i) dependent spouse of any member of the diplomatic corps, (ii) accredited officials and personnel of international organizations and their dependent spouse desiring to work in the Philippines, (iii) foreign nationals who are officers, staff, and employees working in the embassy by reason of extraterritoriality principle; (iv) faculty members of foreign universities and colleges as visiting, exchange or adjunct professors under formal agreements between the universities or colleges in the Philippines and foreign universities or colleges; (v) permanent resident foreign nationals and probationary visa holders; (vi) refugees and stateless persons recognized by the Department of Justice (DOJ); and (vii) all foreign nationals granted exemption by law. DOLE also issues certificate of exclusion to foreign nationals from AEP to the following: (i) members of the governing board with voting rights only and do not intervene in the management of the corporations; (ii) President and Treasurer who are part owners of the company; (iii) intra-corporate transferee manager or executive employed by the foreign service supplier for at least one year prior to deployment to a branch, subsidiary, affiliate, or representative office in the Philippines; (iv) contractual service supplier who is a manager or executive employed by a foreign service supplier which has no commercial presence in the Philippines; and (v) authorized representatives of accredited foreign employers who participate in all recruitment activities and are duly licensed as recruitment agencies by the Philippine Overseas Employment Agency (POEA). SRRV holders are also entitled to benefits and privileges from PhilHealth. They do not need to apply for an Alien Certificate of Registration (ACR), Emigration Clearance Certificate (ECC), Re-entry Permit (R.P.), Special Return Certificate (SRC), documentation to prove the purchase of a return ticket, and Student Visa or Special Study Permit for dependent children. They are also exempted from paying customs duties and taxes for importing household goods and personal items valued up to US$7,000, taxes from pension and annuities, and travel tax for stays within the Philippines less than a year from the last arrival date.

2.3. Evolution of 'retirement'

The emergence of the transnational retirement industry is a response to the rapid progress of population aging. (Toyota and Xiang, 2012) According to UN DESA (2019), there were 703 million persons aged 65 years or above in 2019. The number is projected to double to 1.5 billion by 2050. In Eastern and South-Eastern Asia alone, the percentage of 65 years old and above almost doubled in 2019 to 11 percent from its 1990 estimate of only 6 percent.

There are several reasons why a retiree might engage in international retirement migration. In a study by Ono (2008), the motivators of Japanese retirees to reside in Malaysia are cost, weather, recreation and entertainment opportunities, environment, visa systems, and available elderly care facilities. This study, however, only included Japanese nationals who retired from Malaysia. The results may explain a specific cultural perspective and may not be generalizable. On the other hand, Wong and Musa (2014) examined the travel motivation of 30 retirees of different nationalities. The study used Pearce's (1991) Travel Career Ladder (TCL) model. The study's results showed that climate is a significant reason for retiring overseas. It is followed by affordable cost; good amenities and residential areas; hassle-free retirement scheme; health improvement; political stability and security; ease of communication; enhanced relationship with family and friends; friendly people; active change upon retirement; positive overseas experience; central travel location; beautiful countryside; tranquility and simple life; food variety; positive instant thought; positive retirement book description; and meaningful 'second life.' Other studies that used the TCL model identify the cheap cost of living as the most common motivation to retire overseas (Breuer, 2005; Gibler et al., 2009; Ono, 2008; Rodriguez et al., 2004), followed by favorable weather (Breuer, 2005; Casado-Diaz et al., 2004; King et al., 1998; Ono, 2008; Rodriguez et al., 2004; Sunil and Rojas, 2005) and health-related factors (Breuer, 2005).

2.4. Global statistics regarding the migration of retirees

Older international migrants, or those who are 65 years old and have migrated to another country, account for 12% (34 million individuals) of all international migrants and 4.5% of the host countries' total population. The most significant share of older migrants as a percentage of migrants are in Australia and New Zealand (18.5%), followed by Europe and Northern America (16%), then by Central and Southern Asia (15.6%). Among Southeast Asian countries, Singapore had the most significant share of older migrants as a percentage of migrants (13.8%), followed by the Philippines (10.7%), and then by Brunei Darussalam (9.6%). Developed regions and high-income countries had a bigger share of older migrants than less developed regions and middle- and low-income countries. (United Nations Department of Economic and Social Affairs, Population Division, 2020) Still, not all older migrants move to their destination countries at age 65 or older. Some moved when they were younger, reached retirement age in the host country, or were displaced to a foreign country.

Scholars regarded conventional IRM as an extension of internal or in-country retirement migration during the early 20th century, where Northern European retirees moved to Southern Europe. The IRM observed now proceeded from the mass marketing of holiday destinations during the 1960s and 1970s. These destinations were in the Mediterranean, which hosted retired Northern Europeans, and research on international retirees in Mediterranean Europe continued until the 1990s (King, Cela, & Fokkema, 2021)

King et al. (2021) sought to define new international retirement migration (IRM). Increased life expectancy, access to education, and better wealth accumulation influence the growth of lifestyle IRM. Areas that have not experienced mass international retirement migration are becoming more attractive to international retirees as properties are cheaper. Benson and O'Reilly (2009) sought to define retirement migration with a lifestyle lens by observing that the reasons behind moving to another place to retire are those that have to do with differences in climate, coastal access, landscapes, food, cultural heritage, and way of life. With this lens, Benson (2011) and O'Reilly (2000) also studied younger working-age migrants settling in rural France or the Costa del Sol in Spain.

The search for retirement areas has also become broader, such that those seeking a Mediterranean climate may choose Croatia or Turkey. In the mid-2000s, international retirement flowed from the North to the global South (Latin America and Southeast Asia). In Southeast Asia, affordable and quality care, an enabling environment for marriage migration between older European men and much younger local women, low-cost living, and a warmer climate enable destination retirement migration. (King, Cela, & Fokkema, 2021)

King et al. (2021) also suggests a new typology of IRM. The difference lies in the destination and the timing (age of migrant) of migration. In the strictest sense, King et. Al defines IRM as a "purposeful movement across an international frontier for a threshold measure of time, such as six months or a year" (p. 1209). However, purposeful retirement migration also includes moving abroad before a planned retirement, especially for those who can work from home. Changing work modes and flexible retirement caused significant shifts in how retirement is viewed.

King et al. (2021) have also observed that IRM can be classified according to the gender of those participating in it. The older heterosexual couple is the most traditional unit of international retirement migrants, but King et al. observed new studies focusing on single-person IRM moving to countries that have newly opened to international retirement migrants. Toyota (2016, as cited in King, Cela, & Fokkema, 2021) observed older Japanese men retiring alone in Thailand, while Gambold (2013, as cited in King, Cela, & Fokkema, 2021) studied single, widowed, or divorced/separated older women choosing migration as a life choice for retirement.

Scholars have also observed nuances in the retirement migration of foreign migrants to another country. Cerase (1974) documents the return migration of retired Italian migrants from the USA to Italy. On the other hand, studies on foreigners who reach retirement age in host European countries mostly find that these foreigners stay for retirement, especially when their children reside in the host country. (King et al., cite 2021) Still, studies on European retirement migration largely observe "back-and-forth" migration (Bolzman et al., 2006; Ganga, 2006; Baykara-Krumme, 2013, as cited in King et al.)

2.5. Profile individuals who are seeking to migrate and retire.

In 2022, the U.N. World Tourism Organization recorded 917M international tourist arrivals among all countries. The number of international tourists peaked in 2019, with the world clocking 1.465 billion international tourist arrivals. Europe maintains the highest share of international tourist arrivals (64%), followed by the Americas (16%) and Asia and the Pacific (9%). Tourism income peaked at US$1,493.7 billion in 2019, with Europe garnering the highest share of international tourism receipts (39%). International tourists from China spend the highest total expenditure in outbound tourism (US$254.6 billion), followed by those coming from the United States (US$132.3 billion) and Germany (US$93.2 billion). (UN World Tourism Organization, n.d.)

The Asia and the Pacific region hosted 360.1 million international tourist arrivals in 2019. Within the region, Southeast Asia is second among subregions (37%) to have the highest number of tourist arrivals. Asia and the Pacific earned US$441.2 billion in international tourism receipts in 2019. Among the Philippines and its competitors in Southeast Asia, Thailand (1st), Malaysia (2nd), and Vietnam (3rd) logged the most international tourist arrivals. Thailand, Malaysia, and Indonesia received the highest tourism-related income. (UN World Tourism Organization, n.d.)

In 2019, most of the arrivals in competing Southeast Asian countries came from neighboring countries in Asia, except for the Philippines. About 10 million tourist arrivals in Malaysia came from Singapore. This number is followed by 3.3 million arrivals from Indonesia and 2.9 million arrivals from China. Inbound tourists in Cambodia came from China (2 million), Vietnam (800,000), and Laos (426,200). Indonesia's inbound tourists come from Malaysia (2.5 million), China (2.2 million), Singapore (1.8 million), and Timor-Leste (1.8 million). Vietnam logged tourists from China (5 million), Korea (3.5 million), and Japan (826,700). Most of the Philippines' inbound tourists came from Korea (1.6 million), China (1.3 million), and the United States (1 million). (UN World Tourism Organization, n.d.)

Based on data from the Department of Tourism's (DoT) Statistics, Economic Analysis and Information Management Division, the Philippines attracted about 2 million Korean, 1.7 million Chinese, and 1.1 million American tourists in 2019. About a million international tourists come from Japan, Taiwan, Australia, Canada, the United Kingdom, Singapore, and Malaysia. The main ports of arrival for these tourists are Manila (62%), Cebu (20%), Kalibo (9%), Clark (5%), Palawan (0.8%), Davao (0.4%), Bohol (0.1%), and Iloilo (0.05%). International tourists visiting the Philippines have spent about PhP 482 billion in tourism receipts.

According to DoT's Visitor Sample Survey in 2019, the average length of stay of international tourists is 9.49 nights. More than half (59%) visit the country for leisure or holiday, while only 3% travel for business and 2% visit friends or relatives. The top things most liked by tourists were the warm hospitality (46%), beautiful scenery (30%), good food (8%), "everything" (6%), and being able to see loved ones (6%). The data on the Regional Distribution of Overnight Travellers Report from Accommodation Establishments say that the top places visited are the Cebu Province and Metro Cebu, Rizal, Davao del Sur, Aklan, Batangas, Zambales, Palawan, Albay, Benguet, and Davao de Oro.

