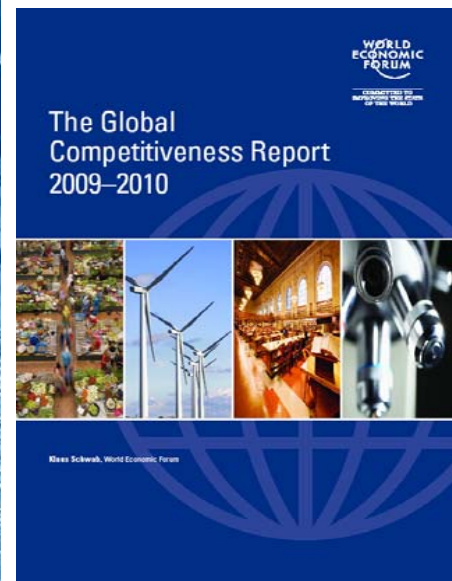




# Benchmarking Europe's competitiveness and innovation capacity

Findings from *The Global Competitiveness  
Report 2009-2010*



## Outline

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- ▶ The Global Competitiveness Report
- ▶ The Global Competitiveness Index (GCI)
- ▶ Europe's performance in GCI measures of innovation

# Global Competitiveness Report

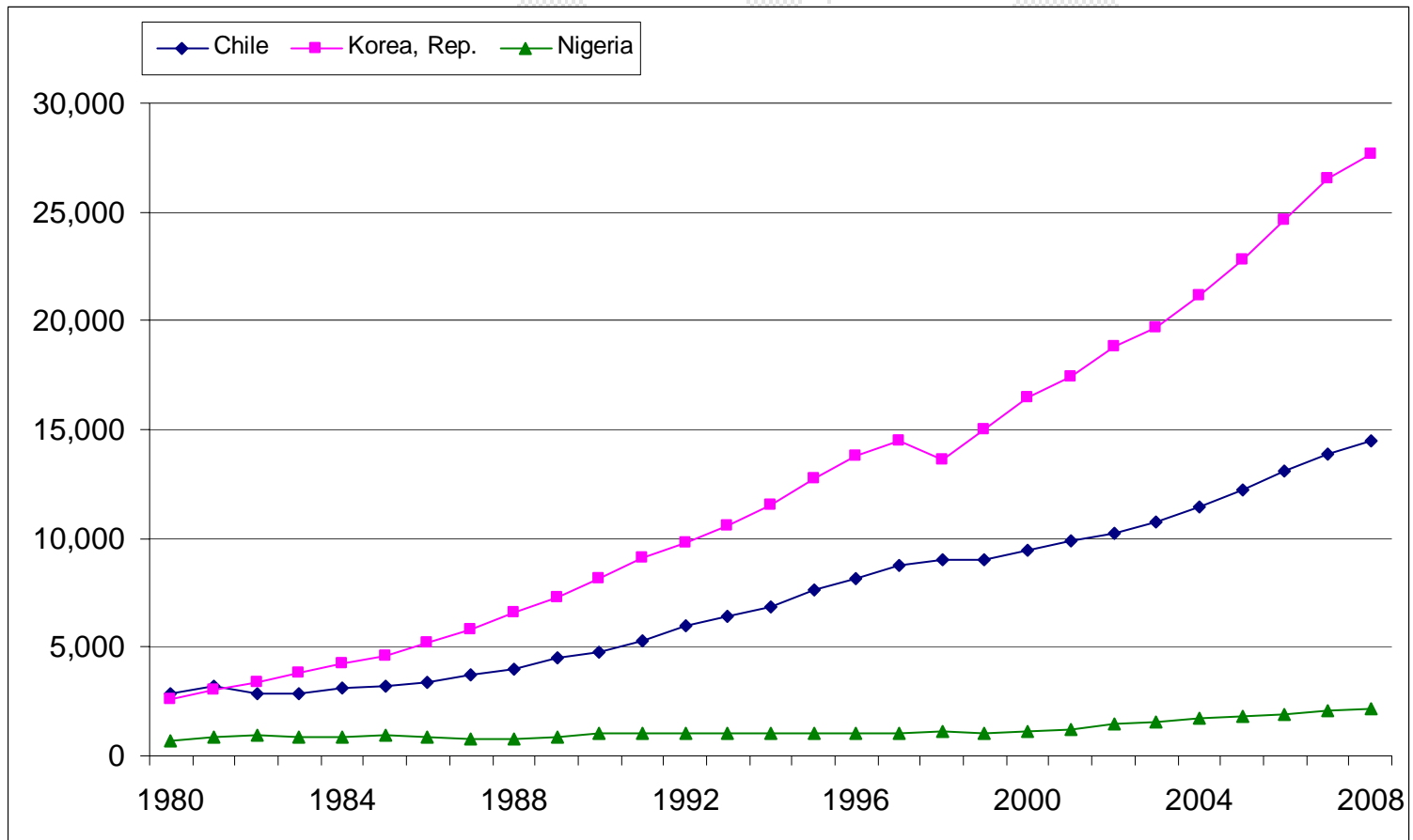


- ▶ Launched in 1979 covering 16 countries; it has since expanded its coverage to 133 countries.
- ▶ Goal: to provide a benchmarking tool for policy-makers and business leaders

# The Global Competitiveness Report

## What are we trying to measure?

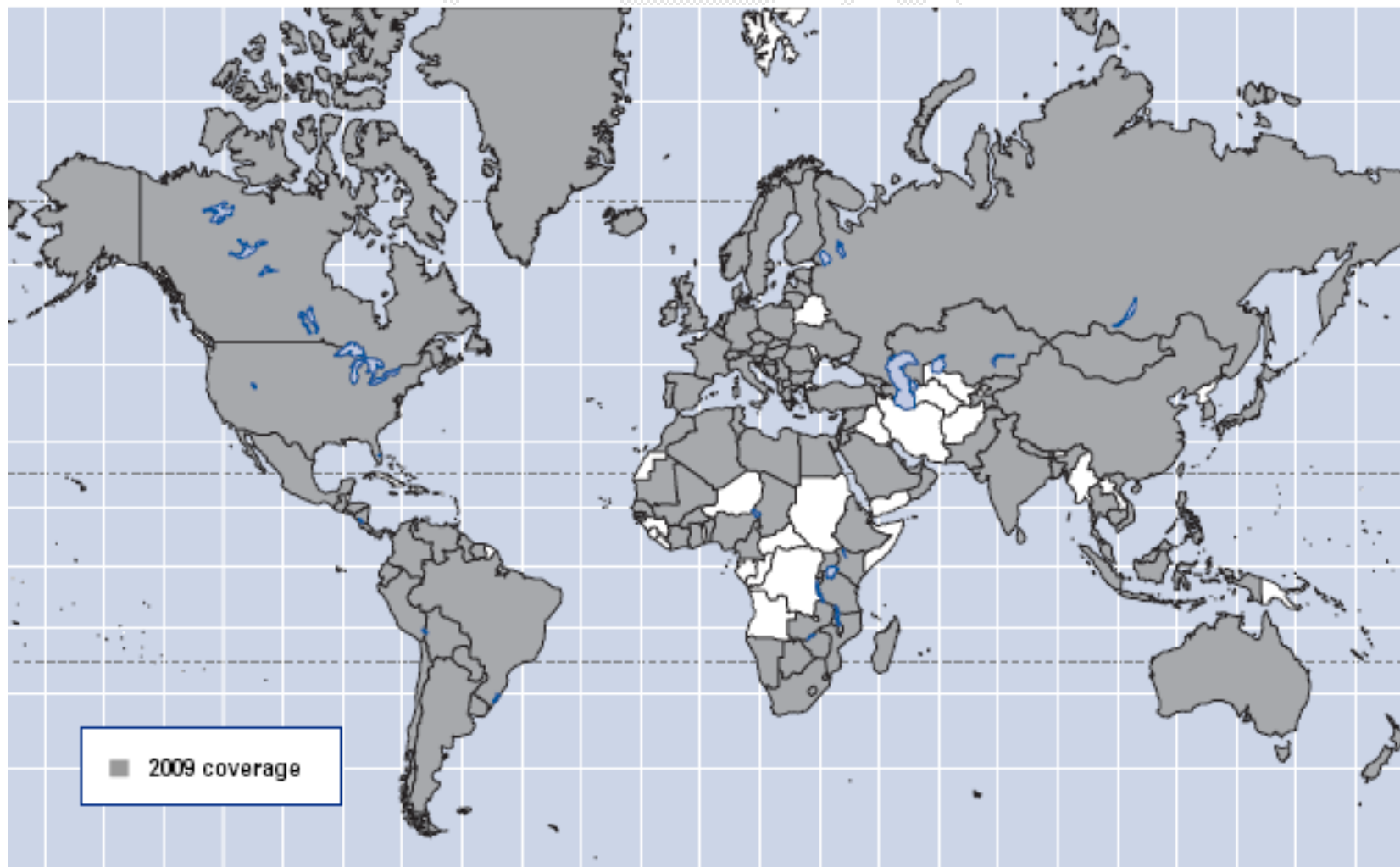
- GDP per capita 1980-2008 (PPP in international dollars)



