



WORLD ECONOMIC FORUM'S GLOBAL COMPETITIVENESS REPORT 2010–2011

Philippine Market Size: A Lone Pillar of Strength

Highlights

- Following last year's 16-step drop to no. 87, the Philippines recovered to no. 85 out of 139 economies ranked in the 2010 Global Competitiveness Index.
- The combined size of the country's domestic and foreign markets, albeit slipping to no. 37 from no. 35, remained the Philippines' only competitive edge among the 12 component pillars of the GCI.
- The Philippines' better performance in savings and inflation rates, tuberculosis incidence, life expectancy, and primary education enrollment rate improved its rankings in the macroeconomic environment and health and primary education pillars to nos. 68 and 90 from nos. 76 and 93, respectively.
- The country placed higher at no. 75 from no. 93 in terms of the financial market development pillar, owing to the availability of financial services, affordability of financial services, ease of access to loans, restriction on capital flows, soundness of banks, and regulation of securities exchanges.
- The Philippines deteriorated the most in the institutions pillar, dropping to no. 125 from no. 113 as ethics and corruption in public institutions worsened on account of poor perception on diversion of public funds, public trust of politicians, and irregular payments and bribes.
- Corruption has been identified by more than 20% of Executive Opinion Survey respondents as the most problematic factor for doing business in the Philippines since 2003.

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The Global Competitiveness Report ranks countries at all stages of development according to the Global Competitiveness Index (GCI) introduced by Columbia University's Professor Xavier Sala-i-Martin in 2004. Twelve pillars make up the index: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

In the 2010–2011 edition of the Global Competitiveness Report, 32 of the hard-data items constituting the GCI came from sources outside the World Economic Forum. Some 79 other items comprising the index came from the Executive Opinion Survey conducted by its country partner institutes among senior business executives around the world. For the Philippines, the survey scores in this year's report are the weighted averages of the results from the previous year and the current year: 36% from 2009 and 64% from 2010. Survey responses are measured on a 1-to-7 scale, ranging from the worst to the best opinion rating.

STAGES OF DEVELOPMENT

Countries at the *factor-driven stage of development* have GDP per capita of less than US\$2,000 at market exchange rates. They compete primarily based on unskilled labor and natural resources. Countries that export more than 70% of their mineral products are mostly factor-driven. Companies at this stage of development compete on the basis of price and sell basic products or commodities, with low productivity reflected in low wages. Competitiveness at this stage lies on well-functioning public and private institutions, well-developed infrastructure, a stable macroeconomic environment, and a healthy workforce that has at least received basic education.

Since the Philippines, Vietnam, Cambodia, and 35 other economies belong to the factor-driven stage of economic development, basic requirements (the first four pillars) account for the majority, 60%, of their global competitiveness index scores. Meanwhile, efficiency

enhancers (the fifth to tenth pillars) comprise 35%, and innovation and sophistication factors (the eleventh and twelfth pillars) make up the remaining 5%. Indonesia, Brunei, and 23 other economies are in transition from the first to the second stage of development.

Countries at the *efficiency-driven stage of development* have GDP per capita of US\$3,000–9,000 at market exchange rates. Malaysia, Thailand, and 27 other economies belong to countries in the efficiency-driven stage of development, where 50% of the competitiveness index score is determined by efficiency enhancers, 40% by basic requirements, and 10% by innovation and sophistication factors. Fifteen other economies, such as Chile, Taiwan, and China, are in transition from the second to the third stage of development.

Countries at the *innovation-driven stage of development* have GDP per capita of at least US\$17,000 at market exchange rates. Singapore and 31 other economies belong to this final stage of development, where 50% of the competitiveness index score is determined by efficiency enhancers, 30% by innovation and sophistication factors, and 20% by basic requirements.

TWO STEPS FORWARD

Among 139 economies, the Philippines advanced two steps to no. 85 in the Global Competitiveness Report covering 2010–2011. The slight recovery from last year's sixteen-step plunge to the 87th spot out of 133 economies is attributed to a higher savings rate, lower inflation rate, lower tuberculosis incidence, increased life expectancy, and higher primary education enrollment rate, which raised the scores for the macroeconomic environment and health and primary education pillars, comprising 30% of the country's global competitiveness index.

But when compared to the 132 other economies ranked in 2009, the Philippines would have even risen by four steps to no. 83. Suriname was excluded in this year's report for lack of survey data. Joining the survey this year are the following economies: Angola, Cape Verde, Iran, Lebanon, Moldova, Rwanda, and Swaziland.

