Chapter 10

Policy Evaluation: Philippines

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CHAPTER 10

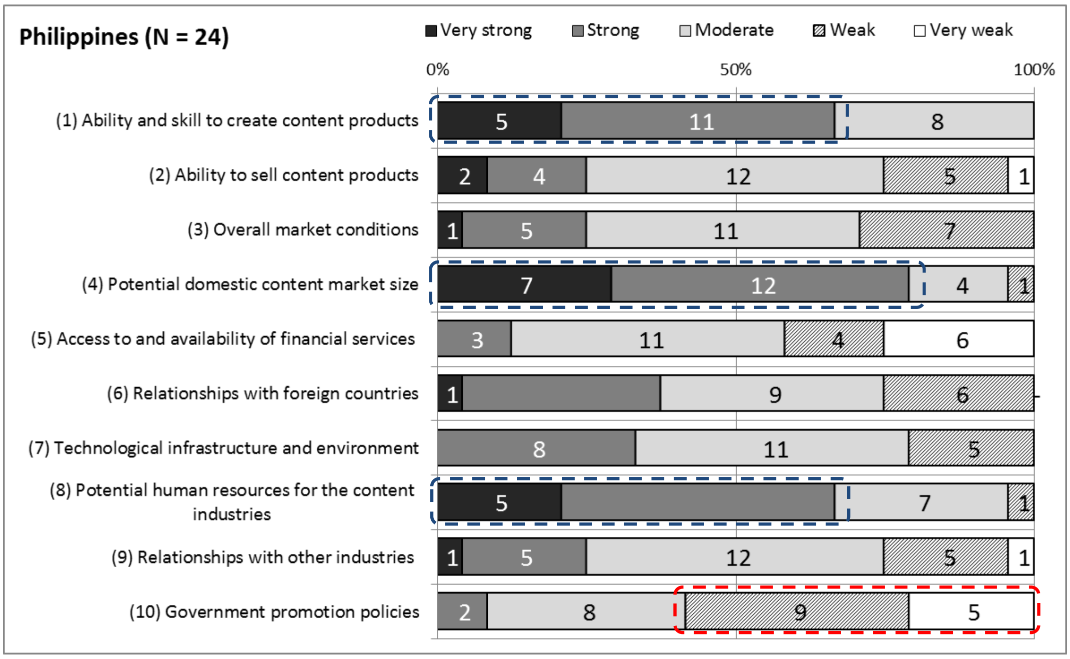
Policy Evaluation: Philippines

1. Strength/Weakness, Opportunity/Threat (SWOT) Analysis

1.1. Strengths and Weaknesses

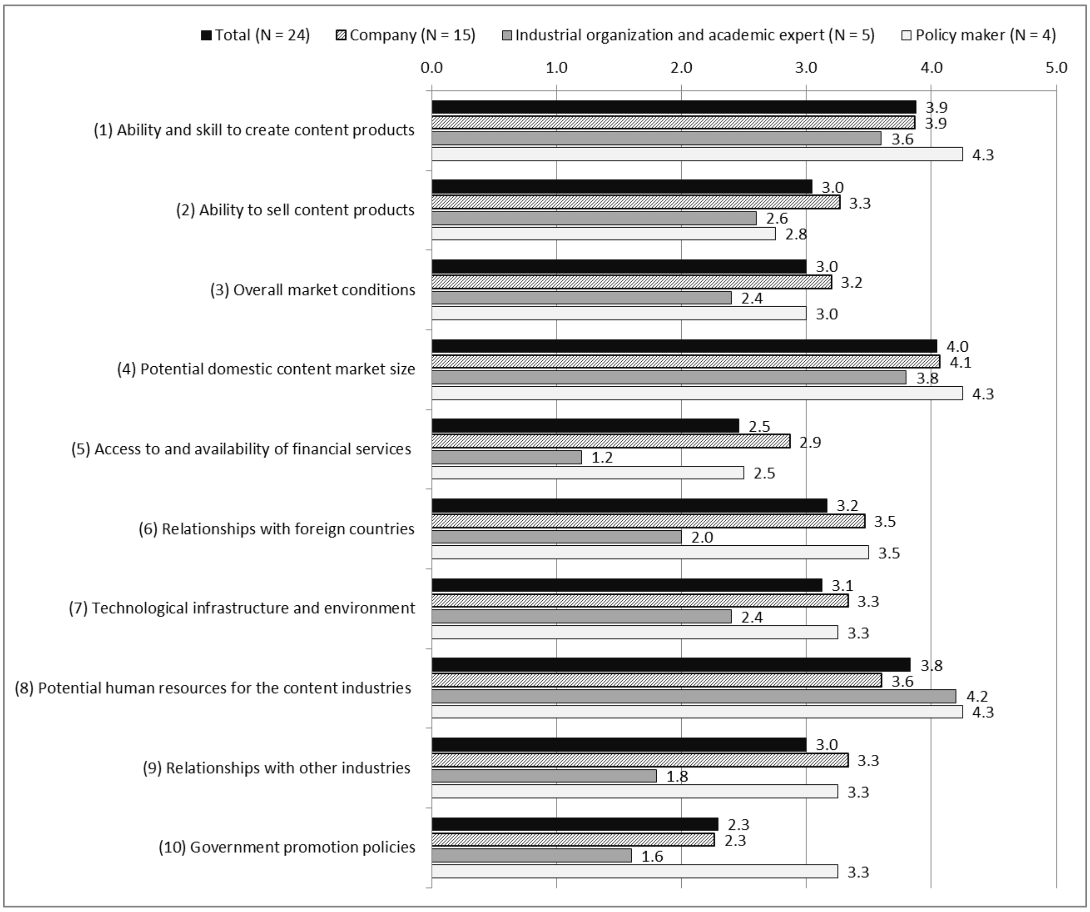
Figure 10-1 shows strengths and weaknesses, and Figure 10-2, strengths and weaknesses by respondent category. The majority of respondents recognise ‘ability and skill to create content products’ (1), ‘potential domestic content market size’ (4), and ‘potential human resources for content industries’ (8) as the industry’s strengths, where ‘very strong’ and ‘strong’ combined exceed 50 percent. The majority