According to qualitative research on choice retirement destinations using newly proposed variables such as social structure and personal factors, Japanese nationals choose a place for retirement based on how food retirement life looks. The author observed that retirement migration happens gradually. For it to happen, one or more of these conditions need to be present: attachment to a location abroad, competence in overseas existence, the pull of family overseas, personal pursuit of meaning with connections overseas, and adverse issues in the country of origin. Unfavorable conditions in host countries also discourage retirement migration among Japanese nationals. These factors are built up over repeated travel to the host country and should reach a threshold for the older person to move to another country for retirement (Moreno, 2012).

2.6. Findings from PRA dissertation

A descriptive, evaluative, and causal-comparative study by Meija-Santos (2014) sought to determine if the Philippines is a retirement choice by foreign nationals enrolled under the SRRV Program. According to retirees who participated in the study, mostly males, married, college graduates, 35 to 49 years old, with pensions USD 800 to USD 1,500, and preferring to settle in condominium units in Metro Manila, they are attracted to retire in the Philippines because of the hospitality and of Filipinos and their care for the elderly, the low-cost lifestyle, and benefits offered by the PRA to its members. Despite these positive points, foreign retirees were concerned about peace and order in the country. The study participants also recommended the SRRV Program improve discount rates in transportation, medicine, school, and hospitals; offer and prioritize assistance; that the PRA allow visa deposits to be used for emergency cases; existing services be improved; and that health insurance be made portable. Thus, the author suggests that the PRA establish online payment facilities, one-stop shops, and offices inside consulates and embassies of countries where most of the members of the retirement program originated; propose to the Governance Commission for Government-Owned and Controlled Corporations (GCG) additional human resource capacity in the Servicing Division of the PRA; and create other divisions to cater to the needs and provide assistance to retiree members. Additionally, the researcher recommends allotment of priority lanes and helpdesks for PRA clients in airports, enhancement of community integration, strict enforcement of laws on peace and order, and strengthened security (Mejia-Santos, 2014).

Abaigar (2021) also confirms that among randomly sampled foreign retirees, mostly coming from Western countries, the low cost of living in the Philippines is the most significant factor in choosing the country as a location for retirement. The participants also noted that the ease of getting the SRRV, the governance of the country and the program, fitting in and adapting to the Filipino culture and lifestyle, the acceptable climate, and the extent of development in the country such that it has reliable and affordable internet, communication facilities, and other utilities are other factors that influenced them to retire to the Philippines. The participants consider to the lesser extent factors relating to healthcare, housing, program benefits and discounts, and opportunities for investments and passive income.

2.7. Profile of active principal retirees

PRA data shows that only about 10% of principal SRRV visa holders are 65 and above, while 32% are between the ages of 40 and 49. The largest share of the number of SRRV principal, spouse, or dependent visa holders are below 35 (32%). Between 2017 and September 2020, only about 11% were 60 and above upon enrollment. About 34% 41 under 35 when they enrolled for the SRRV, mostly spouses and dependents of principal visa holders. About 60% of the visa holders are male, with a third belonging to the category of those below 35. More than half (56%) of visa holders choose the SRRV Smile option, of which more than a third are under 35. Also, a high number of those under 35 chose the SRRV Classic program (25%). The top region of residence of SRRV visa holders is the National Capital Region (53%), while 18% were tagged as having a "temporary address."

The PRA enrolled 23,859 international retirees as of 2013. From 2012 to 2018, the top two nationalities joining the PRA program are Chinese (PROC) and Koreans. In 2020, almost 50% comprised Chinese (PROC) retirees. Korean, Indian, American, Taiwanese, Japanese, and Chinese (HK) SRRV visa holders follow. Among the top nationalities, 34% are under 35 years old, while only 7% are above 60. About a third of Chinese (PROC), Korean, Indian, and Chinese (HK) visa holders are female. Only 25% of Taiwanese and 15% of American and Japanese visa holders are female.

The beginning of the sharp increase of Chinese (PROC) and Korean visa holders was logged in 2012-2013. About half of Chinese (PROC), 18% of Korean, and 17% of Indian enrollees chose the SRRV Smile option. More than half of Chinese (PROC), Taiwanese, and Chinese (HK) visa holders chose NCR as their region of residence, while only about a third of Korean, Indian, and American visa holders chose the NCR. Meanwhile, almost half of the Japanese visa holders reside in the NCR. About a third of Chinese (PROC), Korean, and Indian visa holders disclosed that they have a temporary address.

The PRA has identified that 66% of SRRV visa holders are tagged as "retired" in data on their current positions in companies. About a third of these retired visa holders are 40 to 49, while about a fourth are 35 to 39 or 50 to 59. Only 11% of those who are retired are 65 and above. Twenty percent (20%) of the positions SRRV members hold are managerial, with the highest number belonging to 40 to 49-year-olds. Among those under 35, only eight (8) occupy positions in companies, with seven (7) of these tagged as "retired" and one (1) occupying a managerial position. When disaggregated by sector, SRRV membership data shows that 67% are retired. Many who are not retired still hold jobs in the tertiary industry (the service industry) (19%). In comparison, the least number of SRRV visa holders belong to the primary sector (the raw materials industry) (1%). Twenty percent (20%) of those who are still employed are managers, while only a tiny number have armed force occupations (0.2%) or elementary occupations (0.1%).

3. Data, Methodology, and Limitations

3.1. Conceptual Framework

This study employs the GAP and SWOT Analysis as analytical frameworks to understand how the current PRA business model can be enhanced. The conceptual framework adopts Porter's (1980, 1990) model of competitive advantage and Prahalad and Hamel's (1990) model of core competence of the organization. In addition, the analysis supplements the analytical frameworks with a strategic agenda that covers a discussion of five strategic dimensions:

1. PRA's goal (gaining dominance in existing markets versus prepositioning in emerging markets, or both);
2. PRA's source of market or competitive advantage (attractiveness versus responsiveness, or both);
3. PRA's major source of core competence (financial capital, physical capital, or human capital);
4. PRA's current business model (one that emphasizes efficiency and cost-effectiveness or one that stresses innovative and creative business solutions); and
5. PRA's strategies in specific management functions (e.g., operations management, marketing management, financial management, or human resource management) to create value for its stakeholders (e.g., customers, employees, DOT, or GCG).

The Porter model of firm competitive advantage is called “strategic positioning”. This approach seeks to achieve market dominance for the firm by setting it apart from its competitors with products and services that give more value for money to its customers, either by offering goods and services of superior quality at lower prices, or by selling higher-valued goods and services at prevailing prices. The firm follows a strategy of benefit advantage if it offers products and services that have higher benefits than its rivals with the same cost. On the other hand, a firm follows the strategy of cost leadership by offering products and services that have a lower cost and same benefit than its rivals. Whether a firm is a benefit leader or a cost leader, it also has to decide its scope strategy: to cover the whole market or to focus on a segment of the market.

Alternatively, the Prahalad and Hamel model of firm advantage focuses internally on the firm’s resources and capabilities. It identifies assets, capabilities, and competencies that ensure the firm's competitive advantages by enhancing its ability to do things differently and especially well than its competitors.

Statistical analysis and business situation analysis are used as the preferred analytical and decision-making tools in this study which are appropriate to the nature and scope of primary and secondary data available and accessible to the Study Team.

3.1.1. SWOT Analysis

The Strengths, Weaknesses, Opportunities, and Threats (SWOT) framework is a popular competitor analysis framework used in evaluating programs. It is a versatile tool often used as a guide in the decision-making process of organizations. The SWOT analysis provides insightful information as it examines the current resources and capabilities of the organization (its strengths and weaknesses) along with factors in the external environment (such as the opportunities of new technologies and the threats of global events such as pandemic and recession), usually involving subjective and non-quantitative ways of describing internal and external factors affecting an organization. The analysis can also include quantitative data relevant to the analysis, such as finances, socio-demographic characteristics of consumers, and other measurable metrics. As such, the researchers conducted a comprehensive review of secondary documents.

3.1.2. Gap Analysis

To substantiate the SWOT analysis, this study utilizes the gap analysis. A gap analysis is a method of analyzing the performance of a program or organization to determine whether its goals or objectives are being met and, if not, to ascertain the actions that must be taken to achieve them (Hanna and Sales, n.d.). Others define it as a process that "allows organizations to determine how to best achieve their...goals" by comparing the current state with an ideal state, highlighting the opportunities and shortcomings for improvement (Lucid Chart n.d.).

The activities under gap analysis include a) examination of the current state of PRA and its SRRV program and b) defining the ideal state, which may be articulated in the organization's charter/mandate or manifest in the organization's goals/vision. The ideal state may also be articulated by the leadership of the organization. To operationally define the ideal state, there is a need to determine a comparator[2] of the organization, such as the Philippine Economic Zone Authority (PEZA), which also attracts foreign partners or businesses. Other organizations in neighboring countries can also serve as comparators from which the ideal state of an organization with a mandate like the PRA's can be drawn. Reviewing the goals of the PRA, including its metrics of success which the GCG has assigned to the PRA, may also be necessary for this activity. For the program's ideal state, building a counterfactual model may be crucial.

For these abovementioned tools, the analyses are guided by the knowledge that comes from an in-depth review of the existing literature. The result from the analyses includes the identification of operational variables (though ensuring that they apply to the current context), and possible questions and dimensions included in the survey and interviews, among others. All research instruments (KII/FGD guides and survey questionnaires) arise from the exhaustive

[2] An organization, activity, etc. that is used to judge the performance of another similar organization or activity.

literature review and data analysis. The research team has also consulted the PRA and other stakeholders concerning additional vital aspects that must be included in the analysis.

