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**The Entrepreneur**

### **True competitiveness is a cultural thing**

The Philippines has to do a lot of hard work to improve its economic standing and competitiveness in the world.

That it lacks such competitiveness is reflected in the reluctance of foreign investors to bring in capital as well as in the slow growth of exports, particularly of high-value products.

In the annual Global Competitiveness Report of the World Economic Forum (WEF) for 2010-2011, the Philippines placed 85<sup>th</sup> among 135 world economies. While this is a two-notch improvement from its 87<sup>th</sup> ranking in the previous year's report, it, however, continues to lag behind our neighbors, Singapore, Malaysia, Brunei, Thailand, Indonesia and Vietnam.

On the other hand, the Philippines slipped to the 41<sup>st</sup> place in the Institute for Management and Development's (IMD) 2011 ranking of 59 world economies in terms of global competitiveness, down two notches from last year's rankings. And in the IMD's World Competitive Yearbook, the Philippines performed terribly in terms of government efficiency, falling to 37<sup>th</sup> place from last year's 31<sup>st</sup>, or a six-notch decline.

The Philippines also performed poorly in such indicators as international investments (56<sup>th</sup>), business legislation (51<sup>st</sup>), basic infrastructure (57<sup>th</sup>), scientific infrastructure (58<sup>th</sup>) and education (57<sup>th</sup>).

However, it showed strong performance in areas such as fiscal policy (13<sup>th</sup>), prices (12<sup>th</sup>) and the labor market (5<sup>th</sup>). Still, the Philippines ranked last among the 13 Asia-Pacific nations surveyed for the study.

In light of the persistent low ranking in global competitiveness, efforts to improve the country's ranking are laudable and understandable.

The National Competitiveness Council (NCC), a partnership between the government and the private sector, has been implementing a Performance Governance System (PGS) to address indicators where the Philippines ranks lowest, like governance and transparency, infrastructure, transaction flows and education.

The NCC is also encouraging local government units to improve the processing of business permits under a Business Permits and Licensing System (BPLS). The BPLS streamlining program, which was specified in the Joint Memorandum Circular 01 of the Department of Trade and Industry and the Department of the Interior and Local Government, aims to simplify and improve the efficiency of the existing processes of the LGUs.

The administration hopes that the implementation of projects under the Public-Private Partnership (PPP) program will also boost the country's competitiveness ranking.

Executive Order No. 44, which was signed last June 3, expanded the membership of the Public-Private Sector Task Force on Philippine Competitiveness, now known as the National Competitiveness Council, to include the heads of the Department of Energy and the Department of Tourism. Other members are the secretaries of DTI and the Departments of Finance and Education, director general of the National Economic and Development Authority, and five representatives from the private sector.

Among these measures, I'm not sure that the Executive Order 45, which created the Office for Competition, is also for improving the country's competitiveness.

Under EO 45, the new office will promote competition and level the playing field in the market by preventing monopolies, cartels and protecting consumers from abusive business practices.

As "competition authority," the justice secretary is tasked to investigate all cases involving violations of competition laws and prosecute violators to prevent, restrain and punish monopolization, cartels and combination in restraint of trade.

For me, EO 45 looks more like an anti-trust, anti-monopoly, anti-cartel or a consumer protection measure rather than a body for promoting competitiveness, which is what the National Competitiveness Council is already doing.

I don't believe that improving the country's competitiveness can be done by a single department. Competitiveness must be made part of our culture if it is to be consistent and permanent.

In other words, improving competitiveness should not only be aimed at achieving higher rankings in the global surveys, but also in developing a competitive spirit among government agencies, among private companies and among our people.

Athletes are the prime examples of people who are competitive and are driven by competitive spirit. We would not have the world's best boxer if Manny Pacquiao did not have a competitive spirit. We would not have gained world attention in football if the Azkals did not show competitiveness.

To be sure, Filipinos are a competitive people – we have students winning trophies in international math competitions, excelling in science and technology, in music and in many other fields of human endeavor, either individually or in groups.

This is the competitiveness that must become part of our national culture.

Simplifying business permit processing, reducing documentary requirements or allowing on-line transactions will make it easier for investors to put up businesses and will certainly improve our image, but these will improve our competitiveness only to a certain extent. Such improvements are subject to change when administrations, local or national, change.

Pushing competitiveness, like pushing entrepreneurship, cannot be done by putting up an office within a government department to do it – it will just print brochures or conduct seminars.

Both entrepreneurial development and competitiveness will require massive change, a shift in the minds of the people. And we can only achieve this through the involvement of all the sectors of our society, from education to local governments and to the private sector. All of us must be involved.

It is a big task, indeed. We Filipinos are a competitive people. Individual citizens have excelled in their respective fields and our outsourcing industry is now among the world's leaders.

There's no reason why we cannot make the Philippines among the world's most competitive nations, not just for an annual survey, but for a long, long time.

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