of respondents consider ‘government promotion policies’ (10) a weakness; it was scored lowest by company respondents because, it is assumed, the country does not have a government body responsible for developing the content industry. Figure 10-2 shows ‘accessibility and availability of financial services’ (5) to have the lowest score among industrial organisations and academic experts.

Figure 10-1: Strength and Weakness



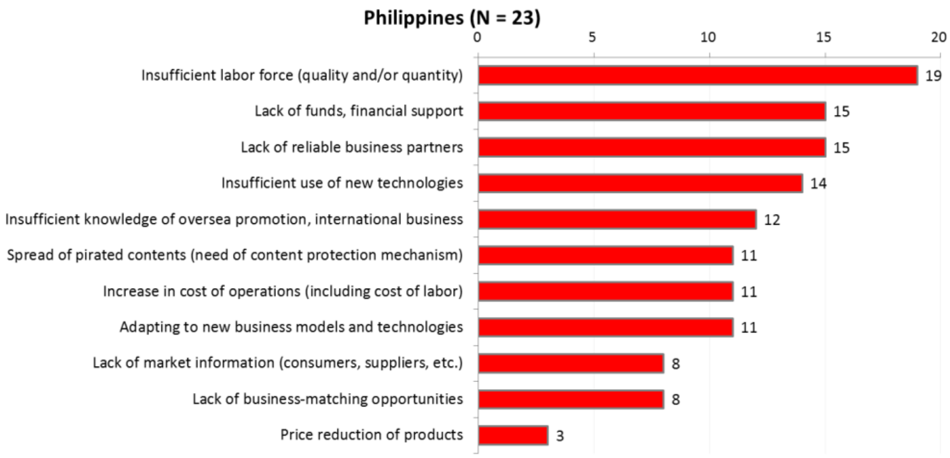
Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-2: Strength and Weakness: Respondent Comparison



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-3: Current Challenges



Source: Evaluation Survey of Content Industry Promotion Policies.

