

## **Opening remarks: Seminar on “Measuring and Examining Innovation in Philippine Business and Industry”<sup>1</sup>**

To all our guests, representatives from the government, academe, media, and civil society organizations, a pleasant afternoon to you all.

Today’s fast-paced era of high- tech computers, machines, smartphones and what-not have made innovation a requirement for companies. In fact, innovation is included in the Sustainable Development Goals and an important component of the 2017-2022 Philippine Development Plan.

In the 2016 Global Innovation Index Report, the Philippines ranked 74<sup>th</sup> out of 128 economies in terms of innovation climate. Clearly, this means that we are lagging behind in terms of innovation. But what seems to be the problem? Are we not capable of adapting to the ever-changing needs of our time? This shows that we need to do more and address the problems that make it difficult for our companies to innovate.

When we hear the word “innovation”, often times, we think of something grand and ambitious. But it does not only mean new, big, game-changing developments in a company, it also includes even minor improvements in products and processes or operations, which can result to significant gains for the innovating company. In this sense, it is not important whether an innovation is major or minor. What is important is to adopt an innovative mind set. After all, innovations could lead to the welfare of everyone, and not only the producers.

In 2016, Fatima del Prado and I wrote a research paper entitled “Does innovation mediate good firm performance?” Based on that research, we found that product and process innovations result to increase in sales and profits and improvement of labor productivity. The overall conclusion is that innovation can significantly improve firm performance.

The Philippine Institute for Development Studies has looked at innovation in the food manufacturing, garments, service, and automotive industries and produced a few studies on these sectors of the economy. It is interesting to hear today the current status of innovation of businesses and industries in the Philippines based on the 2015 Survey of Innovation Activities conducted by PIDS. A similar survey was conducted in 2009, and was conducted by the Department of Science and Technology, in cooperation with PIDS and the then National Statistics Office.

There are a number of questions that may be raised. How does innovation impact companies that invest on it? What hinders companies to innovate? What leads firms to innovate? Let me then thank Dr. Toots Albert, senior author of the PIDS report on innovation for conducting this timely seminar. The other authors of the report are Francis Quimba and yours truly.

Thank you all for coming and have a good day.

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<sup>1</sup> Gilberto Llanto