3.2. Research Design

3.2.1. Data Collection

The study team conducted a comprehensive review of related literature and secondary documents pertaining to the PRA's policies, programs, and activities. The following information is available online while some have already been provided by the PRA, such as - 1) a description of the PRA retirement package; 2) annual Reports; 3) data on retirees in other countries and visa applications received by PRA; and 4) detailed description of other countries' retirement program. Other information needed may be collected through key informant interviews (KIIs) with officials and staff of PRA, marketers and merchant partners of PRA, other organizations like the Department of Tourism (DOT), the Bureau of Immigration (BI), and the Department of Trade and Industry (DTI), organizations deemed as comparators of PRA which have been identified based on an initial study.

3.2.2. Alternative data sources

Alternative data sources come from consultations or key-informant interviews with other stakeholders. The team is able to obtain data from various sources identified under Item 3.2.1.

3.2.3. Data Analysis/Analytical Tools

All data were assessed based on their contribution to broadening and deepening the understanding of PRA's business model and, ultimately, in the development of steps on how to enhance the business model. The main tools are the SWOT Analysis and the Gap Analysis.

3.2.4. Ethical issues

This study does not foresee any ethical issues because it has gathered mainly data through key informant interviews. In the analysis and discussion, no specific individual data source has been mentioned. All discussions are made at the aggregate level.

3.2.5. Data Privacy

None of the data collected are about individual persons. The data collected are about the operation and design of programs and their implementation mechanisms.

3.2.6. Gender dimension

There is no gender dimension in this analysis.

3.3. Limitations

The use of both GAP and SWOT analysis is constrained by the scarcity of both primary and secondary data on the retirement and leisure industry, both at the firm level and at the industry level. PRA's performance metrices can only be compared with its performance in the previous years and not versus the comparative performance of its competitors in the industry. The nature, scope, and depth of the following analyses are subject to these data-availability limitations.

4. Preliminary Findings of the Regulatory Impact Assessment (RIA)

4.1. PRA's Corporate Powers

Section 4 of E.O. 1037 describes the corporate powers and functions of PRA. It gives the right to exercise eminent domain on behalf of the Republic of the Philippines in the acquisition of real properties. In the discharge of their function to promote the country as a retirement haven, PRA is given the specific powers to engage in the following: (a) to involve in the travel agency business by acting as agent in the purchase and sale of passenger and freight accommodations in land, air and sea travel; enter into charter contracts for the carriage of passenger and freight; conduct tours and sight-seeing trips, within and outside of the Philippines and act as agents of hotels and transportation companies; (b) to acquire, invest lease, develop, dispose, and manage real and personal properties of every kind; (c) to own, lease and create, manage and administer, alone or jointly with others in the City of Makati one or more hotels and its accessories, including restaurants, bar rooms, barbershops, cigar stores, and roof gardens for the comfort, convenience, pleasure and amusement of guests.

In addition, Section 4 of EO 137 outlines the following powers of the PRA:

- to hold, purchase, acquire, sell, assign, pledge, and dispose shares of capital stock, bonds, or other evidences of debt issued or created by any corporation, foreign or domestic;
- to issue its capital stock, bonds, debentures or other evidences of obligation in payment for property purchased, for money borrowed or for any lawful obligation and to change all or any part of its properties as security;
- to purchase, lease, own, hold, sell, convey and exchange mortgage capital assets such as vehicles or any transportation equipment, computer equipment, communications equipment, machineries of any kind, spare parts, tools, jigs, and fixtures that are necessary in the business that PRA plans to invest in, including rights, software, patent rights, trademarks, trade names, service names, service marks, brands, distinctive marks, inventions, designs, improvement and processes, and all privileges, rights, titles and interest pertaining to these intellectual properties;
- to carry on the business of warehousing and storing, packing, crating and repacking of all kinds of substance and articles of commerce and merchandise;
- to make and enter into all kinds of contracts, agreements, and obligations by or with any person or persons, corporation or corporations, for the purchase, acquisition, holding, manufacture, and sale of any kinds of goods, articles or personal property;
- to borrow funds from any source, private or public, foreign or domestic, and to issue promissory notes, bonds, debentures and all other evidence of indebtedness and to charge all or any part of its properties as security;
- to purchase, hold, convey, sell, lease, mortgage, encumber, or deal with such real and personal property;
- to endorse or assume the payment of principal and/or interest or dividend, and to undertake the performance of sinking fund or any other obligation of any stocks, bonds, obligations, other securities or evidence of indebtedness, and to guarantee the performance of any of the contracts as permitted by law;

- to act as general manager for the management of business of any person, corporation, or other juridical entity which encompasses the management of funds, properties, portfolio and similar assets of such managed person, corporation, or juridical entity;
- to conduct a general advertising business both as principal and agent, including the preparation and management of advertisements and the manufacture and construction of advertising devices and novelties; to erect, construct, purchase, lease, or acquire fences, billboards, signboards, buildings, and other structures for advertising purposes;
- to carry on the business of general advertising by circulation and distribution and display of cards, signs, posters, handbills, programs, banners, caps, and all types of conveyance and to make use of radio, television, and any other media of advertisement;
- to secure from any government agencies, state, municipal and other authority, any rights, powers, privileges, franchises and concessions, and to utilize and dispose them in any lawful manner; to act as agent or representative of any and all corporation, firms, or individuals organized located or residing in any part of the world;
- to organize here or any territory abroad corporation or corporations, associations, firms or entities for the purpose of accomplishing any objectives of PRA, and to dissolve, wind up, liquidate, merge, consolidate, combine, or amalgamate any such corporations, associations, firms, or entities; and
- to make and enter into all kinds of contracts and agreements with any person or persons, corporation or corporations, including GOCCs, or any agency or agencies of the government as may be necessary or proper for the attainment of the purposes and objectives of PRA.

4.2. PRA's Utilization of Its Corporate Powers

Although Section 4 of E.O. 1037 has granted PRA vast corporate powers, PRA has acted prudently, given its limited human, physical, and financial capital. For instance, item 4e allows PRA to provide foreign retirees a package that includes accommodation, food, recreation, medical needs, insurance and livelihood; to engage in travel agency business, and to own, lease, operate, and manage one or more hotels in Makati City or elsewhere; and 4o allows PRA to conduct a general advertising business by circulation and distribution and display of cards, signs, posters, handbills, banners, caps and all kinds of conveyance for the purpose of carrying the business of general advertising, and to make use of radio, television, newspapers, and other media advertisement.

The appropriate and prudent response of PRA to the above-cited corporate powers are to develop and accredit merchant partners which provides the required marketing, accommodation, transport, banking, recreation, and food services to complement PRA's limited resources and reach to provide these services. Accreditation of marketers and retirement facilities was given a 30% weight in PRA's 2014 performance scorecard. Big real estate companies were accredited as retirement facilities service providers and offered discounts and privileges to PRA's retiree members. Accredited marketers/partners (single proprietorships, partnerships, corporations) promoted to Philippines as retirement destinations for foreign nationals and former Filipino citizens. Some of the retirement facilities identified were Cebu South Road Properties, La Bella in Tagaytay City, Mactan Newtown Township, Life Care Residences in Cebu, and Oroland in Bacolod (2014 PRA Annual Report). In 2019, 267 individuals were accredited as "Marketers," 20 were accredited as "Merchant Partners," and 43 were accredited as "Retirement Facilities." Three LGUs (Calapan, Oriental Mindoro; Liloan, Cebu; and Bacolod City) were identified as best retirement areas deemed as retiree-friendly or RADAR (2019 PRA Annual Report). In the previous year, Dumaguete City was assessed as the best retirement area deemed as retiree-friendly (2018 PRA Annual Report).

Thus, in carrying out its mandated functions, PRA opted to accredit merchant partners to provide the required services that would have overstretched its resources had it opted to directly assume the direct provision of these functions and services.

5. Assessment of PRA's Competitiveness Based on Gap and SWOT Analysis

5.1. Business Model and Outcomes

PRA nominally describes its business model as Inputs = Outputs + Outcomes. Inputs include human capital, financial capital, physical and natural capital, organizational capital, and relational capital. Inputs likewise include business processes and activities such as support services, management process, and core process. Outputs include retiree enrollment, income generated, foreign exchange generated, and dividends remitted to the national government. Outcomes include employee morale, organizational reputation, customer satisfaction, and socio-economic impact (PRA, 2014 Annual Report). The business model embraced by PRA is called "broad coverage strategy" in the business strategy literature. This business model seeks to serve all customer groups in the market by offering a full line of related products in all geographic areas.

The PRA recommends to the Bureau of Immigration (BI) the issuance of Special Resident Retiree Visa (SRRV) to qualified foreigners and former Filipino citizens. SRRV is a non-immigrant visa with multiple/indefinite entry privilege. PRA equates retirement with happiness and considers SRRV as a happiness, not a retirement, visa. PRA considers happiness as equivalent to satisfaction: that is, the ultimate satisfaction of the enrolled retirees is having worry-free, hassle-free, healthy life, and enjoying their senior years in Philippine retirement sites (PRA, 2015 Annual Report). PRA aims to make the Philippines truly a "retiree's paradise" and also an "investor's haven" (PRA, 2019 Annual Report). The PRA outputs and outcomes are influenced by regulators and administrators. First, the Board of Trustees provides policy direction, and the operational direction is likewise provided by the Department of Tourism (DOT), particularly by the Tourism Promotion Board's tourism and retirement-related promotional campaigns. Second, BSP provides advice and guidance on foreign exchange management. Third, PRA coordinates with the Bureau of Immigration (BI) on the issuance of SRRVs to vetted applicants. Fourth, PRA strives to satisfy the regulatory and monitoring indices (or performance scorecard) recommended by the Governance Commission for the GOCCs (GCG), such as ISO certification, enrollment target, income target, and customer satisfaction survey ratings. Fifth, PRA tries hard to comply with the dividend remittance policy of the national government. And sixth, PRA has to satisfy the annual audit requirements of the Commission on Audit (COA).[3]

PRA's main sources of income come from application fees, annual fees, and fees from visa deposits. PRA's products are the following:

a. Smile: an SRRV option for active and healthy retirees who maintain their visa deposit of $20,000 in any of the PRA accredited banks.