Source: IMF World Economic Outlook Database, April 2009

# *The Global Competitiveness Report 2009-2010*

## Country coverage



# The Global Competitiveness Index Definition

- ▶ How we **do not** define competitiveness: “a country’s share of the world market for its products”
  - This view implies a zero-sum game – one country’s gain comes at the expense of others
  
- ▶ How we **do** define competitiveness: “*the set of institutions, policies, and factors that determine the level of productivity of an economy.*”
  - The level of productivity, in turn, sets the sustainable level of prosperity that can be earned by an economy.

# The Global Competitiveness Index

## Stages of Development

The process of economic development evolves in stages as captured by the model:

### 1. **Factor-driven stage**

Firms **compete in prices**, taking advantage of cheap production factors

### 2. **Efficiency-driven stage**

Firms use **efficient production practices** to increase productivity

### 3. **Innovation-driven stage**

Economies need to produce **innovative products** using sophisticated production methods

# The Global Competitiveness Index

## The Framework

### BASIC REQUIREMENTS

1. Institutions
2. Infrastructure
3. Macroeconomic stability
4. Health and primary education

Key for  
**factor-driven**  
economies

### EFFICIENCY ENHANCERS

5. Higher education and training
6. Goods market efficiency
7. Labor market efficiency
8. Financial market sophistication
9. Technological Readiness
10. Market size

