Moving up the global competitiveness rankings is an incentive for developing nations. But do these indices really reflect a nation’s standing?

When the oil-rich United Arab Emirates (U.A.E.) was proclaimed by Forbes to be the most unfriendly nation in the world for expatriates earlier this year, it sparked such an avalanche of angry responses the business information company was forced to review its listings. But Abdullah Nasser Lootah, secretary general of the Emirates Competitiveness Council (ECC) took the rating as a challenge and says the reaction, from both national and expatriate residents, is a sign the nation is heading in the right direction.

The Forbes listing aside, international reports and indices ranking a nation’s competitiveness and
economic achievements are important to small, open economies like the U.A.E. seeking trade and foreign direct investment necessary to achieve scale enough for productivity increases. “For economies with a well-established credibility and brand rankings, this will be meaningless, but for emerging markets they can be a way to introduce or improve the branding of their economy,” says INSEAD Professor of Economics, Antonio Fatas. “Countries and governments cannot ignore them because investors (especially those who are foreign) will partly rely on these rankings as a source of information about a country.”

Speaking outside an INSEAD policy breakfast in Abu Dhabi recently, Lootah told Knowledge the rankings also give young nations with a dearth of data the opportunity to benchmark their achievements. “The rankings tell us …where we are today and where we want to head,” says Lootah. “Our leaders are not happy with the U.A.E. being the number one Arab country in just one report; they want us to be number one across all reports.” In fact, one of the ECC’s key performance indicators is to lift the U.A.E. to among the top 10 nations in the world in all reputable international indices - such as World Bank’s Ease of Doing Business Index and the World Economic Forum’s Global Competitiveness report - before its 50th jubilee in 2021.

But how important are these macro-economic indices and how accurately do they portray a country’s advancements, according to Sami Mahroum, director of INSEAD’s Innovation & Policy Initiative based in Abu Dhabi.

Mahroum says in many cases Foreign Direct Indices (FDI), immigration data or comparisons of the number of global financial services, can be a more accurate reflection of the long-term confidence in a country’s economy than broader macro-economic indicators. Take the World Economic Forum (WEF) 2011/2012 Global Competitiveness report, he tells Knowledge. “The fact that the U.A.E. has dropped several places on global competitiveness in relation to other countries is not significant. And WEF’s assessment of what the U.A.E. needs to do to catch up on these indicators is inaccurate.

“WEF recommend that the U.A.E. invest more in education and health, which is always a noble thing for any government to do, but it is not relevant to the competitiveness of the U.A.E. economy as it’s already investing in all levels of education and its real competitiveness comes from its ability to get any talent it needs to it.”

“Competitiveness indicators need to be seen in the context of the country at hand, its industrial and economic structure, its level of economic development and in relation to its comparative advantage.”

To lift the U.A.E’s standing on the world stage, the ECC is working with global ranking institutions to better understand their methodologies and gather advice on how to lift their rating. “In many cases it’s about gathering the appropriate information and providing up-to-date, quality statistics on time,” says Lootah. “This is something that has been a challenge for us.”

Census surveys and data collection are a relatively new phenomenon in the U.A.E. and getting government entities to realise the importance of updating accurate statistics has been difficult. More than one international body has noted the lack of correlation between numbers offered by the different Emirates and different departments. “This is something we can fix,” Lootah says. “We have to convince these departments that we need statistics from a month ago not 2009.” To this end the ECC has signed an MOU with the National Bureau of Statistics requiring the bureau to supply international and local bodies with good quality data, on time and in the right format on request.

It’s demands like this that have given the ECC a reputation as something of a bulldozer. “Some people think the ECC is a pressuring body formed by the Prime Minister to get things done,” Lootah says noting the close ties the council has to the nation’s leaders. “But it’s not, it’s been formed to break down silos to work with private sector and public entities to make the U.A.E. a better place.”

The council holds one-on-one sessions with public companies, listening to their ideas and reporting back to the government, lobbying for funding or policy changes to assist innovations aimed at improving competitiveness and giving private sector the opportunity to help raise the country’s rankings on the world stage.

“For the U.A.E. to continue to become the leading nation in the MENA region we must continue pursuing change,” says Lootah. “We can’t stand still and think we’ve done it.”

In this pursuit of change and greater competitiveness, the U.A.E. government is adopting a ranking system of its own. Ministries will be judged and benchmarked on what is akin to the hotel star ratings system.

“How soon we will see stars on the board outside our ministries,” Lootah says, “That way they, and the public, will know if they’re only a four-star they will have to work harder.”

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