Table 10-1: Free Descriptive Answers Regarding Current and Future Challenges

Category	Comment
Company	● Lack of government support in making the industry internationally competitive [5/1] ● No support for the local music industry [1,5/1,2,3,4,5] ● The Philippines is not ready for ASEAN integration because its creative industry is immature. [3/1,2,3] ● The presence of several big companies in the industry makes it hard for smaller companies to catch up. There is also no support from government or trade organisations. [1,2,3,4/1,2] ● The industry is growing but there is little support from government. [4/1,2] ● The music industry has never been well supported by the public or the government, resulting in an increase in music piracy. The music industry is trying to digitalise with iTunes, for example, but the process is long and expensive. Even then, there is no guarantee of revenue. [5/1,2,3,4,5,6,7] ● Choosing to set up studios has its pros and cons: one drawback is the little support from the government for those working with clients from the United States or more developed countries in the region. [1,2,3,5/1,2,3,4] ● There are only a few reliable players in the industry. [2,3,4,5/1,2,3] ● The proposed ASEAN Economic Community will expose the weaknesses of the local content industry. [1,2,5/1,2,3,4,5,6,7] ● Trying to become international or regional in scope is very hard since there seems to be no model to follow. [4/1,2] ● Necessity of creating unique, creative, and original products, instead of being seen as a cheap work force for the Western content industry. Necessity of penetrating the international market and boosting consumer awareness of the region's content industry [4/1] ● On preparedness for ASEAN 2015: Will the company be competitive? Will this be an opportunity or a threat to the company? [-/1,2]
Industrial Organisation, Academic Expert	● There is little support from the government, and getting investments without such support is hard. Without investments, the industry will not prosper. [3,4/1,2,3,4,6] ● There is little support for the creative industry, especially for new areas such as animation and game design. [1,2,5/1,2,3,4,5,6] ● There is little support from the government, which is needed especially because regional integration is being planned. [1,2,3,4/1,2,3] ● The content industries in other Asian countries have a much better educated labour force. The Philippines is trying to catch up but still has a long way to go. [1,2,3,4,5/1,2,3]
Policymaker	● Continued growth in the content industry is foreseen, although development may not be at the same pace. ● With ASEAN integration, local companies will be forced to compete with those in more technologically and economically developed countries in the region.

Category	Comment
	● The problem of offline and online piracy continues to be the biggest challenge for the content industry, being a disincentive for artists to create new works. ● Sustainability and growth issues

Note: Numbers after each comment describe the sector and operation the respondent is engaged in. [1 = TV program, 2 = film, 3 = animation, 4 = games, 5 = music, '-' = no response /
1 = production, 2 = post-production, 3 = broadcasting, 4 = distribution, 5 = sales, 6 = purchase/aggregation, 7 = manufacturing, '-' = no response]
Source: Evaluation Survey of Content Industry Promotion Policies.

1.2. Current and Future Challenges

Figure 10-3 shows the results for current challenges facing the content industry. The most recognised issue is insufficient labour force, indicating challenges in leveraging the industry's strength in creativity and human resources to improve its labour force. Issues such as 'lack of funds, financial support', 'lack of reliable business partners', 'insufficient use of new technologies', and 'insufficient knowledge of overseas promotion, international business' also received the majority of votes.

Many respondents point out the need for government support (Table 10-1). Some comments include long-term perspectives, such as the sustainability of the industry and the necessity of doing business overseas.

1.3. Strength/Weakness, Opportunity/Threat (SWOT) Analysis—Update of the FY2012 Report

The update of the 'Study on the Development Potential of the Content Industry in East Asia and ASEAN Region' (FY2012 Report) (Table 10-2) takes into account the survey results as well as recent market trends (Chapter 2) and policies (Chapter 4).

The Philippines considers strengths the potential size of its domestic market, ability and skills to produce content, and potential human resources for the content industry. Its competitiveness lies in people's potential. Based on its English-speaking business environment, the industry has become an important player in the value chain of content production, with partners such as the United States.

