

**International Conference**  
**on**  
**Innovation and Economic Diversification**  
**in**  
**GCC's National Development Plans**  
**(IED18)**  
**Arab Open University – Kuwait**

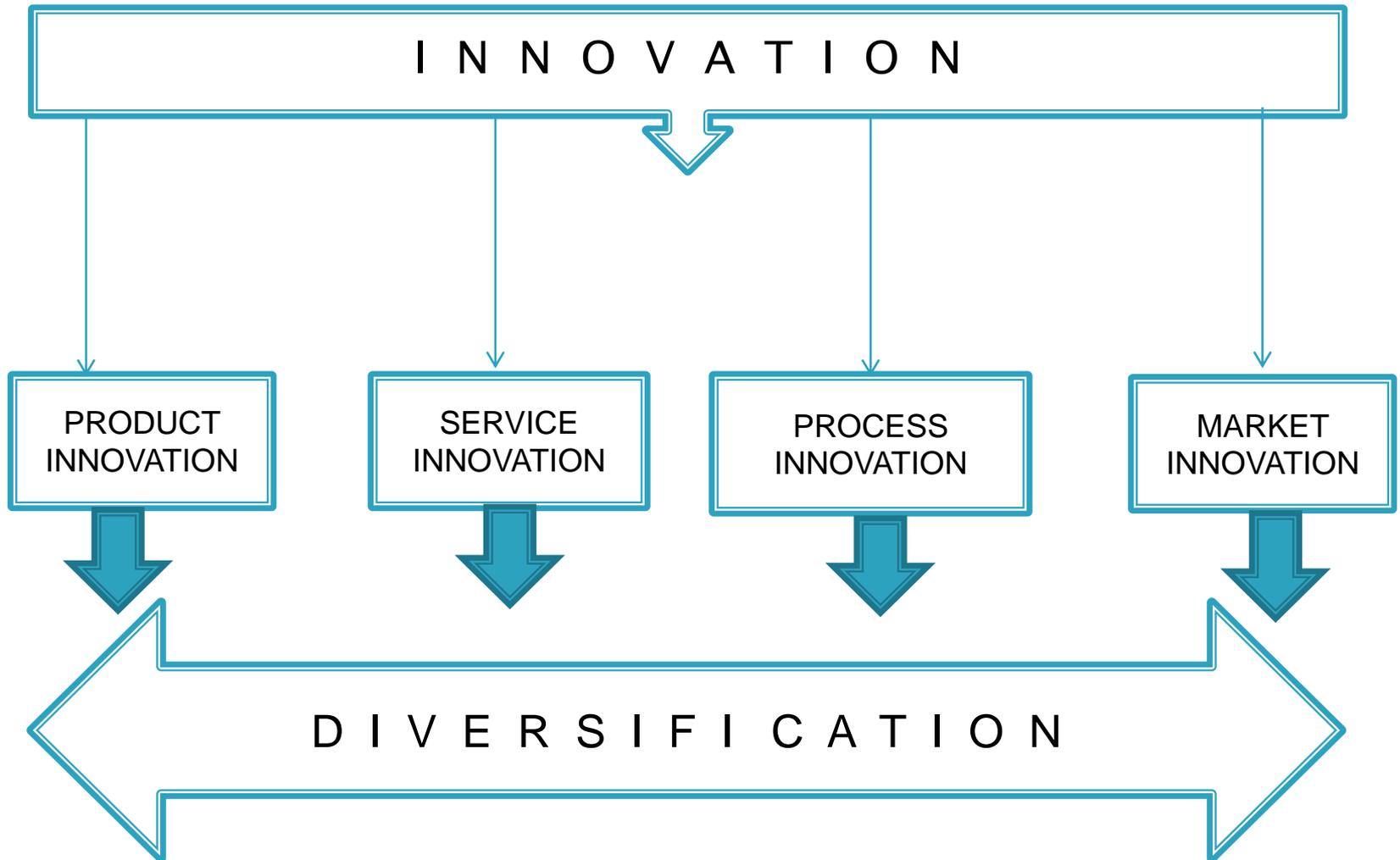
‘INNOVATE OR PERISH’  
STRATEGIC IMPLICATIONS FOR  
NATIONAL COMPETITIVE  
ADVANTAGE: THE CASE OF  
BAHRAIN

# INNOVATION–Meaning : *According to Global*

*Innovation Index (GII) 2016 p 49.*

- ▶ “An innovation is the implementation of a new or significantly improved product (good or service), a new process, a new marketing method, or a new organizational method in business practices, workplace organization, or external relations”. Innovation is not a solitary act, for its success, the players need to build links across internal and external boundaries.

INNOVATION IS NOT THE END  
IT IS THE MEANS TO DIVERSIFICATION



# INNOVATION IS NOT THE END IT IS THE MEANS TO DIVERSIFICATION

Based on the result of innovation, a nation is able to create and invest in alternative revenue stream (diversification) that will provide it with the ability for sustainable growth as it will not be addicted to one particular type of economic revenue .

# DIVERSIFICATION as out put of INNOVATION PROCESS

In the context of the theme of this conference, GCC states in general and Bahrain in particular have to engage with innovative diversification fundamentally, to minimize the vulnerability of relying on economies based on single investment/resource to ensure a sustainable economic growth.

## Global over view:

- ▶ Researchers and authors have asserted that change is the only constant in the current global changing and volatile environment, hence any nation or firm for that matter, that embraces status quo is subject to perish .
- ▶ Nokia, Eastman Kodak Company (KODAK), Polaroid Corporation, Blockbuster Inc. and Borders Group are handful of examples of fatal victims of otherwise avoidable-*innovation deficiency syndrome*.