Except for Cambodia, which rose one step to no. 113, other ASEAN economies are way ahead of the Philippines in the competitiveness ladder. For the second straight year, Singapore maintained its lead as the third most competitive country in the world. Meanwhile, Malaysia and Thailand slipped two spots to no. 26 and no. 38, respectively; Brunei climbed four places to no. 28; Indonesia moved ten places higher to no. 44; and Vietnam rose sixteen steps to no. 59.

PERFORMANCE RUNDOWN

In the *basic requirements subindex*, the Philippines fell four places to no. 99 despite increased scores in public institutions, energy and telephony infrastructure, macroeconomic environment, and health and primary education. Available seat kilometers (no. 28) and HIV prevalence (no. 1 along with twenty other economies) also count among the few competitive advantages of the country in the basic requirements subindex. However, private institutions deteriorated both in score and rank, particularly in terms of corporate ethics and accountability.

Vietnam outranked and outscored the Philippines in terms of basic requirements except in the component macroeconomic environment pillar. Meanwhile, the country outscored and outranked Cambodia in terms of basic requirements except in the component institutions pillar.

In the *efficiency enhancers subindex*, the Philippines remained at no. 78 despite higher scores in quantity of education, on-the-job training, labor flexibility, financial market development, and ICT use. Meanwhile, the country's scores in goods market efficiency, technological readiness, and market size decreased.

Both domestic and foreign market sizes, at no. 33 and no. 43, remain among the country's few competitive advantages, notwithstanding a two-step drop of the consolidated market pillar to no. 37. Other competitive advantages among efficiency enhancers can be found in extent of staff training (no. 46), degree of customer orientation (no. 42), reliance on professional management (no. 47), availability of financial services (no. 49), affordability of financial services (no. 37), and soundness of banks (no. 38).

Table 1

BASIC WEAKNESSES AND STRENGTHS

Selected Asian economies

Country/Economy	OVERALL INDEX		Basic requirements		Institutions		Infrastructure		Macroeconomic environment		Health/primary education	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Brunei Darussalam	28	4.75	20	5.48	36	4.77	52	4.33	1	6.62	32	6.20
Cambodia	109	3.63	113	3.72	94	3.56	114	2.70	116	3.81	110	4.80
Indonesia	44	4.43	60	4.62	61	3.98	82	3.56	35	5.15	62	5.78
Malaysia	26	4.88	33	5.19	42	4.62	30	4.97	41	5.01	34	6.18
Philippines	85	3.96	99	4.02	125	3.14	104	2.92	68	4.60	90	5.42
Singapore	3	5.48	3	6.05	1	6.13	5	6.22	33	5.20	3	6.67
Thailand	38	4.51	48	4.82	64	3.95	35	4.84	46	4.93	80	5.55
Timor-Leste	133	3.23	127	3.49	110	3.35	138	1.81	29	5.22	132	3.56
Vietnam	59	4.27	74	4.39	74	3.80	83	3.56	85	4.47	65	5.74

Source: Global Competitiveness Report 2010-2011

Table 2

FACTORS DRIVING EFFICIENCY

Selected Asian economies

Country/Economy	Efficiency Enhancers		Higher education/training		Goods market		Labor market		Financial market development		Technological readiness		Market size	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Brunei Darussalam	67	4.05	64	4.21	78	4.06	10	5.25	55	4.29	49	4.00	118	2.48
Cambodia	103	3.56	122	2.92	81	4.04	51	4.59	92	3.93	115	2.87	96	3.01
Indonesia	51	4.24	66	4.18	49	4.35	84	4.23	62	4.23	91	3.25	15	5.21
Malaysia	24	4.72	49	4.55	27	4.81	35	4.74	7	5.34	40	4.19	29	4.70
Philippines	78	3.93	73	4.02	97	3.86	111	3.93	75	4.04	95	3.20	37	4.54
Singapore	1	5.49	5	5.77	1	5.65	1	5.92	2	5.76	11	5.35	41	4.51
Thailand	39	4.41	59	4.25	41	4.46	24	4.82	51	4.43	68	3.56	23	4.95
Timor-Leste	136	2.87	130	2.66	105	3.82	75	4.32	136	2.78	139	2.23	136	1.39
Vietnam	57	4.16	93	3.64	60	4.21	30	4.76	65	4.21	65	3.58	35	4.56

Source: Global Competitiveness Report 2010-2011

Vietnam outsourced and outranked the Philippines in terms of efficiency enhancers except in the component higher education and training pillar. Meanwhile, the country outsourced and outranked Cambodia in terms of efficiency enhancers except in the component goods and labor market efficiency pillars. The Philippines also outranked and outsourced Singapore and Brunei Darussalam in terms of the market size pillar.