In terms of domestic industry development aimed at creating a mature industry and market, however, the Philippines faces several obstacles such as lack of government support and funding for overseas promotion. Although it is confident in its human resource potential and capacity, the industry has concerns regarding structural issues such as an insufficient labour force. Such issues are expected to be solved or the environment improved so that the content industry can benefit from opportunities created by the ASEAN Economic Community.

Table 10-2: SWOT Analysis: Philippines

Internal	
Strengths	**Weaknesses**
● Potential size of the domestic content market ● Ability and skills to create content products ● Skilled, educated labour force ● English proficiency of human resources ● Cultural affinity with the United States ● Professional niches ● Strong industry association ● International reputation for talent and creativity	● Insufficient labour force ● Lack of government promotion policies ● Lack of funding for overseas promotion and marketing ● Weak local market collaboration ● Inadequate marketing and distribution network ● High production and input costs (raw materials, software licences, and new equipment) ● Content piracy
Opportunities	**Threats**
● Increasing international demand for creative goods and services ● Rising per capita income ● Utilisation of advanced modern technology	● Greater competition with companies from other countries ● Insufficient future supply of globally competitive, skilled labour ● Low market awareness ● Preference for imported products
External	

SWOT = strength/weakness, opportunity/threat.

Source: Authors.

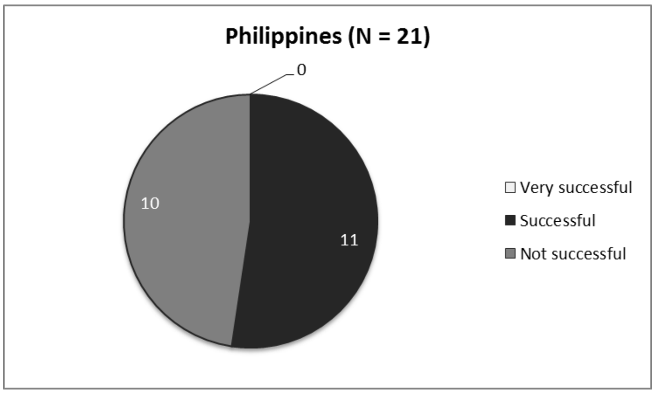
2. Policy Evaluation

2.1. Overall Evaluation

Figure 10-4 shows the survey results of the overall assessment of related policies. Eleven out of twenty-one respondents (52 percent) indicate a positive (‘very successful’ and ‘successful’) response.

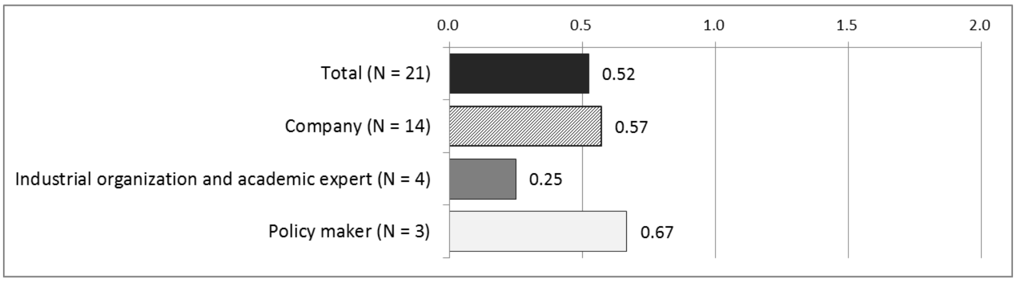
Figure 10-5 shows the score for each respondent category, indicating the gap between stakeholders.