[3] Republic Act No. 7656 (Dividend Law) requires all GOCCs to declare and remit at least 50% of their annual net earnings (such as cash, stock, or property dividends) to the national government.

b. Classic: an SRRV option for the retirees who use their visa deposit into active investment, such as the purchase of condominium unit and long-term home and lot lease. SRRV deposit varies: (*i*) $10,000 for 50 years old and above with a pension; (*ii*) $20,000 for 50 years and above without a pension; (*iii*) $50,000 for 35 to 49 years old without a pension. Required monthly pension is $800 for single and $1,000 for couple.
c. Human Touch: for ailing retirees, 35 years old and above who need or require medical and clinical care. It requires a monthly pension of at least $1,500, an SRRV deposit of $10,000, and a health insurance policy accepted in the Philippines.
d. Courtesy: an SRRV option for former Filipinos, 35 years old and over, and for foreign nationals, 50 years old and over, who are retired officers of international organizations recognized by the Department of Foreign Affairs (DFA). An SRRV deposit of $1,500 is required.
e. Expanded Courtesy: An SRRV option for foreign nationals, 50 years old and over, who are retired officers of armed forces of foreign countries with existing military ties and/or agreement with the Philippine government. A monthly pension of at least $1,000 and a visa deposit of $1,500 are required. SRRV deposit includes the principal applicant and two dependents. Additional dependent requires a visa deposit of $15,000 each. Children, legitimate or legally adopted by the principal, must be unmarried and below 21 years old upon joining the program (PRA, 2020 Annual Report).

PRA’s strategy map based on the two themes of global competitiveness and good governance intends to achieve the following: stakeholders with excellent PRA experience, increase number and productivity of industry partners, increase total enrolees, maximize budget, maintain financial viability, maximize revenue, intensify marketing campaign, improve marketing process, optimize the utilization of information technology, attain quality management system, and improve competence of the workforce (PRA, 2019 Annual Report).

PRA’s outputs and outcomes are: gross enrollment of 72,570 and net enrollment of 55,074 (as of September 2022); total dividend remittances to the national government of PHP 2,182,659,648.37 (up to 2021); cumulative foreign currency generated of $572 million, and net income of PHP 584.27 million (PRA, 2020 Annual Report); ISO 9001-2015 certification; foreign currency time deposits plus investments in high-yield deposits of PHP 852,116,446 (COA, 2020 Audit Report of PRA). Since 1994, PRA became self-sustaining and does not rely on government equity infusion to sustain its operations (see Table 1); and restricted funds plus guaranty deposits of PHP 16,611,403,737 (COA, 2020 Audit Report of PRA); 2014 performance scorecard of 90.61%; 2018 performance scorecard of 62.23%; 2015 customer satisfaction survey score of 88%; fully automated processing with a fully operational and functional SRRV servicing information system; a significant improvement in the competency of the workforce based on the result that 63% of SRRV holders/retirees are satisfied with PRA’s services (PRA, 2020 Annual Report). Table 1 and Table 2 show PRA’s financial performance from 1986 to 2021 in current pesos and in 2018 pesos, respectively.

Table 1. PRA's Financial Performance: 1986-2021 (In Current Pesos).

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1986	1,013,786.00	4,207,838.57	-3,194,052.57
1987	380,206.00	6,126,604.86	-5,746,398.86
1988	2,553,029.00	6,206,843.00	-3,653,814.00
1989	9,628,797.00	14,187,692.00	-4,558,895.00
1990	7,222,097.00	15,937,997.00	-8,715,900.00
1991	7,463,801.00	16,417,734.00	-8,953,933.00
1992	7,033,557.00	16,324,488.00	-9,290,931.00
1993	11,323,520.00	12,028,020.00	-704,500.00
1994	19,904,103.00	12,884,568.00	7,019,535.00
1995	38,820,492.00	16,440,893.00	22,379,599.00
1996	45,894,041.00	17,383,246.00	28,510,795.00
1997	46,368,936.00	20,422,764.00	25,946,172.00
1998	43,677,336.00	27,062,064.00	16,615,272.00
1999	53,657,879.00	28,175,676.00	25,482,203.00
2000	86,070,198.00	40,009,875.00	46,060,323.00
2001	118,704,154.00	54,465,526.00	64,238,628.00
2002	110,185,611.00	65,452,332.25	44,733,278.75
2003	128,832,440.62	79,408,404.03	49,424,036.55
2004	181,002,781.82	100,645,363.42	80,357,418.40
2005	183,977,793.75	107,953,225.00	76,024,568.79
2006	271,043,401.76	151,750,877.65	119,292,524.07
2007	229,226,341.07	171,450,289.55	57,776,051.52
2008	339,101,206.67	166,178,376.38	172,922,830.25
2009	263,093,544.00	157,040,764.00	106,052,779.10
2010	261,071,320.55	160,525,613.97	100,545,706.58
2011	315,621,875.97	164,710,819.13	150,911,056.84
2012	318,346,454.72	191,346,363.68	127,000,091.04
2013	450,007,205.50	209,010,774.04	240,996,431.46
2014	552,038,532.54	262,069,790.74	289,968,741.80
2015	702,310,647.43	321,620,866.33	380,689,781.10
2016	770,460,922.49	317,213,101.12	453,247,821.37
2017	779,493,427.83	401,216,366.15	378,277,061.78
2018	1,662,962,236.33	1,205,751,972.51	460,110,263.82
2019	1,624,115,330.30	1,191,368,513.98	432,746,816.32
2020	1,502,337,389.98	1,287,477,177.05	214,860,212.93
2021	1,810,519,476.22	1,462,903,497.38	347,615,978.84
Cumulative	12,955,463,872.64	8,483,376,318.73	4,474,987,553.91

Source: Philippine Retirement Authority

Table 2. PRA's Financial Performance: 1986-2021 (In 2018 Pesos).

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1986	7,089,412.59	29,425,444.55	-22,336,031.96
1987	2,551,718.12	41,118,153.42	-38,566,435.30
1988	15,106,680.47	36,726,881.66	-21,620,201.18
1989	51,217,005.32	75,466,446.81	-24,249,441.49
1990	33,906,558.69	74,826,277.00	-40,919,718.31
1991	29,269,807.84	64,383,270.59	-35,113,462.75
1992	25,391,902.53	58,933,169.68	-33,541,267.15
1993	38,384,813.56	40,772,949.15	-2,388,135.59
1994	59,952,117.47	38,808,939.76	21,143,177.71
1995	109,353,498.59	46,312,374.65	63,041,123.94
1996	119,515,731.77	45,268,869.79	74,246,861.98
1997	114,209,201.97	50,302,374.38	63,906,827.59
1998	98,372,378.38	60,950,594.59	37,421,783.78
1999	113,923,309.98	59,820,968.15	54,102,341.83
2000	171,454,577.69	79,700,946.22	91,753,631.47
2001	224,393,485.82	102,959,406.43	121,434,079.40
2002	202,547,079.04	120,316,787.22	82,230,291.82
2003	231,713,022.70	142,820,870.56	88,892,152.07
2004	310,467,893.34	172,633,556.47	137,834,336.88
2005	296,260,537.44	173,837,721.42	122,422,816.09
2006	413,806,720.24	231,680,729.24	182,125,990.95
2007	339,594,579.36	254,000,428.96	85,594,150.40
2008	464,522,200.92	227,641,611.48	236,880,589.38
2009	345,720,819.97	206,361,056.50	139,359,762.29
2010	330,888,872.69	203,454,517.07	127,434,355.61
2011	381,646,766.59	199,166,649.49	182,480,117.10
2012	373,208,036.01	224,321,645.58	148,886,390.43
2013	514,293,949.14	238,869,456.05	275,424,493.10
2014	609,314,053.58	289,260,254.68	320,053,798.90
2015	770,077,464.29	352,654,458.70	417,423,005.59
2016	833,832,167.20	343,304,221.99	490,527,945.21
2017	820,519,397.72	422,333,017.00	398,186,380.82
2018	1,662,962,236.33	1,205,751,972.51	460,110,263.82
2019	1,586,359,963.18	1,163,673,094.33	422,686,868.84
2020	1,433,117,800.23	1,228,157,185.01	204,960,615.22
2021	1,661,941,872.79	1,342,852,485.20	319,089,387.59

Source: Calculated from Table 1

Table 3. Growth Rates of Income, Expenses, and Net Income After Tax: 1986-2021 (In Current Pesos)

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1986-87	-62.50	45.60	79.91
1987-88	571.49	1.31	-36.42
1988-89	277.15	128.58	24.77
1989-90	-24.99	12.34	91.18
1990-91	3.35	3.01	2.73
1991-92	-5.76	-0.57	3.76
1992-93	60.99	-26.32	-92.42
1993-94	75.78	7.12	-1096.39
1994-95	95.04	27.60	218.82
1995-96	18.22	5.73	27.40
1996-97	1.03	17.49	-9.00
1997-98	-5.80	32.51	-35.96
1998-99	22.85	4.12	53.37
1999-00	60.41	42.00	80.75
2000-01	37.92	36.13	39.47
2001-02	-7.18	20.17	-30.36
2002-03	16.92	21.32	10.49
2003-04	40.49	26.74	62.59
2004-05	1.64	7.26	-5.39
2005-06	47.32	40.57	56.91
2006-07	-15.43	12.98	-51.57
2007-08	47.93	-3.07	199.30
2008-09	-22.41	-5.50	-38.67
2009-10	-0.77	2.22	-5.19
2010-11	20.89	2.61	50.09
2011-12	0.86	16.17	-15.84
2012-13	41.36	9.23	89.76
2013-14	22.67	25.39	20.32
2014-15	27.22	22.72	31.29
2015-16	9.70	-1.37	19.06
2016-17	1.17	26.48	-16.54
2017-18	113.34	200.52	21.63
2018-19	-2.34	-1.19	-5.95
2019-20	-7.50	8.07	-50.35
2020-21	20.51	13.63	61.79
Average	42.33	22.33	-6.99

Source: Calculated from Table 1

Table 4. Growth Rates of Income, Expenses, and Net Income After Tax: 1986-2021 (In 2018 Pesos)