Key for  
**efficiency-driven**  
economies

### INNOVATION & SOPHISTICATIONS FACTORS

11. Business sophistication
12. Innovation

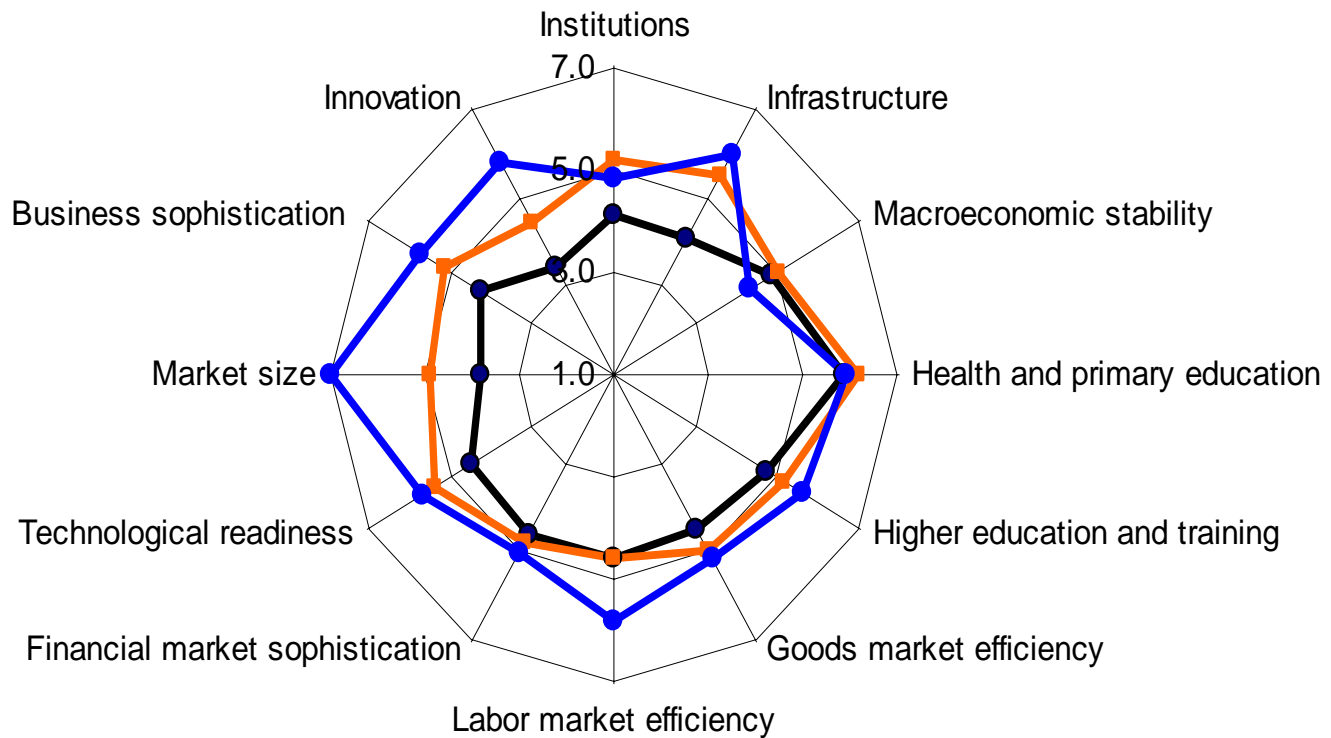
Key for  
**innovation-driven**  
economies