Figure 10-4: Overall Assessment of Content Policies



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-5: Overall Assessment of Content Policies—Score per Respondent Category



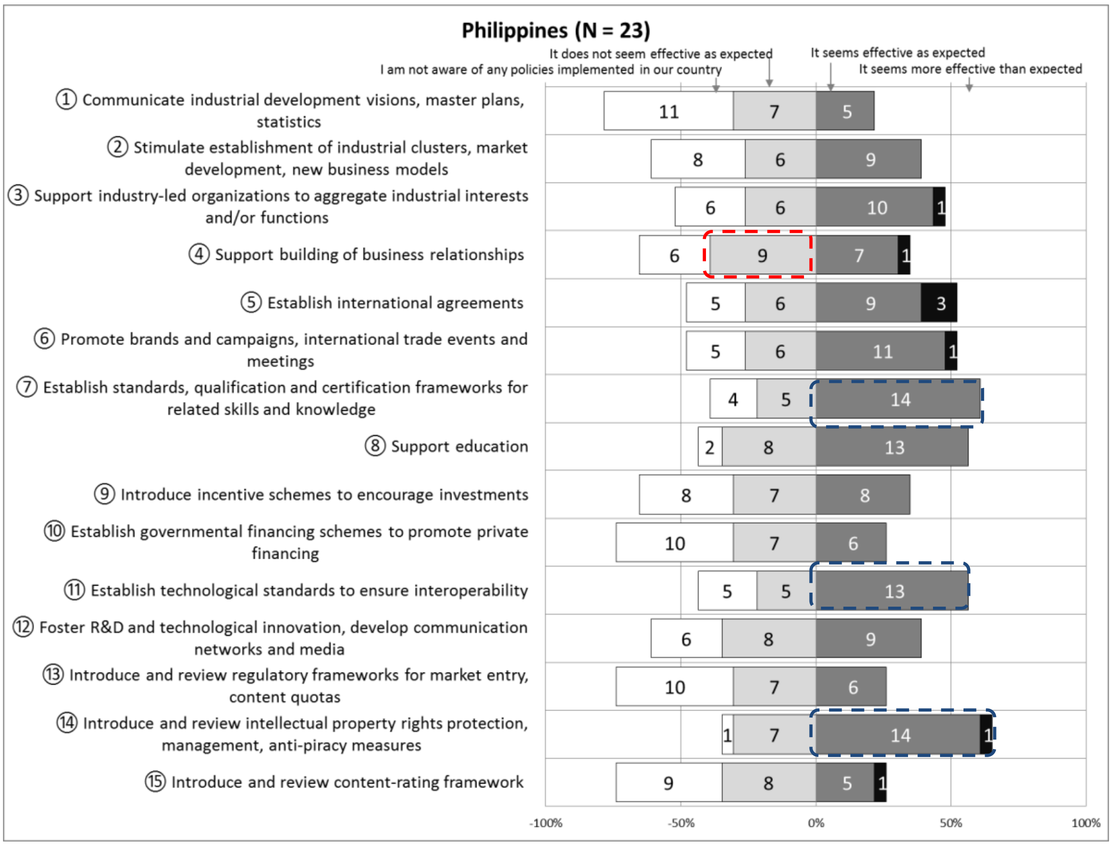
Note: Figures indicate weighted average of number of respondents and weight (very successful = 2, successful = 1, not successful = 0).
Source: Evaluation Survey of Content Industry Promotion Policies.

2.2. Effectiveness of Current Policies

Figure 10-6 shows the survey results on the awareness of policy effectiveness. The results indicate the respondents' awareness of how the policies meet their expectations. The majority support six policies: #5 (Establish international agreements), #6 (Promote brands and campaigns, international trade events and meetings), #7 (Establish standards, qualification and certification frameworks for related skills and knowledge), #8 (Support education), #11 (Establish technological standards to ensure interoperability), and #14 (Introduce and review intellectual property rights protection, management, anti-piracy measures).

The most number of negative votes go to #4 (Support building of business relationships).