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1986-87	-64.01	39.74	72.66
1987-88	492.02	-10.68	-43.94
1988-89	239.04	105.48	12.16
1989-90	-33.80	-0.85	68.74
1990-91	-13.68	-13.96	-14.19
1991-92	-13.25	-8.47	-4.48
1992-93	51.17	-30.81	-92.88
1993-94	56.19	-4.82	-985.34
1994-95	82.40	19.33	198.16
1995-96	9.29	-2.25	17.78
1996-97	-4.44	11.12	-13.93
1997-98	-13.87	21.17	-41.44
1998-99	15.81	-1.85	44.57
1999-00	50.50	33.23	69.59
2000-01	30.88	29.18	32.35
2001-02	-9.74	16.86	-32.28
2002-03	14.40	18.70	8.10
2003-04	33.99	20.87	55.06
2004-05	-4.58	0.70	-11.18
2005-06	39.68	33.27	48.77
2006-07	-17.93	9.63	-53.00
2007-08	36.79	-10.38	176.75
2008-09	-25.57	-9.35	-41.17
2009-10	-4.29	-1.41	-8.56
2010-11	15.34	-2.11	43.20
2011-12	-2.21	12.63	-18.41
2012-13	37.80	6.49	84.99
2013-14	18.48	21.10	16.20
2014-15	26.38	21.92	30.42
2015-16	8.28	-2.65	17.51
2016-17	-1.60	23.02	-18.82
2017-18	102.67	185.50	15.55
2018-19	-4.61	-3.49	-8.13
2019-20	-9.66	5.54	-51.51
2020-21	15.97	9.34	55.68
Average	32.97	15.48	-10.60

Source: Calculated from Table 2

Note that in both current and constant pesos, PRA's income, expenses and net income after tax have an upward trend from 1986 to 2021. Table 3 shows the growth rates of income, expenses and net income after tax in current pesos from 1986 to 2021 and Table 4 shows the growth rates of income, expenses, and net income after tax in 2018 pesos from 1986 to 2021. PRA's average income and expenses grew in double digits in both current and constant pesos from 1986 to 2021, but its average net income after tax growth, in both current and constant pesos, is negative for the same period because of the volatility in absolute values of net income after tax. This is just a mathematical mirage because a small negative net income followed by a huge *positive net income will produce a huge negative growth rate. Thus, over the period examined, PRA attained mostly positive net income after tax in absolute values, both in current and constant pesos.*

5.2. Gap Analysis

The gap analysis examines how large a leap PRA must take from the current state of the organization to the desired state. The gap analysis is the process of determining how big the gap is. The 2019 PRA strategic objectives identify some strategic measures which are shown in Table 5.

Table 5. 2019 PRA Strategic Measures: Targets and Accomplishments.

Strategic Measure	2019 Target	Accomplishment
○ Annual Foreign Currency Generated	$576 million	$548.45 million
○ Percentage of Satisfied Customers	90%	——
○ Number of Retirees Availing of Merchant Partners' Services and PRA-accepted Retirement Facilities	3,000 retirees (merchant partners) 25 retirees (retirement facilities) 20 retirees (govt. partners)	1,426 retirees (merchant partners) 1 retiree (retirement facilities) 15 retirees (govt. partners)
○ Cumulative Net Enrollment by End of the Year	53,797	49,271
○ Improve Budget Utilization Rate	Not lower than 90% but not exceeding 100%	33.21%
○ Improve Revenue Generation	PHP 929.59 million	PHP 450.70 million
○ Improve Net Operating Income	PHP 629.65 million	PHP 289.42 million

Source: PRA, 2019 Annual Report

If the gap analysis between the current state and the desired state seems too large to bridge, then one of two actions can be done: (*i*) develop creative solutions for closing the gap, or (*ii*) redefine the desired future with focus on those aspects of the business model that are more likely to be accomplished (Pfeiffer et al. 1989).

Gap analysis should enable PRA to commit resources to a set of activities that has the highest payoff. One conceptual tool used for business modeling is the Who/What/How ("Y") Model. The three dimensions of the "Y Model" are: who is the customer or client groups; what are the customer products or services; and how to sell the products (or what activities or technologies are used to sell the products). This model can be used to describe PRA's current lines of business. Each proposed area of growth in PRA's business plan (see Table 5) would be compared with those selected by GCG as performance targets. PRA, particularly its Corporate Planning Division, will need to determine which of the three dimensions would need to change. This means that the growth strategy of PRA has a high probability of failure in closing the gap if it undertakes a strategy of changing three dimensions simultaneously: increasing retiree enrollment, expanding its SRRV products, and embarking on various activities such as financial management, investment and management of foreign exchange, dividend remittance processes, employee competency training, dealing with regulatory agencies, doing consumer satisfaction surveys, performing ISO 9001-2015 certification and re-certification processes, undertaking social integration activities, office automation activities, retiree servicing activities, and marketing activities. Most likely, a PRA strategy of increasing retiree enrollment based on one or two SRRV products with significant impact, or focusing on a limited geographical area, and using existing activities/technologies may provide a less risky approach of closing the gap. Changing only one axis within the planning horizon (customer target, number of products to be sold, and how business is done) seems to be a more appropriate approach for PRA.

PRA's growth goal of expanding the volume of retirees requires a fit between strategy and PRA's organizational structure (Chandler 1962). The same requirement is needed in PRA's product diversification strategy. In this growth strategy, PRA needs a strong marketing emphasis: a brand manager structure for each product. However, product diversification strategy serving existing markets is less risky than product diversification strategy aimed at new markets (China, Japan, South Korea, and Taiwan). A typical solution to this problem is to create a multidivisional structure (product managers, area managers), but which makes PRA's structure too complicated given its limited human, financial, and physical resources.

PRA's options of bridging the gap between current state and desired state are: (1) utilize the marketing option in closing the gap, and (2) conduct a dialogue with GCG to redefine PRA's performance targets consistent with PRA's human, financial, physical, technological, and organizational resources. The first option requires a restructuring of PRA with emphasis on the marketing functions. However, PRA has practically exploited the marketing option. It embraced a five-year strategic marketing plan (SMPs) in 2003-2007. It tried cross-selling the SRRV with accredited properties developed by top real estate companies; accredited private sector owned retirement facilities; accredited marketers to promote and market the SRRV; lowered the minimum qualifying age required for a foreign retiree to secure the SRRV to 50 years old in 1985, to 40 years old in 1988, and to 35 years old in 1993; lowered the visa deposit to $50,000 from $75,000 for 35 to 49 years old, and to $20,000 from $50,000 for 50 years old and above; identified different market segments and markets to develop and focus; intensified the marketing program; created various products for market positioning; emphasized on enhancing retirees' services to curtail cancellations of membership and improve program retention; marketing campaigns were developed and expanded consistent with DOT's More Fun in the Philippines campaigns; intensified advertising in local, international out-of-home platforms, traditional print and online platforms, distribution of collaterals in Philippine embassies and consulates; and embarked on various retirement-focused activities (expos, conferences, roadshows) and international promotions per target market (PRA Annual Reports: 2012-2021). What is its marketing effectiveness? In 2019, intensified local and international promotion campaigns created only 3,405 potential retirees (PRA, 2019 Annual Report). In addition, SRRV acceptance was suspended in the last quarter of 2020 and was only lifted on April 30, 2021. As a result, enrollment in 2020 declined by 71.6% compared to 2019. SRRV holders' re-entry and exit monitoring during Covid-19 pandemic was vetted by a team composed of members from PRA, DOT, and DFA. Table 6 shows the trend in gross enrollment, cancellations and net enrollment, and Table 7 shows the growth rates in gross enrollment, cancellations and net enrollment from 1987 to 2022. Net enrollment, in particular, grew by 53% on average during the period.

Table 6. Retiree Gross Enrollment, Cancellations, and Net Enrollment: 1987-2022.

YEAR	GROSS ENROLLMENT	CANCELLATIONS	NET ENROLLMENT
1987	17	1	16
1988	149	4	145
1989	625	8	617
1990	295	13	282
1991	171	26	145
1992	252	46	206
1993	351	47	304
1994	583	56	527
1995	1100	74	1026
1996	1305	100	1205
1997	812	266	546
1998	425	305	120
1999	632	208	424
2000	822	248	574
2001	844	307	537
2002	689	418	271
2003	715	359	356
2004	932	312	620
2005	1273	362	911
2006	2393	576	1817
2007	2619	488	2131
2008	2397	888	1509
2009	1790	872	918
2010	2159	738	1421
2011	2286	714	1572
2012	3246	673	2513
2013	3808	730	3078
2014	4790	830	3960
2015	5033	892	4141
2016	5559	1171	4388
2017	5864	1090	4744
2018	6441	1025	5416
2019	7840	1238	6602
2020	2248	812	1436
2021	1056	774	282
2022	1331	543	788
Total	72,570	17,496	55,074

Source: Philippine Retirement Authority

Table 7. Growth Rates of Gross Enrollment, Cancellations and Net Enrollment: 1987-2022

YEAR	GROSS ENROLLMENT	CANCELLATIONS	NET ENROLLMENT
1987-88	776.47	300.00	806.25
1988-89	319.46	100.00	325.52
1989-90	-52.80	62.50	-54.29
1990-91	-42.03	100.00	-48.58
1991-92	47.37	76.92	42.07
1992-93	39.29	2.17	47.57
1993-94	66.10	19.15	73.36
1994-95	88.68	32.14	94.69
1995-96	18.64	35.14	17.45
1996-97	-37.78	166.00	-54.69
1997-98	-47.66	14.66	-78.02
1998-99	48.71	-31.80	253.33
1999-00	30.06	19.23	35.38
2000-01	2.68	23.79	-6.45
2001-02	-18.36	36.16	-49.53
2002-03	3.77	-14.11	31.37
2003-04	30.35	-13.09	74.16
2004-05	36.59	16.03	46.94
2005-06	87.98	59.12	99.45
2006-07	9.44	-15.28	17.28
2007-08	-8.48	81.97	-29.19
2008-09	-25.32	-1.80	-39.17
2009-10	20.61	-15.37	54.79
2010-11	5.88	-3.25	10.63
2011-12	41.99	-5.74	59.86
2012-13	17.31	8.47	22.48
2013-14	25.79	13.70	28.65
2014-15	5.07	7.47	4.57
2015-16	10.45	31.28	5.96
2016-17	5.49	-6.92	8.11
2017-18	9.84	-5.96	14.17
2018-19	21.72	20.78	21.90
2019-20	-71.33	-34.41	-78.25
2020-21	-53.02	-4.68	-80.36
2021-22	26.04	-29.84	179.43
Average	41.11	29.84	53.05

Source: Calculated from Table 6

Table 8. Ratios of Income, Expenses and Net Income After Tax to Net Enrollment: 1987-2021.