# The Global Competitiveness Index 2009-2010

## Europe's performance in the 12 pillars

● EU Accession 12   
 ■ EU 15   
 ● United States



# The Global Competitiveness Index

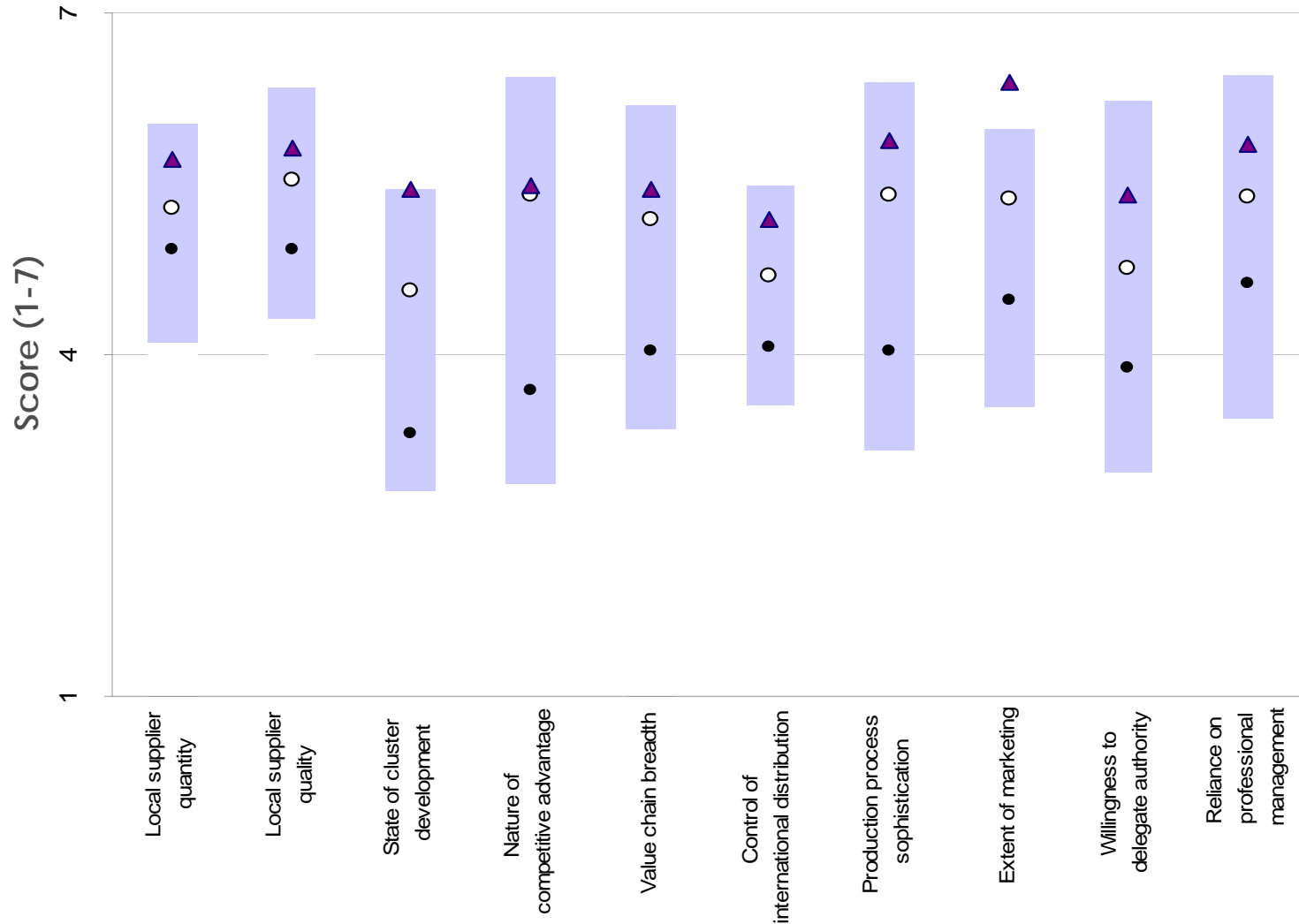
## Elements of the Business Sophistication Pillar

- ▶ Local supplier quantity
- ▶ Local supplier quality
- ▶ State of cluster development
- ▶ Nature of competitive advantage
- ▶ Value chain breadth
- ▶ Control of international distribution
- ▶ Production process sophistication
- ▶ Extent of marketing
- ▶ Willingness to delegate authority
- ▶ Reliance on professional management-