In the *innovation and sophistication subindex*, the Philippines suffered a one step drop in rank to no. 75 accompanied by falling scores in business sophistication and innovation. Despite its lower score in the business sophistication pillar, the country improved five ranks to no. 60. Control of international distribution (no. 45), extent of marketing (no. 50), willingness to delegate authority (no. 38), and reliance on professional management (no. 47) are the business sophistication indicators in which the country enjoys a competitive advantage.

Vietnam outsourced and outranked the Philippines in terms of innovation and sophistication factors except in business sophistication, while the latter outsourced and outranked Cambodia in the two pillars constituting in-

novation and sophistication factors. The Philippines also outsourced and outranked Brunei Darussalam in the business sophistication pillar.

RAMPANT CORRUPTION

Noteworthy among the minor changes in the GCI components this year is the inclusion of a composite item on irregular payments and bribes under ethics and corruption in public institutions. The original components under ethics and corruption are diversion of public funds and public trust in the ethical standards of politicians. The new item covers irregular payments and bribes in imports and exports, public utilities, annual tax payments, awarding of public contracts and licenses, and obtaining favorable judicial decisions.

Despite a higher score in ethics and corruption in public institutions, the Philippines is now counted among the top five countries in the world with corrupt and unethical public institutions. It is among the top five countries in the world with the highest perception of diversion of public funds. It is also among the top six

Table 3

BASIS FOR SUSTAINED GROWTH

Selected Asian economies

Country/Economy	Innovation/ sophistication factors		Business sophistication		Innovation	
	Rank	Score	Rank	Score	Rank	Score
Brunei Darussalam	72	3.42	77	3.75	69	3.08
Cambodia	106	3.06	106	3.38	108	2.75
Indonesia	37	4.06	37	4.40	36	3.71
Malaysia	25	4.45	25	4.79	24	4.10
Philippines	75	3.38	60	4.04	111	2.73
Singapore	10	5.07	15	5.10	9	5.04
Thailand	49	3.78	48	4.23	52	3.34
Timor-Leste	136	2.60	135	2.89	136	2.31
Vietnam	53	3.69	64	3.98	49	3.40

Source: The Global Competitiveness Report 2010-2011

countries in the world with the lowest public trust in the honesty of its politicians. The country notoriously ranks second-worst in the world in terms of perception of irregular payments and bribes in awarding public licenses and contracts. Moreover, the Philippines is counted in the top six and top seven countries in the world with the highest perception on irregular payments and bribes in imports and exports as well as in annual tax payments.

It is no wonder that close to 23% of business executives polled in the Philippines identified corruption as the top problematic factor for doing business in the country this year. Over 24% of survey respondents identified the same biggest problem last year. More than 1 out of 5 Philippine respondents have ticked off corruption as the most problematic factor for doing business in the country since 2003. As a problem for doing business this year, corruption ranked second in Indonesia, fourth in Thailand, sixth in Malaysia, eighth in Brunei Darussalam, ninth in Vietnam, and fourteenth in Singapore.

