

Third to First – Going the Distance

“Walking the Talk”

**Building Market Confidence through
Effective Reporting Systems**

ICAC 2011

The Caribbean Region in 2011

- The Region is recovering from the global financial crisis
- To go from first to third, Caribbean countries need a strategy to improve **competitiveness**

What is Competitiveness?

- It is the **productivity** with which a nation uses its human capital and natural resources
 - Productivity **sets the sustainable standard of living** (wages, returns on capital, returns on natural resources)
 - It is not **what** industries a nation competes in that matters for prosperity, but **how productively** it competes in those industries
- Only **competitive businesses** create wealth and jobs

(Professor Michael Porter, Harvard University)

What determines Competitiveness?

MICROECONOMIC

- **Quality of National Business Environment**
- State of Cluster Development
- **Sophistication of Company Operations and Strategy**

MACROECONOMIC

- Macroeconomic Policies
- **Social Infrastructure and Political Institutions**

(Professor Michael Porter, Harvard University)
Robertine A Chaderton 2011



Market confidence builds

COMPETITIVENESS

Quality of Business Environment

- Local regulations encourage investment – use of International Financial Reporting Standards
- Sophisticated & demanding customers – think regionally, act globally
- Access to high quality business inputs – human resources, availability of capital, good physical infrastructure
- Accounting profession supportive of environment

Sophistication of Company Operations

- Internal Skills –Effectiveness & efficiency rather than bureaucracy and red tape
- Effective reporting systems- timely presentation of management reports/budgets, financial statements, annual reports
- Cost of crime and corruption

Social Infrastructure and Political Institutions

- Human development – Basic education
- Political institutions
 - Voice and Accountability
 - Political Stability
 - Government effectiveness
 - Regulatory Quality
 - Rule of Law
 - Control of Corruption
- Communication costs

Building Market Confidence

- Continual upgrading of skills (use of technology)
- Removal of barriers to domestic competition
- Business strategies to be more sophisticated
- Innovation and creativity required

“Walking the Talk”

- Joint action by public and private sectors
- Accountants can be central actors – create value by installing, monitoring and evaluating effective reporting systems
- Cost management, risk management, cash flow and controls
- Finance professionals bring a clear and logical way of looking at business opportunities; they understand the total financial picture