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1987	23,762.88	382,912.80	- 359,149.93
1988	17,607.10	42,805.81	- 25,198.72
1989	15,605.83	22,994.64	- 7,388.81
1990	25,610.27	56,517.72	- 30,907.45
1991	51,474.49	113,225.75	- 61,751.26
1992	34,143.48	79,245.09	- 45,101.61
1993	37,248.42	39,565.86	- 2,317.43
1994	37,768.70	24,448.90	13,319.80
1995	37,836.74	16,024.26	21,812.47
1996	38,086.34	14,425.93	23,660.41
1997	84,924.79	37,404.33	47,520.46
1998	363,977.80	225,517.20	138,460.60
1999	126,551.60	66,452.07	60,099.54
2000	149,948.08	69,703.61	80,244.47
2001	221,050.57	101,425.56	119,625.01
2002	406,588.97	241,521.52	165,067.45
2003	361,888.88	223,057.31	138,831.56
2004	291,939.97	162,331.23	129,608.74
2005	201,951.48	118,499.70	83,451.78
2006	149,170.83	83,517.27	65,653.56
2007	107,567.50	80,455.32	27,112.18
2008	224,719.16	110,124.84	114,594.32
2009	286,594.27	171,068.37	115,525.90
2010	183,723.66	112,966.65	70,757.01
2011	200,777.27	104,777.87	95,999.40
2012	126,679.85	76,142.60	50,537.24
2013	146,201.17	67,904.73	78,296.44
2014	139,403.67	66,179.24	73,224.43
2015	169,599.29	77,667.44	91,931.85
2016	175,583.62	72,291.04	103,292.58
2017	164,311.43	84,573.43	79,738.00
2018	307,046.20	222,627.76	84,953.89
2019	246,003.53	180,455.70	65,547.84
2020	1,046,195.95	896,571.85	149,624.10
2021	6,420,281.83	5,187,601.05	1,232,680.78

Source: Calculated from Table 1 and Table 6

Table 9. Ratios of Income, Expenses, and Net Income After Tax to Net Enrollment: 1987-2021 (In 2018 Pesos).

YEAR	INCOME	EXPENSES	NET INCOME AFTER-TAX
1987	159,482.38	2,569,884.59	-2,410,402.21
1988	104,184.00	253,288.84	-149,104.84
1989	83,009.73	122,311.91	-39,302.17
1990	120,236.02	265,341.41	-145,105.38
1991	201,860.74	444,022.56	-242,161.81
1992	123,261.66	286,083.35	-162,821.69
1993	126,265.83	134,121.54	-7,855.71
1994	113,761.13	73,641.25	40,119.88
1995	106,582.36	45,138.77	61,443.59
1996	99,183.18	37,567.53	61,615.65
1997	209,174.36	92,128.89	117,045.47
1998	819,769.82	507,921.62	311,848.20
1999	268,687.05	141,087.19	127,599.86
2000	298,701.35	138,851.82	159,849.53
2001	417,864.96	191,730.74	226,134.23
2002	747,406.20	443,973.38	303,432.81
2003	650,879.28	401,182.22	249,697.06
2004	500,754.67	278,441.22	222,313.45
2005	325,203.66	190,820.77	134,382.89
2006	227,741.73	127,507.28	100,234.45
2007	159,359.26	119,193.07	40,166.19
2008	307,834.46	150,855.94	156,978.52
2009	376,602.20	224,794.18	151,808.02
2010	232,856.35	143,177.00	89,679.35
2011	242,777.84	126,696.34	116,081.50
2012	148,510.96	89,264.48	59,246.47
2013	167,087.05	77,605.41	89,481.64
2014	153,867.19	73,045.52	80,821.67
2015	185,964.13	85,161.67	100,802.46
2016	190,025.56	78,237.06	111,788.50
2017	172,959.40	89,024.67	83,934.73
2018	307,046.20	222,627.76	84,953.89
2019	240,284.76	176,260.69	64,024.06
2020	997,992.90	855,262.66	142,730.23
2021	5,893,410.90	4,761,888.25	1,131,522.65

Source: Calculated from Table 2 and Table 6

Table 10. Dividend Remitted to the National Government: 1997-2020.

YEAR	DIVIDENDS (In Current Pesos)	GROWTH RATE (Percent)	DIVIDENDS (In 2018 Pesos)	GROWTH RATE (Percent)
1997	12,973,087.00		31,830,263.55	
1998	9,213,393.00	-28.98	20,750,885.14	-34.80
1999	12,741,102.00	38.28	27,051,171.97	30.36
2000	60,698,821.00	376.40	120,913,986.06	346.98
2001				
2002	19,969,731.38	-33.55	36,709,065.04	-34.82
2003	25,010,829.45	25.24	44,983,506.21	22.54
2004	40,721,829.45	62.81	69,848,764.07	55.27
2005	38,333,322.60	-5.86	61,728,377.78	-11.62
2006	59,719,923.17	55.79	91,175,455.22	47.70
2007	28,888,025.50	-51.62	47,797,074.81	-47.57
2008	86,461,415.00	199.29	118,440,294.52	147.79
2009	54,092,039.21	-37.44	71,080,209.21	-39.98
2010	68,257,203.56	26.18	86,511,031.13	21.70
2011	79,878,641.20	17.02	96,588,441.60	11.64
2012	85,267,675.30	6.74	99,962,104.69	3.49
2013	121,307,470.63	42.26	138,637,109.29	38.68
2014	144,501,127.18	19.11	159,493,517.86	15.04
2015	190,440,941.82	31.79	208,816,822.17	30.92
2016	210,435,371.19	10.49	227,743,908.21	9.06
2017	208,885,482.00	-0.73	219,879,454.74	-3.45
2018	258,488,809.00	23.74	258,488,809.00	17.55
2019	216,373,408.00	-16.29	211,343,434.26	-18.23
2020	150,000,000.00	-30.67	143,088,810.46	-32.29
Total	2,182,659,648.64	33.18[a]	2,592,862,496.99	26.18[a]

[a]Average growth rate for the period.

Source: Basic Data from PRA and Dividends in 2018 Pesos and Current and Constant Growth Rates are Calculated by the Authors

Table 11. Ratios of Dividends to Net Enrollment: 1997-2020.

YEAR	DIVIDENDS (In Current Pesos)	DIVIDENDS (In 2018 Pesos)
1997	23,760.23	58,297.19
1998	76,778.28	172,924.04
1999	30,049.77	63,799.93
2000	105,747.07	210,651.54
2001		
2002	73,689.05	135,457.80
2003	70,255.14	126,358.16
2004	65,680.37	112,659.30
2005	42,078.29	67,758.92
2006	32,867.32	50,179.12
2007	13,556.09	22,429.41
2008	57,297.16	78,489.26
2009	58,923.79	77,429.42
2010	48,034.63	60,880.39
2011	50,813.38	61,443.03
2012	33,930.63	39,778.00
2013	39,411.13	45,041.30
2014	36,490.18	40,276.14
2015	45,989.12	50,426.67
2016	47,957.01	51,901.53
2017	44,031.51	46,348.96
2018	47,726.88	47,726.88
2019	32,773.92	32,012.03
2020	104,456.82	99,644.02

Source: Calculated from Table 6 and Table 10

Table 8 shows the ratios of income, expenses, and net income in current pesos to net enrollment from 1987 to 2021, and Table 9 shows the ratios of income, expenses, and net income in 2018 pesos to net enrollment from 1987 to 2021. The volatility in these ratios is driven by the volatility in the net enrollment numbers. Table 10 shows the data on PRA dividends remitted to the national government (both in current and constant pesos) as well as their respective growth rates from 1997 to 2020. The latter produces double digit figures, 33.18% and 26.18%, in current and constant pesos, respectively. Finally, Table 11 shows the ratios of dividends (in current and constant pesos) to net enrollment from 1997 to 2020. These ratios exhibit volatilities because of the volatility of the net enrollment numbers Facing volatility of enrollment figures due to factors beyond PRA's control (e.g., economic slowdown, pandemic, etc.), we can safely conclude from the above analysis that the more realistic option for PRA is to redefine its performance targets (desired state) to be consistent with its human, financial, physical, technological, and organizational capital. A joint review by PRA's four departments on its resources and capabilities is needed to determine PRA's achievable targets.

5.3. SWOT Analysis

SWOT is an analytical tool that identifies the strengths, weaknesses, opportunities, and threats in the business landscape. Strengths and weaknesses (SW) are internal factors, while opportunities and threats (OT) are external factors. PRA's strengths include SRRV which is a multiple entry and indefinite visa with the option to reside permanently in the Philippines, and with the additional option to secure a separate work visa or study visa; another strength of PRA is its fiscal autonomy from the government. For example, as of December 31, 2021, the ratio of cumulative net operating income to cumulative net enrolled retirees is equal to PhP 67,030.68, the ratio of cumulative dividend remitted to cumulative net enrolled retirees is PhP 36,662.02, the ratio of cumulative revenue to cumulative net enrolled retirees is PhP 217,612.27, and the ratio of cumulative outstanding balance of foreign currency generated to cumulative net enrolled retirees is \$8,784.01. All these figures are impressive numbers, and they are all adjusted for inflation (See Tables 12 and 13 for data on PRA's current and constant cumulative financial-to-retiree ratios). PRA's weaknesses include the lack of efforts and capability to monitor SRRV holders in the Philippines after enrollment and its reliance on achieving its enrollment and revenue targets by attempting to reduce the client qualifying age below 50 years old.