Table 4

PRIORITIES AT THE BOTTOM BRACKET

	2009-2010 Report			2010-2011 Report		
	Index Weight (%)	Score/Hard data	Rank out of 133 countries	Index Weight (%)	Score/Hard data	Rank out of 139 countries
GLOBAL COMPETITIVENESS INDEX: Philippines	100.00	3.90	87	100.00	3.96	85
BASIC REQUIREMENTS SUBINDEX	60.00	3.94	95	60.00	4.02	99
1st Pillar: Institutions	15.00	3.24	113	15.00	3.14	125
A. Public institutions	11.25	2.99	116	11.25	3.00	124
1. Property rights	2.25	3.37	98	2.25	3.45	103
1.01 Property rights	1.67	3.81	97	1.67	3.67	99
1.02 Intellectual property protection ^{1/2}	0.83	2.92	98	0.83	2.78	103
2. Ethics and corruption	2.25	1.92	126	2.25	2.14	135
1.03 Diversion of public funds	1.13	2.28	122	0.75	2.00	135
1.04 Public trust of politicians	1.13	1.56	130	0.75	1.64	134
1.05 Irregular payments and bribes — new	0.00	2.76	124	0.75	2.77	128
(a) imports and exports	0.00	2.36	130	0.15	2.25	134
(b) public utilities	0.00	4.16	93	0.15	4.41	88
(c) annual tax payments	0.00	2.54	129	0.15	2.61	133
(d) awarding of public contracts and licenses	0.00	2.05	129	0.15	1.96	138
(e) obtaining favorable judicial decisions	0.00	2.68	117	0.15	2.64	122
3. Undue influence	2.25	2.61	116	2.25	2.51	121
1.06 Judicial independence	1.13	3.14	94	1.13	2.84	111
1.07 Favoritism in decisions of government officials	1.13	2.08	128	1.13	2.18	131
4. Government inefficiency	2.25	2.83	116	2.25	2.83	126
1.08 Wastefulness of government spending	0.45	2.38	119	0.45	2.40	118
1.09 Burden of government regulation	0.45	2.67	113	0.45	2.54	126
1.10 Efficiency of legal framework in settling disputes	0.45	2.65	123	0.45	2.84	122
1.11 Efficiency of legal framework in challenging regulations	0.45	2.77	109	0.45	2.83	116
1.12 Transparency of government policymaking	0.45	3.67	104	0.45	3.57	123
5. Security	2.25	4.10	104	2.25	4.07	116
1.13 Business costs of terrorism	0.56	4.35	124	0.56	4.43	126
1.14 Business costs of crime and violence	0.56	4.17	96	0.56	4.04	104
1.15 Organized crime	0.56	4.36	102	0.56	4.40	106
1.16 Reliability of police services	0.56	3.51	101	0.56	3.42	105
B. Private institutions	3.75	3.96	91	3.75	3.57	114
1. Corporate ethics	1.88	3.32	116	1.88	3.03	129
1.17 Ethical behavior of firms	1.88	3.32	116	1.88	3.03	129
2. Accountability	1.88	4.61	68	1.88	4.11	84
1.18 Strength of auditing and reporting standards	0.63	4.86	61	0.47	4.64	75
1.19 Efficacy of corporate boards	0.63	4.65	62	0.47	4.68	56
1.20 Protection of minority shareholders' interests	0.63	4.31	77	0.47	4.07	80
1.21 Strength of investor protection (World Bank) — new	0.00	4.0	100	0.47	4.0	109

	2009-2010 Report			2010-2011 Report		
	Index Weight (%)	Score/ Hard data	Rank out of 133 countries	Index Weight (%)	Score/ Hard data	Rank out of 139 countries
2nd Pillar: Infrastructure	15.00	2.91	98	15.00	2.92	104
A. Transport infrastructure — new	0.00	2.65	0	7.50	2.59	120
General infrastructure — discontinued	7.50	3.12	98	0.00	3.21	113
2.01 Quality of overall infrastructure	7.50	3.12	98	1.25	3.21	113
Specific infrastructure — discontinued	7.50	2.71	101	0.00	2.63	0
2.02 Quality of roads	1.07	2.78	104	1.25	2.80	114
2.03 Quality of railroad infrastructure	1.07	1.75	92	1.25	1.66	97
2.04 Quality of port infrastructure	1.07	3.00	112	1.25	2.76	131
2.05 Quality of air transport infrastructure	1.07	3.70	100	1.25	3.61	112
2.06 Available seat kilometers (IATA hard data)	1.07	715.9	28	1.25	788.7	28
B. Energy and telephony infrastructure — new	0.00	3.17	0	7.50	3.25	98
2.07 Quality of electricity supply	1.07	4.03	87	3.75	3.43	101
2.08 Fixed telephone lines (ITU hard data) ^{1/2}	1.07	4.4	102	1.87	4.5	106
2.09 Mobile telephone subscriptions (ITU hard data) ^{1/2} — new	0.00	76.0	83	1.87	81.0	88
3rd Pillar: Macroeconomic environment	15.00	4.54	76	15.00	4.60	68
3.01 Government budget balance (IMF, OECD et al. hard data)	3.00	(1.1)	60	2.50	(3.9)	62
3.02 National savings rate (IMF, WB et al. hard data)	3.00	17.8	83	2.50	19.3	74
3.03 Inflation (IMF hard data)	3.00	9.3	79	2.50	3.2	73
3.04 Interest rate spread (IMF, EIU et al. hard data)	3.00	4.3	47	2.50	5.8	75
3.05 Government debt (IMF, EIU et al. hard data)	3.00	56.3	101	2.50	57.3	102
3.06 Country credit rating (Institutional Investor data) — new	0.00	n.a.	n.a.	2.50	48.5	75
4th Pillar: Health and primary education	15.00	5.07	93	15.00	5.42	90
A. Health	7.50	6.10	93	7.50	n.a.	n.a.
4.01 Business impact of malaria	0.94	5.14	101	0.94	5.12	101
4.02 Malaria incidence (WHO hard data)	0.94	146.9	90	0.94	143.9	96
4.03 Business impact of tuberculosis	0.94	4.44	109	0.94	4.49	106
4.04 Tuberculosis incidence (WHO hard data)	0.94	290.0	113	0.94	284.8	117
4.05 Business impact of HIV/AIDS	0.94	5.23	69	0.94	5.02	83
4.06 HIV prevalence (WHO hard data)	0.94	< 0.1	1	0.94	< 0.1	1
4.07 Infant mortality (WHO hard data)	0.94	24.0	82	0.94	25.7	89
4.08 Life expectancy (WHO hard data)	0.94	71.0	80	0.94	71.8	84
B. Primary education	7.50	4.03	91	7.50	n.a.	n.a.
4.09 Quality of primary education	3.00	3.34	78	3.75	3.09	99
4.10 Primary education enrollment rate (UNESCO hard data)	3.00	91.3	81	3.75	91.7	82
Education expenditure (World Bank hard data) ^{1/2} — discontinued	1.50	2.2	118	0.00	n.a.	n.a.

