

# COMPETITIVENESS RANKINGS AND THEIR IMPLICATIONS TO HUMAN CAPITAL DEVELOPMENT



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## **BACKGROUND**

Several reports and studies have been made regarding the competitiveness of countries. The reports below describe competitiveness as the capabilities of countries to deal with the challenges brought by a highly interconnected and rapidly changing world. The efforts and initiatives of the countries' capabilities are quantified in the competitiveness rankings mentioned in this brief.

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### **IMD World Competitiveness Ranking 2019**

Assessment was done using four (4) factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure. Economic Performance is composed of Domestic Economy, International Trade, International Investment, Employment, and Prices. The sub-factors under Government Efficiency are Public Finance, Tax Policy, Institutional Framework, Business Legislation, and Societal Framework; while Business Efficiency is composed of Productivity and Efficiency, Labor Market, Finance, Management Practices, and Attitudes and Values. Finally, Infrastructure is composed of Basic Infrastructure, Technological Infrastructure, Scientific Infrastructure, Health and Environment, and Education.

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### **IMD World Digital Competitiveness Ranking 2019**

"measures the capacity and readiness of 63 economies to adopt and explore digital technologies against three (3) factors: Knowledge, Technology and Future Readiness. Under each of these factors are nine (9) sub-factors. Knowledge is about the "discovery, understanding and learning of new technologies, which is an essential process of digital transformation". Technology looks into the overall situation of the country that facilitates the development of digital technologies. Future Readiness assesses the country's preparedness to undergo digital transformation.

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### **WEF Global Competitiveness Report 2019**

The report uses the Global Competitiveness Index (GCI) 4.0, which assesses the drivers of productivity in an economy. This assessment is performed across the following pillars: Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation capability.

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## SINGAPORE IS THE MOST COMPETITIVE COUNTRY



By topping two out of three competitiveness rankings, and ranking second in one of the rankings, Singapore can be touted as the most competitive country/economy in the world. The country is most competitive due to the strong and balanced performance across all factors or pillars.



**SWITZERLAND**



**SINGAPORE**



**USA**



**FINLAND**



**DENMARK**

These are the countries that topped the rankings in the education/training/skills factors/pillars.

### IMD World Digital Competitiveness Ranking 2019

#### KNOWLEDGE

- #1 - USA
- #2 - Switzerland
- #3 - Singapore

#### Talent

- #1 - Singapore
- #2 - Switzerland
- #3 - Netherlands

#### Training & Education

- #1 - Kazakhstan
- #2 - Sweden
- #3 - Israel

#### Scientific Concentration

- #1 - USA
- #2 - Canada
- #3 - Sweden

### WEF Global Competitiveness Report 2019

#### SKILLS (OVERALL)

- #1 - Switzerland
- #2 - Finland
- #3 - Denmark

#### Skills of Current Workforce

- #1 - Switzerland
- #2 - Finland
- #3 - Singapore

#### Quality of Vocational Training

- #1 - Switzerland
- #2 - Austria
- #3 - Netherlands

#### Skills of Future Workforce

- #1 - Denmark
- #2 - Switzerland
- #3 - Netherlands

# PHILIPPINE RANKINGS

▲ 56/63

**IMD World  
Competitiveness  
2019**

▲ 55/63

**IMD World Digital  
Competitiveness  
2019**

▼ 64/141

**WEF Global  
Competitiveness  
Report 2019**

- The Philippines improved its ranking in all sub-factors, with the greatest improvement in the Economic Performance sub-factor, from 50 to 38, and a marginal improvement in the infrastructure sub-factor, from 60 to 59.
- Availability of skilled and cost competitive labor has contributed in the improvement in the Business Efficiency ranking.
- However, overall productivity and labor productivity in the country is among the weakest. This means that the reason why our labor costs are low is because our labor productivity is also low.
- Education infrastructure in the country, though marginally improved, is still ranked among the lowest. Technological infrastructure also had some improvement.

## KNOWLEDGE

#51

- Talent #41
- Training & Education #54
- Scientific Concentration #54

In addition, the report also states that the Philippines perennially ranks low on the Technology factor, and declined two places in the Future Readiness factor.

## SKILLS (OVERALL)

#67

- Skills of Current Workforce #19
  - Quality of Vocational Training #29
- Skills of Future Workforce #88
- There is relative ease in finding skilled employees, and employees are provided career growth through training.
- Good skills set of graduates, digital skills population, critical thinking in teaching, quality of vocational training
- Skills of Future Workforce is pulled down by the high pupil-to-teacher ratio in primary education.

## ANALYSIS



- The availability of skilled workers in the Philippines has been consistent across all of the reports. However, the enhancement of talent and knowledge build up of the Filipino worker is not reached due to poor spending on education and R&D.



- It is good to note that the Philippines ranks quite high in the skills of current workforce, particularly on the quality of vocational training. This recognition of an international body means that TESDA work in developing TVET in the Philippines is effective in developing the skills of the workforce.



- The low ranking on future readiness and the skills of the future workforce does not bode well as this indicates that the country has not been preparing well in adapting to the Fourth Industrial Revolution. While it is still not known as to how and when the Fourth Industrial Revolution will have a massive impact in the Philippine job market, equipping workers with the required skills is critical in order to be competitive in the future job market.

## WAY FORWARD



Part of increasing investments in education and training should include strengthening the digital competitiveness of the Filipino workforce in order to capitalize on the opportunities in the Fourth Industrial Revolution.



There is still a need to enhance the technological infrastructure, such as access to connectivity and hardware, which are vital component in addressing current and future skills requirements. Likewise, research and development has to be prioritized, as this is critical in the enhancement of talent and knowledge build up.



TESDA can look into innovative ways of making quality education more accessible through the use of technology.

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