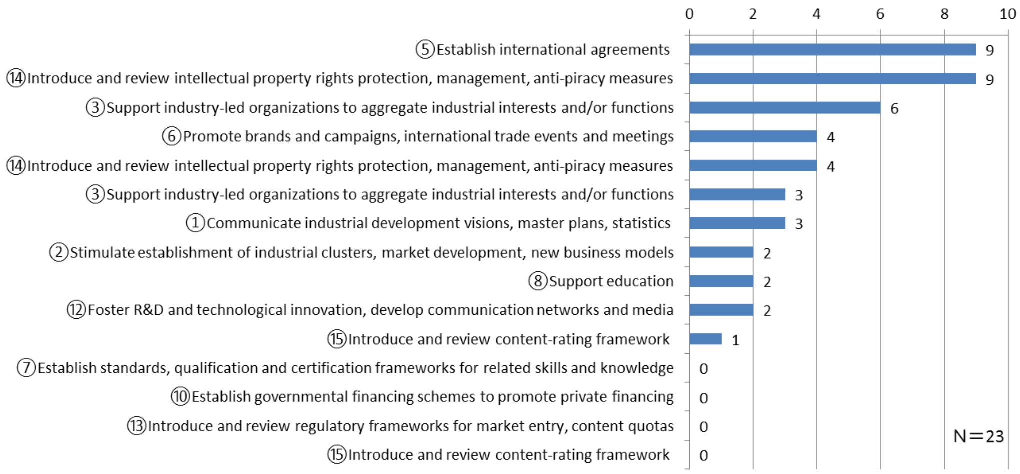
Figure 10-6: Policy Effectiveness



Source: Evaluation Survey of Content Industry Promotion Policies.

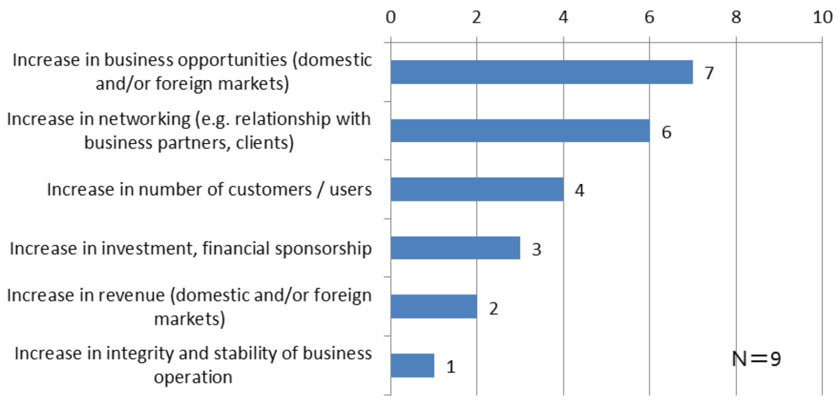
Figure 10-7 shows, in descending order, the policies considered to be highly effective; #5 (Establish international agreements) and #14 (Protect intellectual property rights) have the most votes. Figure 10-8 describes the effects and outcomes that have resulted from policy #5. Most respondents have enjoyed increased business opportunities.

Figure 10-7: Policies Regarded as Effective



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-8: Effects and Outcomes as a Result of Policy #5 (Establish international agreements)

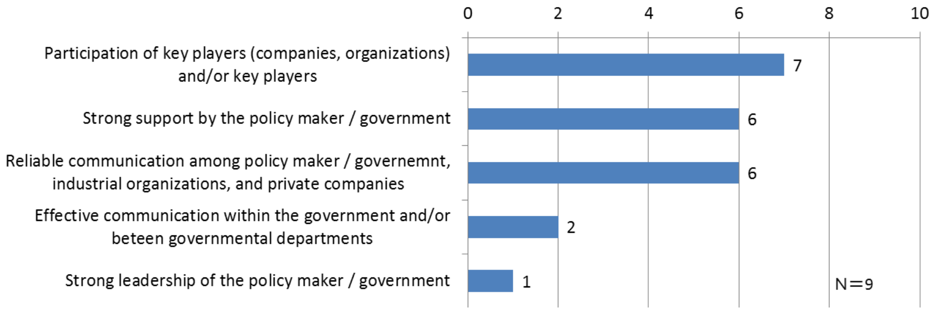


Source: Evaluation Survey of Content Industry Promotion Policies.

2.3. Key Success Factor

Figure 10-9 shows what respondents consider an important element (key success factor) for maximising the effectiveness of policy #5 (Establish international agreements), which is regarded as the most successful (Section 2.2). The majority of respondents consider the participation of key players as the most important element.