Prepared by Makati Business Club Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports
 Notes: Scores range from 1 to 7 with 7 as the highest except for hard data.
 n.a. not available

Table 5

LEVELING UP TO THE NEXT STAGE

	2009-2010 Report			2010-2011 Report		
	Index Weight (%)	Score/Hard data	Rank out of 133 countries	Index Weight (%)	Score/Hard data	Rank out of 139 countries
EFFICIENCY ENHANCERS SUBINDEX	35.00	3.91	78	35.00	3.93	78
5th Pillar: Higher education and training	5.83	3.92	68	5.83	4.02	73
A. Quantity of education	1.94	3.81	85	1.94	4.23	84
5.01 Secondary education enrollment rate (UNESCO hard data)	0.81	83.3	83	0.97	82.5	82
5.02 Tertiary education enrollment rate (UNESCO hard data)	0.81	28.5	74	0.97	28.7	76
Education expenditure (World Bank hard data) ^{1/2} — discontinued	0.32	2.2	118	0.00	n.a.	n.a.
B. Quality of education	1.94	3.87	62	1.94	3.70	78
5.03 Quality of the educational system	0.49	3.85	50	0.49	3.69	69
5.04 Quality of math and science education	0.49	3.38	94	0.49	3.11	112
5.05 Quality of management schools	0.49	4.66	39	0.49	4.29	61
5.06 Internet access in schools	0.49	3.58	66	0.49	3.71	76
C. On-the-job training	1.94	4.09	55	1.94	4.12	57
5.07 Local availability of specialized research and training services	0.97	3.79	83	0.97	3.95	77
5.08 Extent of staff training	0.97	4.38	38	0.97	4.28	46
6th Pillar: Goods market efficiency	5.83	3.92	95	5.83	3.86	97
A. Competition	3.89	3.74	118	3.89	3.66	121
1. Domestic competition	2.92	3.51	70	n.a.	3.63	54
6.01 Intensity of local competition	0.49	4.73	81	n.a.	4.94	65
6.02 Extent of market dominance	0.49	3.09	108	n.a.	3.18	109
6.03 Effectiveness of anti-monopoly policy	0.49	3.54	87	n.a.	3.71	92
6.04 Extent and effect of taxation ^{1/2}	0.24	3.46	68	n.a.	3.48	77
6.05 Total tax rate (World Bank hard data)	0.24	50.8	93	n.a.	49.4	99
6.06 Number of procedures required to start a business (World Bank hard data)	0.24	15.0	120	n.a.	15.0	128
6.07 Time required to start a business (World Bank hard data)	0.24	52.0	113	n.a.	52.0	120
6.08 Agricultural policy costs	0.49	3.52	97	n.a.	3.61	95
2. Foreign competition	0.96	4.43	n.a.	n.a.	n.a.	n.a.
6.09 Prevalence of trade barriers	0.16	4.19	98	n.a.	4.30	89
6.10 Trade tariffs (hard data)	0.16	4.19	50	n.a.	4.30	52
6.11 Prevalence of foreign ownership	0.16	4.30	102	n.a.	4.35	104
6.12 Business impact of rules on FDI	0.16	4.46	97	n.a.	4.27	98
6.13 Burden of customs procedures	0.16	2.98	117	n.a.	3.00	129
10.04 Imports as a percentage of GDP (World Bank, EIU et al. hard data)	0.16	38.1	87	n.a.	30.5	92
B. Quality of demand conditions	1.94	4.26	50	1.94	4.26	47
6.14 Degree of customer orientation	0.97	5.08	35	0.97	4.97	42
6.15 Buyer sophistication	0.97	3.44	73	0.97	3.55	60
7th Pillar: Labor market efficiency	5.83	3.89	113	5.83	3.93	111
A. Flexibility	2.92	4.05	111	2.92	4.19	114
7.01 Cooperation in labor-employer relations	0.49	4.42	65	0.53	4.46	56
7.02 Flexibility of wage determination	0.49	4.64	96	0.53	4.65	96