# The Global Competitiveness Index 2009-2010

## Europe's performance in the business sophistication pillar

■ Highest/Low est w within EU 27   ○ EU 15   ● EU Acc 12   ▲ United States



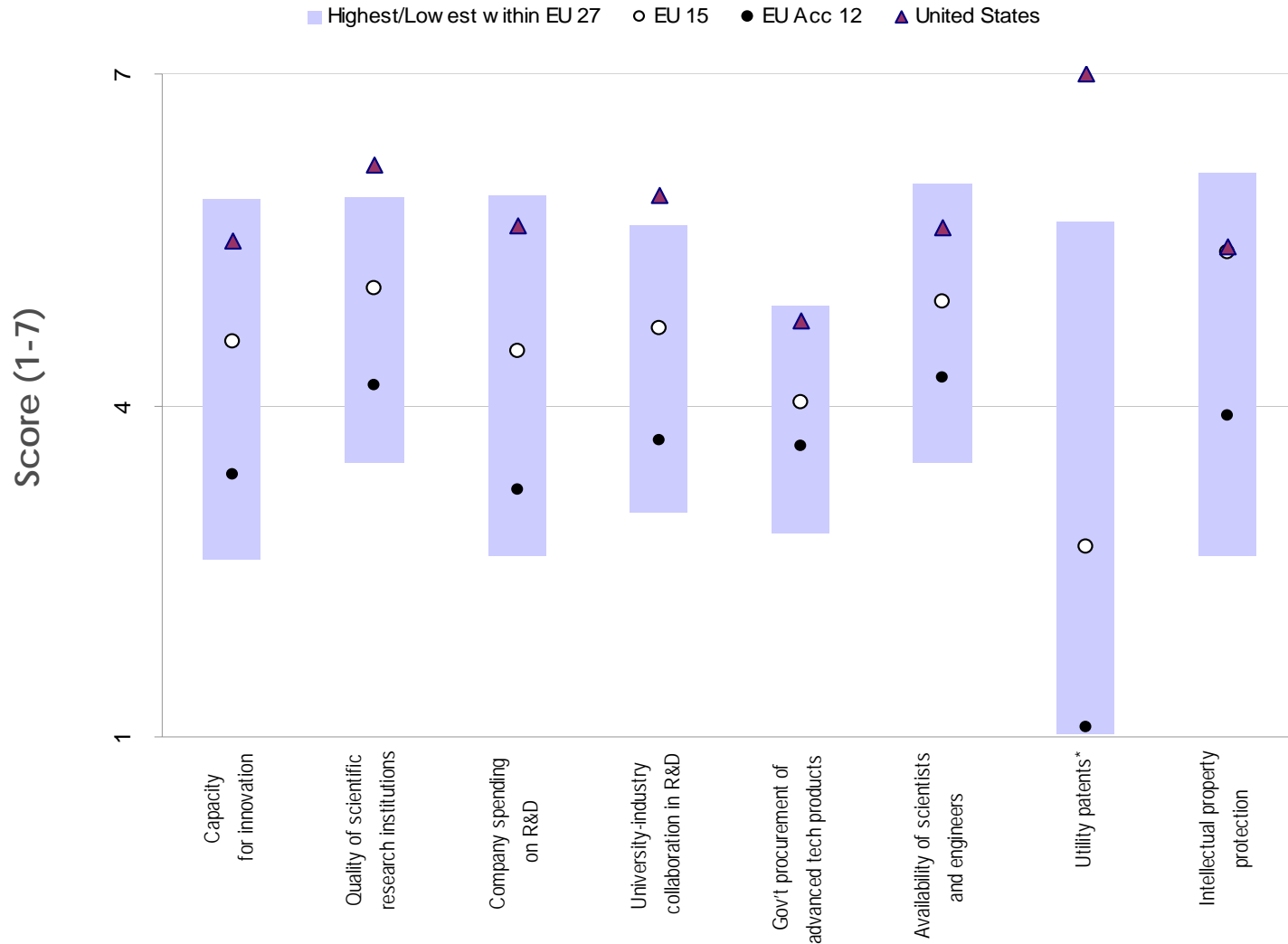
# The Global Competitiveness Index

## Elements of the Innovation Pillar

- ▶ Capacity for innovation (of companies)
- ▶ Quality of scientific research institutions
- ▶ Company spending on R&D
- ▶ University-industry research collaboration
- ▶ Government procurement of advanced technology products
- ▶ Availability of scientists and engineers
- ▶ Intellectual property protection
- ▶ Utility patents

# The Global Competitiveness Index 2009-2010

## Europe's performance in the innovation pillar



# *The Global Competitiveness Report 2009-2010*

## How to obtain more information

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Visit our website for further information and to browse

*The Global Competitiveness Report 2009-2010:*

**[www.weforum.org/gcr](http://www.weforum.org/gcr)**