The opportunities for PRA include the ageing population of rich Asian countries of China, Japan, South Korea, Hongkong, and Taiwan, and the potential retirement opportunity from the world's most populated and emerging economy of India. Another opportunity is the increasing tourism traffic with potential spillovers to the retirement industry. The threats include geopolitical risks (China-US conflict in Taiwan), another health pandemic, and global economic slowdown. Another threat is an unanticipated domestic civil strife (see Table 14). The SWOT analysis supports Option 2 of the GAP analysis.

The SW factors can be addressed by tweaking the governance structure and processes of PRA, while the OT factors are potential changes in the business environment that may affect PRA's performance. PRA must enhance its strengths and exploit its opportunities. It has to address its weaknesses and try to anticipate how to manage threats if they occur.

Table 12. Ratios of Cumulative Net Operating Income, Cumulative Dividend Remitted, Cumulative Outstanding Balance of Foreign Currency Generated, and Cumulative Revenue Generated to Net Enrolled Retirees and to Net Principal Retirees in Current Pesos (As of December 31, 2021)

$$a.\ \frac{Cumulative\ Net\ Operating\ Income}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{3{,}990{,}645{,}774.30}{54{,}649} = ₱\,73{,}023.22$$

$$b.\ \frac{Cumulative\ Dividend\ Remitted}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{2{,}182{,}659{,}649.46}{54{,}649} = ₱\,39{,}935.61$$

$$c.\ \frac{Cumulative\ Outstanding\ Balance\ of\ Foreign\ Currency\ Generated}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{522{,}952{,}509}{54{,}649}$$

= $ 9,569.30

$$d.\ \frac{Cumulative\ Revenue\ Generated}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{12{,}955{,}463{,}872.64}{54{,}649} = ₱\,237{,}066.81$$

$$e.\ \frac{Cumulative\ Net\ Operating\ Income}{Cumulative\ Net\ Principal\ Retirees} = \frac{3{,}990{,}645{,}774.30}{27{,}557} = ₱\,144{,}814.23$$

$$f.\ \frac{Cumulative\ Dividend\ Remitted}{Cumulative\ Net\ Principal\ Retirees} = \frac{2{,}182{,}659{,}649.46}{27{,}557} = ₱\,79{,}205.27$$

$$g.\ \frac{Cumulative\ Outstanding\ Balance\ of\ Foreign\ Currency\ Generated}{Cumulative\ Net\ Principal\ Retirees} = \frac{522{,}952{,}509}{27{,}557}$$

= $ 18,977.12

$$h.\ \frac{Cumulative\ Revenue\ Generated}{Cumulative\ Net\ Principal\ Retirees} = \frac{12{,}955{,}463{,}872.64}{27{,}557} = ₱\,470{,}133.32$$

Source: Philippine Retirement Authority

Table 13. Ratios of Cumulative Net Operating Income, Cumulative Dividend Remitted, Cumulative Outstanding Balance of Foreign Currency Generated, and Cumulative Revenue Generated to Net Enrolled Retirees and to Net Principal Retirees in 2018 Pesos (As of December 31, 2021)

$$a.\ \frac{Cumulative\ Net\ Operating\ Income}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{3{,}663{,}159{,}532.13}{54{,}649} = ₱\ 67{,}030.68$$

$$b.\ \frac{Cumulative\ Dividend\ Remitted}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{2{,}003{,}542{,}913.03}{54{,}649} = ₱\ 36{,}662.02$$

$$c.\ \frac{Cumulative\ Outstanding\ Balance\ of\ Foreign\ Currency\ Generated}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{480{,}037{,}184.69}{54{,}649}$$

= $ 8,784.01

$$d.\ \frac{Cumulative\ Revenue\ Generated}{Cumulative\ Net\ Enrolled\ Retirees} = \frac{11{,}892{,}292{,}888.42}{54{,}649} = ₱\ 217{,}612.27$$

$$e.\ \frac{Cumulative\ Net\ Operating\ Income}{Cumulative\ Net\ Principal\ Retirees} = \frac{3{,}663{,}159{,}532.13}{27{,}557} = ₱\ 132{,}930.27$$

$$f.\ \frac{Cumulative\ Dividend\ Remitted}{Cumulative\ Net\ Principal\ Retirees} = \frac{2{,}003{,}542{,}913.03}{27{,}557} = ₱\ 72{,}705.41$$

$$g.\ \frac{Cumulative\ Outstanding\ Balance\ of\ Foreign\ Currency\ Generated}{Cumulative\ Net\ Principal\ Retirees} = \frac{480{,}037{,}184.69}{27{,}557}$$

= $ 17,419.79

$$h.\ \frac{Cumulative\ Revenue\ Generated}{Cumulative\ Net\ Principal\ Retirees} = \frac{11{,}892{,}292{,}888.42}{27{,}557} = ₱\ 431{,}552.52$$

Source: Calculated from Table 12

Table 14. SWOT Analysis of PRA

STRENGTHS	WEAKNESSES
- Special Resident Retiree Visa (SRRV) which is multiple-entry and indefinite and with option to reside permanently in the Philippines. - Fiscal autonomy from the government	- Lack of capability to monitor SRRV holders in the Philippines after enrollment. - Reliance on reducing the qualifying age below 50 years old to increase enrollment and revenue.
OPPORTUNITIES	THREATS
- Potential enrollees from rich and ageing economies of China, Japan, South Korea, Hongkong, and Taiwan - The potential retirement spillovers from increasing tourism volume	- Geopolitical risks such as the China-Taiwan conflict - Health pandemic and global economic slowdown - Domestic civil instability

6. Assessment of PRA Based on the Five Strategic Dimensions Related to its Performance

6.1. PRA's Goal

PRA's broad goal is to provide a globally competitive retirement program in the Philippines for foreign nationals and former Filipinos as a way of accelerating the social and economic development of the Philippines. Related to this broad goal is the ability to generate foreign currency, to maximize revenue, and to provide the best quality of life to the target retirees by giving them the most attractive retirement package and service (PRA, 2019 Annual Report).

PRA's strategic positioning will determine whether it attains competitive advantage in the industry. The latter is achieved when PRA attains a higher economic rate of return than the average economic rate of return of other retirement agencies competing with PRA in the same industry (Besanko, et al., 2013). In the Southeast Asian retirement industry, competitors pursue their own unique strategies for success. For example, Thailand introduced a special visa scheme that allows qualified applicants from 14 rich countries of Europe and North America, who are 50 years old and above, to remain in Thailand for a maximum of 10 years. Vietnam does not require any visa deposit or monthly pension but imposes the requirement for retirees to return the Permanent Resident Card when they leave Vietnam to stay in another country. And Malaysia requires a higher visa deposit and does not allow retirees to work full-time. These examples illustrate different ways in which competitors are positioning themselves to compete within the same industry. Likewise, PRA's multiple-entry and indefinite retiree visa (SRRV) is PRA's strategic positioning to gain dominance in the existing market and possibly to enter new markets.

6.2. PRA's Source of Competitive Advantage

PRA's core capability is its role as the sole agency in the country to legally offer and market the SRRV to foreign nationals and former Filipino citizens. It can strengthen its industry position by being more responsive to the post-enrolment needs for related services of their active retiree members. PRA can most probably use the conduct of customer satisfaction surveys as an opportunity to assess as to which of the retirees' needs are being satisfactorily addressed. In addition, characteristics associated with processing and registration of applicants, such as speed and timeliness, can be improved to boost PRA's reputation and build its competitive edge over the other industry players.

6.3. PRA's Major Source of Core Competence

PRA's resources and capabilities are based on strong financial capital, weak physical capital, weak technological capital, and moderate human capital. The latter is supplemented by a quality management system and continuing competency-level human resources learning and development training programs, such as Applied Integrated Skills Program for PRA Division Heads, among others. The human resource staffing pattern of PRA is composed of 163 officers and staff (as of February 2023), 88 of whom are managerial and technical, and 75 are mostly clerical and administrative (including drivers and messengers).

In order to enhance PRA's core competence, it can expand it can enlarge its physical capital, improve its ICT resources and manpower, strengthen its human capital, and maintain its robust financial capital. These capital build-up program requires PRA to draft a medium-term plan, describing its goals and matching the physical capital, technological capital, human capital, and financial capital requirements with the set of activities, projects, and programs needed to achieve its medium-term to long-term goals. The PRA Medium-Term Plan will have to be presented to the supervisory bodies, the Board of Trustees and the GCG.

6.4. PRA's Current Business Model

PRA's current business model emphasizes efficiency and cost effectiveness based on its adopted strategic measures which are being monitored by the GCG. These strategic measures include foreign exchange generated, net operating income, revenue generated, budget utilization rate, gross annual enrolment, percentage of satisfied customers, and return on marketing expenses. These measures regularly, but partially, comprise the annual set of indicators in PRA's performance scorecard which are jointly agreed upon between PRA and GCG.

The business model, based on the strategic measures in the performance scorecard, gives less weight to innovative and creative business solutions. This is evidently demonstrated by less weight assigned to indicators related to innovative and creative business solutions. In fact, only one strategic measure (attain ISO certification) is included in the performance scorecard. PRA explained that the weights follow the requirements of its balanced scorecard planning model. Nevertheless, within this context, the appropriate business model for PRA is discussed in Section 4.

6.5. PRA's Strategies in Specific Management Functions

PRA is functioning just like any other normal organization. The staffing pattern reveals that its human resources are heavily concentrated in two departments: (1) Administrative and Finance Services Department, and (2) Resident Retiree Services Department. On the other hand, the promotion of the SRRV products is heavily dependent on the Marketing Department. The role of financial management is illustrated by the management of revenue and foreign exchange generated by PRA in the pursuit of its objectives. Likewise, operations management is related to the processing, approval, and registration processes of applicants which are coordinated by the Resident Retiree Services Department. The smooth functioning of these management functions relies on the vetting, screening, and selection of personnel undertaken by the Administrative and Finance Services Department. The latter department is crucial in creating a fit between strategies and manpower competence.