	2009-2010 Report			2010-2011 Report		
	Index Weight (%)	Score/ Hard data	Rank out of 133 countries	Index Weight (%)	Score/ Hard data	Rank out of 139 countries
7.03 Rigidity of employment (World Bank hard data)	0.49	35.0	68	0.53	29.0	75
7.04 Hiring and firing practices	0.49	3.12	110	0.53	3.17	116
7.05 Redundancy (firing) costs (World Bank hard data)	0.49	91	109	0.53	114.0	91
6.04 Extent and effect of taxation ^{1/2}	0.24	3.5	68	0.26	3.5	77
Total tax rate (World Bank hard data) ^{1/2} — discontinued	0.24	50.8	93	0.00	n.a.	n.a.
B. Efficient use of talent	2.92	3.74	97	2.92	3.68	91
7.06 Pay and productivity	0.83	3.88	74	0.83	3.81	82
7.07 Reliance on professional management ^{1/2}	0.42	4.85	48	0.42	4.72	47
7.08 Brain drain	0.83	2.67	104	0.83	3.08	85
7.09 Female participation in labor force (ILO hard data)	0.83	0.62	99	0.83	0.63	104
8th Pillar: Financial market development	5.83	3.85	93	5.83	4.04	75
A. Efficiency	2.92	3.56	75	2.92	3.93	51
Financial market sophistication — discontinued	0.49	4.20	71	0.00	4.53	57
8.01 Availability of financial services — new	0.00	n.a.	n.a.	0.49	5.06	49
8.02 Affordability of financial services — new	0.00	n.a.	n.a.	0.49	4.83	37
8.03 Financing through local equity market	0.49	4.10	54	0.49	3.81	56
8.04 Ease of access to loans	0.49	2.67	88	0.49	2.92	55
8.05 Venture capital availability	0.49	2.50	87	0.49	2.46	75
8.06 Restriction on capital flows	0.49	4.50	68	0.49	4.52	64
Strength of investor protection (World Bank hard data) — transferred	0.49	4.0	100	0.00	n.a.	n.a.
B. Trustworthiness and confidence	2.92	4.13	104	2.92	4.15	98
8.07 Soundness of banks	0.97	5.41	58	0.97	5.57	38
8.08 Regulation of securities exchanges	0.97	4.18	77	0.97	4.10	73
8.09 Legal rights index (World Bank hard data)	0.97	3.0	98	0.97	3.0	103
9th Pillar: Technological Readiness	5.83	3.32	84	5.83	3.20	95
A. Technological adoption	0.00	4.98	0	2.92	4.85	66
9.01 Availability of latest technologies	0.73	5.06	57	0.97	5.14	62
9.02 Firm-level technology absorption	0.73	5.06	54	0.97	4.98	59
Laws relating to ICT — discontinued	0.73	3.79	71	0.00	3.55	86
9.03 FDI and technology transfer	0.73	4.82	72	0.97	4.43	88
B. ICT use	0.00	n.a.	0	2.92	1.56	106
9.04 Internet users (ITU hard data)	0.73	6.0	106	0.73	6.5	112
9.05 Broadband Internet subscriptions (ITU hard data)	0.73	0.6	89	0.73	1.9	84
9.06 Internet bandwidth (ITU hard data) — new	0.00	n.a.	0	0.73	1.1	101
Personal computers (ITU hard data) — discontinued	0.73	7.5	71	0.00	n.a.	n.a.
2.08 Fixed telephone lines (ITU hard data) ^{1/2}	1.07	4.4	102	0.36	4.5	106
2.09 Mobile telephone subscriptions (ITU hard data) ^{1/2}	0.73	76.0	83	0.36	81.0	88
10th Pillar: Market size	5.83	4.57	35	5.83	4.54	37
10.01 Domestic market size index (hard data)	4.37	4.37	31	4.37	4.40	33
10.02 Foreign market size index (hard data)	1.46	5.20	41	1.46	5.00	43

