

Where competitiveness meets resilience

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Ten years after the global economic crisis, the world is increasingly more vulnerable.

While many economic challenges require long-term solutions, much “short-termism” still exists.

Global economies are still in recovery. Monetary stimulation is not enough to revitalize economies and reignite growth countries need to adopt competitive agendas, embrace drivers of competitiveness and collaborate on a long-term vision for progress and prosperity.

It is essential to direct the compass toward the Fourth Industrial Revolution (4IR), which is redefining the way work is done and how people live and interact with each other.

Competitiveness is productivity; It is how countries create the best economic, social and environmental conditions for economic development. At its core is the acknowledgment economic prosperity is a vital driver for sustainable human development.

In that sense, declaration 9 of the 2030 Agenda for Sustainable Development calls for “sustained, inclusive and sustainable economic growth.”

How to assess vital elements that make countries competitive and benchmark their performance is one of the main concerns.

The World Economic Forum published its annual Global Competitiveness Report in mid-October 2018. The report has broadened its old definition of national competitiveness by emphasizing the significance of social, cultural and economic factors.

Designed to guide global thinking and policymakers in developing economic strategies, policies and practices, the report highlights long-term fundamentals of competition and measurement trends.

The high point of this year’s report is the emphasis on the fact that more competitive countries are more resilient. It redefines the importance of drivers of competitiveness as a necessary fundamental for building resilience in an unstable context of increasing susceptibility and marginalization.

This year’s edition of the report marks a breakthrough in its 40-year history. The new version of the Global Competitiveness Index embraced new indicators and introduced a new set of drivers of productivity, taking into account the social, economic and political developments of today’s 4IR. Agility, adaptability and future-readiness are all key features of successful economies in a changing world.

Thus, understanding and anticipating emerging economic and social trends is important in developing agile economic policies.

Development models are falling apart, demonstrating the significance of eliminating prescriptive aspects from these modalities and indicating that no magical solution can be offered; each country is called to plan its own competitiveness strategy.

Striving for competitiveness means striving for prosperity by creating more opportunities for people and improving their living conditions. The report assesses 140 economies according to 12 key pillars or drivers of competitiveness and 114 indicators of which 70 percent come from international organizations.

It reviews whether the factors of productivity are in place ranging from factors such as higher education and training, to institutions, health and primary education under pillars like innovation ecosystems, technological readiness and business dynamics.

The report appraises countries against an ideal score of 100, representing perfection in competitiveness. Clearly achieving a perfect score is a challenge.

The United States which ranks No. 1 this year scores 85.6.

Several questions are addressed in the report, questions like: What matters for growth?

What makes economies more resilient? How does competitiveness make a difference?

Are counties doing enough to sustained growth?

Significantly, the 2018 report emphasizes the “role of human capital, innovation, resilience and agility, as not only drivers, but also defining features of economic success in the 4IR.” These qualities are analyzed through different concepts such as measuring social trust, critical thinking and multistakeholder collaboration.

The new factors compliment those traditional aspects of economic competitiveness including macroeconomic stability, measures of labor, capital productivity and property rights.

The report emphasizes that “competitiveness is not a zero-sum game between countries it is achievable for all countries.” Moreover, it is important for countries to achieve success across all 12 pillars, since success in one alone is not sufficient.

The report makes clear in order to reach higher levels of competitiveness, countries cannot neglect any driver.

The pillars are interdependent and reinforce each other.

Since competitiveness means more opportunities for all, today the world needs to know more about human capital in the 4IR.

In order to achieve change, “softer drivers” around human capital, such as innovation, are becoming more important than “harder drivers.”

Human capital promotes cohesion within communities and enhances social trust reducing transaction costs.

Other “softer drivers” of innovation include entrepreneurial culture, interaction and diversity.

The ability of countries to attract talent is of particular importance to innovation.

In a fractured world, more competitiveness is needed to survive and thrive.

While moving toward the unknown future, making progress with the drivers of competitiveness is crucial.

There is no radical, simple formula for prosperity; however, competitiveness builds the foundation for more stable and successful societies.

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