7. Analysis of the Dynamics of the Retirement and Leisure Industry

7.1. Industry Situation Analysis

The retirement and leisure industry are composed of several players. We can consider this industry as segmented or clustered. The Southeast Asia cluster is composed of Thailand, Cambodia, Malaysia, Indonesia, Vietnam, and Philippines. The Europe and Mediterranean cluster are composed of Portugal, Spain, Croatia, and Turkey, and the Latin America cluster is composed of Panama, Costa Rica, Colombia, Peru, Mexico, and Belize. According to Porter (1990) an industry can be mapped into different strategic groups or clusters and that strategic groups often differ in their product or marketing approach, but not always. Porter defines a strategic group as a group of firms in the industry following similar strategies along the strategic dimensions. Strategic dimensions include specialization, brand identification, distribution channel, product quality, price policy, cost position, service, among others. For instance, an industry can be mapped into two strategic dimensions: specialization of production (full-line producers and narrow line producers) and price policy (high price and low price). The high price and narrow-line producers belong to one strategic group, the high price and full-line producers belong to another strategic group, the low-price narrow-line producers are in a different strategic group, and the low price full-line producers comprise the last strategic group. There is intense competition between firms in a given strategic group.

The forces driving retirement industry change are ageing population, particularly in the East Asian rich economies of China, Japan South Korea, Taiwan, and Hongkong; increased life expectancy, wealth accumulation, access to education, access to education, changing work modes, and flexible retirement system.

The key success factors in the industry are cost of living, climate, services available to retirees, residential/housing facilities, health facilities (such as availability of elderly care), political stability and security, hospitality, and meaningful social life.

Since the retirees come mostly from rich countries and the retirement destination countries are mostly developing or middle-income countries, the problems facing the industry are basically lack or inadequate health, housing, transportation, and social services.

However, industry prospects and overall long-term industry attractiveness are optimistic because the market segment comprising of people aged 50 years old and above are expected to double from 703 million in 2019 to 1.5 billion in 2050 (UN DESA, 2019).

7.2. Competitive Situation Analysis

The effective competitors of PRA (Philippines) are its counterparts in Thailand, Cambodia, Malaysia, Indonesia, and Vietnam. Table 15 shows a comparative information of the retirement programs of the Southeast Asia strategic group. The prevailing age qualification to obtain a retirement visa is 50 years old and above. SRRV is the only retirement visa that offers multiple-entry and indefinite duration features. In terms of visa deposit and monthly pension requirements, the Philippines belongs to the low-price segment in the industry. The 2022 Global Retirement Index has identified Thailand, Cambodia, Malaysia, Indonesia, and Vietnam as the top five retirement destinations in Southeast Asia. The ranking is based on the weighted score of the following variables: housing, benefits, visa, entertainment, development, climate, healthcare, governance, opportunity, and cost of living.

Table 15. Major Players in the Retirement Industry

Players	Program	Duration	Age Requirement	Visa Deposit	Monthly Pension
Cambodia	ER Class Visa for Retirees	1 Year (Renewable)	55 years old	None	None
Indonesia	Retirement Stay Visa	1 Year (Renewable up to 5 years)	55 years old	$35,000	$1,500
Malaysia	Malaysia My Second Home (MMSH)	10 years (Renewable)	Below 50 years old 50 years old & above	$120,000 $84,000	$2,400 $2,400
Philippines	Special Resident Retirees Visa (SRRV)	Indefinite	35-49 years old 50 years old & above	$50,000 $20,000	$1,000 $800
Thailand	Retirement Visa (O-A / O-X)	O-A 1 year O-X 10 years	50 years old	$25,500	$2,000
Vietnam	Permanent Resident Card	10 years (Renewable)	Legal Age	None	None

Thailand formulated a new retirement scheme aimed at retirees of 14 rich countries of Europe and North America who are 50 years old, and above which allows these retirees to stay in Thailand at a maximum of 10 years. Malaysia allows the withdrawal of up to 50% of visa deposit after a year, to cover expenses related to house purchase, education for the children living in Malaysia, and medical expenses. Cambodia is ranked as the top retirement destination in terms of the cost-of-living category and Vietnam has no clear policy for granting a retirement visa.

Thailand ranked in the top 10 retirement destinations from 2012 to 2016 and in the top 15 from 2017 to 2023 in the International Living ranking. Malaysia ranked in the top 7 destinations from 2012 to 2021 and was ranked number 15 in 2022. Philippines was ranked number 15, 17, 23, 17, 19, and 21 from 2013 to 2018, respectively.

Expected competitive conditions will intensify the competition among close rivals in the industry. The players to watch are Thailand and Malaysia which will increasingly rely on tourism and retirement revenues to jumpstart their economies as their manufacturing exports are slow to recover in the post-pandemic period. Another player to watch is Cambodia which is emerging close rival to the Philippines as a low-cost retirement destination.

7.3. Company Situation Analysis

PRA's strategy was to offer five SRRV products to applicants 35 years old and above. However, on April 30, 2021, the Board of Trustees directed PRA to limit the eligibility to applicants who are 50 years old and above.

Majority of PRA's currently active principal retirees are relatively young with 8,039 (28.8%) at ages 40-49 and 7,295 (26.1%) at ages 50-59. Majority of the clients attracted by PRA come from China (40.7%), South Korea (14.1%), U.S. (9.0%), and Japan (6.0%). In contrast, in 2022, the average age of enrollment for principal retirees is 64 years old. Retirees from the U.S. account for 661 (46.15%) of the total of 1,432 principal retirees in 2022.

Data on active retirees as of December 31, 2022, show that China accounts for 44.75% of total retirees or 24, 985 out of 55,832. South Korea follows at 15.18%, India at 10.54%, and U.S. at 6.32%. Looking at the age distribution of principal retirees, China's retirees in the 35-49 age range account for 74.25% of total principal retirees (8,308 out of 11,189) compared to China retirees' share of 25.75% in the 50 years old and above segment (2,080 out of 11, 189). Data on retirees from South Korea and India in the 35-49 age range show that they account for 53.57% and 81.47%, respectively, of total principal retirees. In contrast, retirees from the U.S. and Japan account for 94.49% and 72.68%, respectively, of the 50 years old and above segment. In particular, the U.S. retirees in the 65 years old and above segment account for 41.03% of total principal retirees versus China's 2.35%.

The SWOT analysis of PRA shown in Table 14 identifies SRRV as one of PRA's strengths, and the lack of capability to monitor SRRV holders after enrolment is identified as one of its weaknesses. The ageing population of China, Japan, South Korea, Taiwan, and Hongkong creates opportunities for PRA to achieve its objectives. In contrast, the geopolitical risks, health pandemic, global economic slowdown, and domestic political instability pose as threats which PRA must consider in achieving its objectives.

The strategic issues and problems unique to PRA involve the problem of achieving the targets of GCG embedded in in the strategic measures of the performance scorecard, such as revenue and enrolment targets. The problem lies in the trade-off between target achievement and the means to hit the target. PRA states that its target is based on historical data which do not include retirees below 50 years old. In most of PRA's existence (38 years), the dominant age qualification is below 50 years old. Only recently (2021), does the BOT require PRA to raise the age qualification to 50 years old. The recent influx of the new retirees below 50 years old is driven by the applicants from China, South Korea, and India. But what if the target can be achieved only by lowering the age of eligibility to 40 years old from 50 years old, then it runs the risk of ignoring the concern during the Senate hearing that below 50 years old SRRV holders might pose as security risks or might potentially engage in criminal activities.

7.4. PRA's Business Strategy Options

The policy options for PRA are the following: (1) continue the present BOT-mandated strategy, and (2) modify the current strategy by lowering eligibility from 50 years old to 40 years old.

The first key issue to address is the question of what can be done to make the present strategy work better. The applicants from China, South Korea, and India are larger in volume and are predominantly of younger age. In contrast, the applicants from U.S., Japan and Taiwan are lesser in volume, but are relatively older. What can be done to raise the volume of applicants from the latter countries, or what can be done to raise the volume of 50 years old and above applicants from the former countries?

The second key issue is what kind of competitive edge should PRA shoot for? The staff limitation of PRA that prevents them from conducting monitoring activities of retirees after enrolment will aggravate it if it embarks on enrollment expansion. PRA can probably aim for brand identification strategy which concentrates on improving customer service and reinforcing the warm hospitality brand of retiring in the Philippines (It's FUN to retire in the Philippines).

And the third key issue is how best to try to build a sustainable competitive advantage? The recommendation is for PRA to pursue a specialization strategy. This means that PRA focuses its efforts on a target customer segment and the geographical markets served.

8. Conclusion and Recommendations

An analysis of the financial performance of the Philippine Retirement Authority (PRA) from 1986 to 2021 has revealed that PRA has performed relatively well.

The business model that PRA has adopted is the "broad coverage" business model which PRA nominally calls as "Inputs = Outputs + Outcomes" business model. This business model seeks to serve all customer groups in the market by offering a full line of related products (SRRV Classic, SRRV Human Touch, SRRV Smile, SRRV Courtesy, and SRRV Expanded Courtesy) in all geographic areas.

The GAP analysis has indicated that PRA has simultaneously implemented the three elements of the Who/What/How or "Y" Model, namely, increasing retiree enrolment, expanding SRRV products, and embarking on various operational activities. This strategy is risky and has a high probability of failure compared to simply doing one of the three dimensions at a given time.

PRA's options in bridging the gap between its current performance and the desired state (performance targets) are: (1) intensify current efforts to achieve its targets, and (2) redesign the targets consistent with PRA's resources and capabilities. The SWOT analysis supports the second option.

The findings of the company and industry analysis recommend the following:

1. Reinforce the benefits of SRRV with a brand reputation of speed and timeliness in the processing and registration of applicants.
2. Formulate a medium-term plan describing in detail the corporate goals of PRA and the activities, projects, and programs needed to achieve these goals. The planning process will reveal the resources and capabilities needed for each activity, project, and program.
3. Pursue further a brand identification strategy where SRRV is synonymous with excellent customer service (during and after enrolment) and reinforcing the "warm hospitality" brand of retiring in the Philippines.
4. Leverage the tourism promotion resources of the Tourism Promotion Board of DOT by interfacing with PRA's retirement promotion activities.
5. Pursue a specialization business model. This means that PRA will focus its efforts on serving a target customer segment and the geographical areas served.

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