



ABSTRACT

ABAD, M. J. J., MAGNAYE, C. D., and TATOY, K. C., Factors Affecting the Export Demand for Philippine Jewelry. De La Salle University-Dasmariñas, Dasmariñas, Cavite, April 2004. Adviser: Mr. Michael B. Batu.

A study was conducted to determine the factors that affect the export demand for Philippine jewelries. The study focused on the following objectives: (1) describe the status of Philippine jewelry industry in the global and domestic economy; and (2) analyze the factors that affect Philippine jewelry exports, such as world gross domestic product, world price of gold, world price of silver, foreign exchange rate of the Philippine peso, and domestic industrial policy such as the Jewelry Industry Development Act of 1998 (R.A. 8502) on Philippine jewelry exports.

The crux of this study was to determine the factors that affected the demand for Philippine jewelry. It also focused on the effect of the Jewelry Industry Development Act of 1998 (R.A. 8502) as well as the world gross domestic product, world price of gold, world price of silver and foreign exchange rate. The analysis and findings of this study were limited to the years 1993 to 2002.

Historical and descriptive methods were utilized in this study which were effective in illustrating the changes in the demand for jewelry over the period of



time. The study made use of simple statistical measures in examining the characteristics of the variables under study.

World gross domestic product, the Jewelry Industry Development Act of 1998 (R.A. 8502), world price of gold, world price of silver, and foreign exchange rate were found to affect the demand for jewelry exports. It was revealed that there is a strong linear relationship between jewelry exports and the hypothesized explanatory variables since the *R*-square is high. However, only the world price of gold, foreign exchange rate and the dummy variable for the Jewelry Industry Development Act of 1998 (R.A. 8502) are found to be significant at the five percent level. These factors significantly affect the jewelry export demand in terms of its performance. Other factors such as world gross domestic product and world price of silver are not considered as major contributors to the performance of the jewelry exports.

The jewelry industry started to become competitive with other manufacturing industries around the world, despite the lack of support from the government, since the jewelry associations were beginning to be more focused on the improvement and development of the necessary skills, new techniques, and effective marketing strategies.