# Regional overview

- ▶ The GCC states have now embedded research and development (R&D) and innovation missions in their economic development plans or visions to pursue diversification from reliance on otherwise unsustainable oil resources.
- ▶ *Bahrain has formulated Economic Vision 2030,*
- ▶ *State Vision Kuwait 2035,*
- ▶ *Oman: Vision 2020*
- ▶ *Qatar: National Vision 2030,*
- ▶ *Saudi Arabia: Long-Term Strategy, 2005-2024 and*
- ▶ *UAE: Vision 2021*

# Case of Bahrain

- ▶ Bahrain is relatively smaller than other GCC countries in terms of size and population.
- ▶ **The EDB and Economic Vision 2030**
- ▶ In the year 2000 Bahrain took practical steps and initiated Economic Development Board (EDB).
- ▶ One of the EDB's objectives was to strategically foster and accelerate innovative, diversified and sustainable national economy.

▪

# Case of Bahrain

- ▶ *Economic Vision 2030 for Bahrain* (prepared by the EDB and launched in 2008) sketches the long-term blue print for Bahrain.
- ▶ The vision highlights the need for coordinated reforms on the national, regional and international fronts to address the increased global challenges of competition which demands significant strategic innovation and productivity.

# Global Innovation Index: Case of Bahrain

- ▶ The Innovation Input Sub-Index is comprised of five input pillars that capture elements of the national economy that enable innovative activities:
  - ▶ (1) Institutions,
  - ▶ (2) Human capital and research,
  - ▶ (3) Infrastructure,
  - ▶ (4) Market sophistication, and
  - ▶ (5) Business sophistication.

# Global Innovation Index: Case of Bahrain

- ▶ The Innovation Output Sub Index provides information about outputs that are the results of innovative activities within the economy.

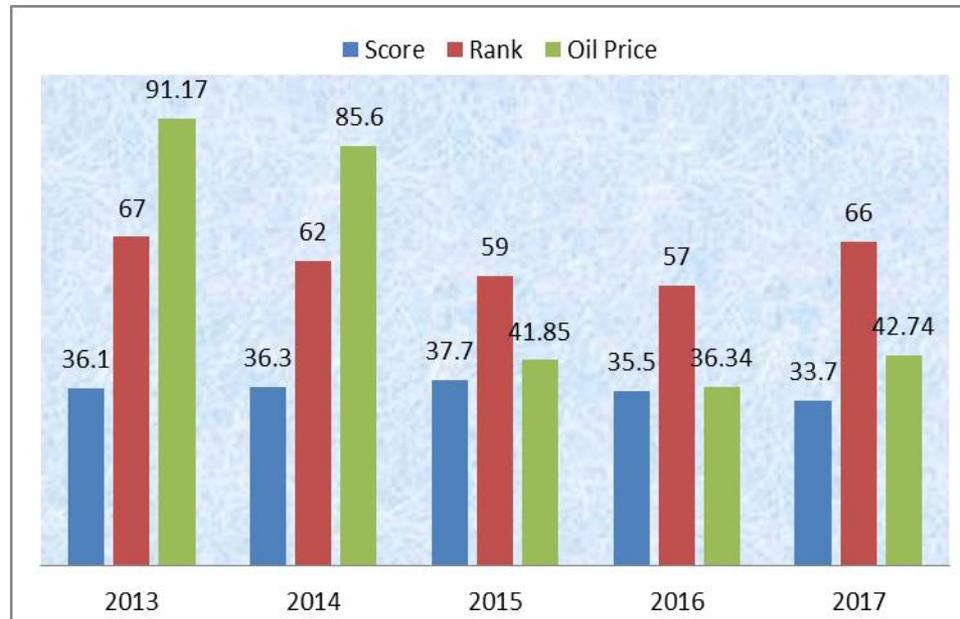
There are two output pillars:

- ▶ Knowledge and technology outputs and
- ▶ Creative outputs.

The overall GII score is the simple average of the Input and Output Sub-Index score.

# Global Innovation Index: Case of Bahrain

Figure 1: Bahrain Score and Rank in Global Innovation Index  
and Oil Price 2013-2017



*Source: Global Innovation Index*

# Global Innovation Index: Case of Bahrain

- ▶ Figure 1 above shows the rank and score of Bahrain on Global Innovation Index together with oil price for the period 2013-2017.
- ▶ The figure portrays correlation between score (out of 100) and rank (out of 128 countries) of Bahrain in the Global Innovation Index and oil price thus:
- ▶ Throughout the period 2013-2017, it is observed that there is negative correlation (-.44) between Bahrain's Score and Rank in the Global Innovation Index, when score increases the rank decreases which indicates the positive impact of resilient innovative activities pursued by Bahrain.

# Global Innovation Index: Case of Bahrain

- ▶ The graph also reveals positive (+0.20) correlation between oil price and Bahrain score in the Global Innovation Index, which means that increase in oil price over the period helped Bahrain to secure more financial resources to invest in five input pillars that capture elements of the national economy that enable innovative activities:
  - ▶ (1) Institutions,
  - ▶ (2) Human capital and research,
  - ▶ (3) Infrastructure,
  - ▶ (4) Market sophistication, and
  - ▶ (5) Business sophistication.

# Global Innovation Index: Case of Bahrain

- ▶ The basic statistical evidence from Figure 1 above supports the clarion call echoed in the Bahrain Economic Vision 2030 thus “On a global scale, Bahrain’s innovation output is currently negligible. Without increased productivity and innovation, Bahraini companies will not be able to remain competitive in the long run.”

**Hence**

**‘Innovate or perish’**

**THANK  
YOU**