Prepared by Makati Business Club Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports
 Note: Scores range from 1 to 7 with 7 as the highest except for hard data.
 n.a. not available

Table 6

SUSTAINING GROWTH IN THE BIG LEAGUE

	2009-2010 Report			2010-2011 Report		
	Index Weight (%)	Score/Hard data	Rank out of 133 countries	Index Weight (%)	Score/Hard data	Rank out of 139 countries
INNOVATION AND SOPHISTICATION FACTORS SUBINDEX	5.00	3.45	74	5.00	3.38	75
11th Pillar: Business Sophistication	2.50	4.06	65	2.50	4.04	60
A. Networks and supporting industries — deleted	1.25	4.20	70	0.00	4.30	0
11.01 Local supplier quantity	0.42	4.65	75	0.26	4.80	68
11.02 Local supplier quality	0.42	4.36	77	0.26	4.40	70
11.03 State of cluster development	0.42	3.60	59	0.26	3.69	55
B. Sophistication of firms' operations and strategy — deleted	1.25	3.91	62	0.00	3.78	0
11.04 Nature of competitive advantage	0.19	3.50	59	0.26	3.32	67
11.05 Value-chain breadth	0.19	3.64	61	0.26	3.70	59
11.06 Control of international distribution	0.19	3.99	64	0.26	4.27	45
11.07 Production process sophistication	0.19	3.24	83	0.26	3.33	86
11.08 Extent of marketing	0.19	4.40	58	0.26	4.49	50
11.09 Willingness to delegate authority	0.19	4.24	37	0.26	4.00	38
7.07 Reliance on professional management ^{1/2}	0.09	4.85	48	0.13	4.72	47
12th Pillar: Innovation	2.50	2.84	99	2.50	2.73	111
12.01 Capacity for innovation	0.33	2.94	70	0.33	2.76	80
12.02 Quality of scientific research institutions	0.33	3.16	102	0.33	2.90	108
12.03 Company spending on R & D	0.33	3.08	61	0.33	2.81	85
12.04 University-industry collaboration in R&D	0.33	3.17	89	0.33	3.27	85
12.05 Government procurement of advanced technology products	0.33	2.87	119	0.33	2.68	129
12.06 Availability of scientists and engineers	0.33	3.62	95	0.33	3.63	96
12.07 Utility patents (U.S. Patent and Trade Office hard data)	0.33	0.2	78	0.33	0.3	71
1.02 Intellectual property protection ^{1/2}	0.16	2.92	98	0.16	2.78	103

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WEF AND MBC

The Geneva-based World Economic Forum is an independent non-stock, non-profit, non-partisan international organization incorporated in 1971, committed to improving the state of the world by engaging leaders in partnerships to shape global, regional, and industry agendas. WEF has pioneered international competitiveness rankings since 1979.

Its Centre for Global Competitiveness and Performance publishes the flagship *Global Competitiveness Report*, *Global IT Report*, *Travel and Tourism Competitiveness Report*, *Global Gender Gap Report*, *Global Enabling Trade Report*, and *Financial Development Report*. The *Global Competitiveness Report* is the most comprehensive and authoritative assessment of the comparative strengths and weaknesses of national economies, and is used by governments, academics, and business leaders.

WEF has included the Philippines in its international competitiveness scoreboard since 1994, with the Makati Business Club as its partner institute for the country. The MBC has administered the conduct of the annual WEF Executive Opinion Survey and has provided hard data on the country that are not available from international agencies and institutions. This year's opinion survey for the Philippines also elicited the cooperation of the Management Association of the Philippines.

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