Figure 10-9: Key Success Factor of Policy #5 (Establish international agreements)

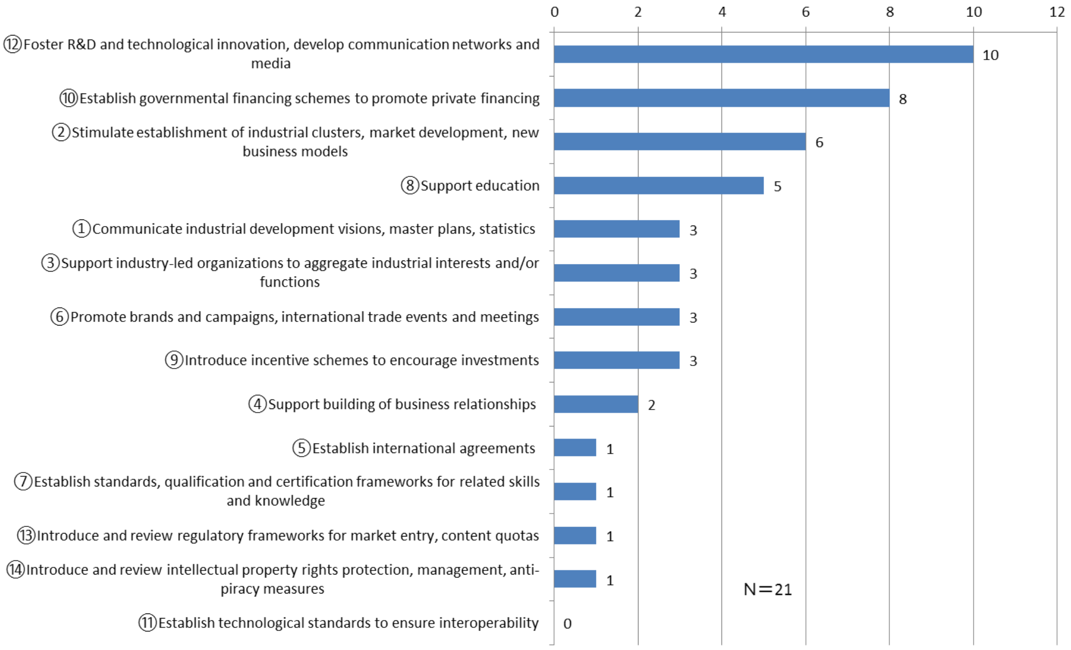


Source: Evaluation Survey of Content Industry Promotion Policies.

2.4. Challenges

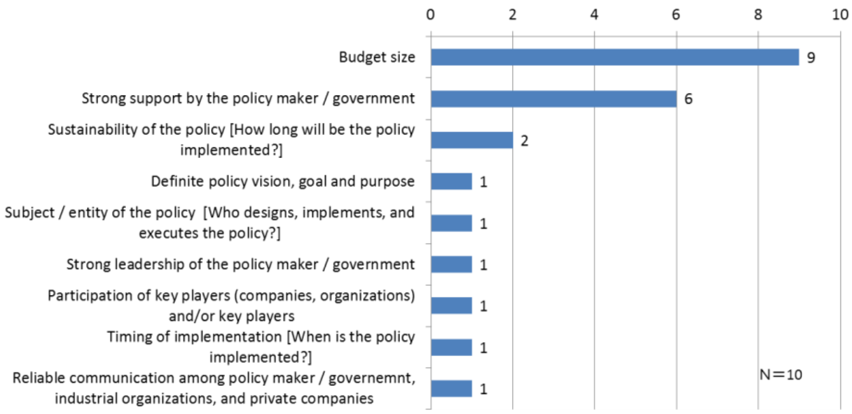
Figure 10-10 shows the policies considered to face challenges. Policy #12 (Foster research and development and technological innovation, develop communication networks and media) has the most votes. Figure 10-11 shows that many respondents consider budget size and strong leadership of policymakers and government as key to overcoming the challenge.

Figure 10-10: Policies Needing Improvement



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-11: Difficulties and Constraints of Policy #12
(Foster research and development and technological innovation, develop communication networks and media)

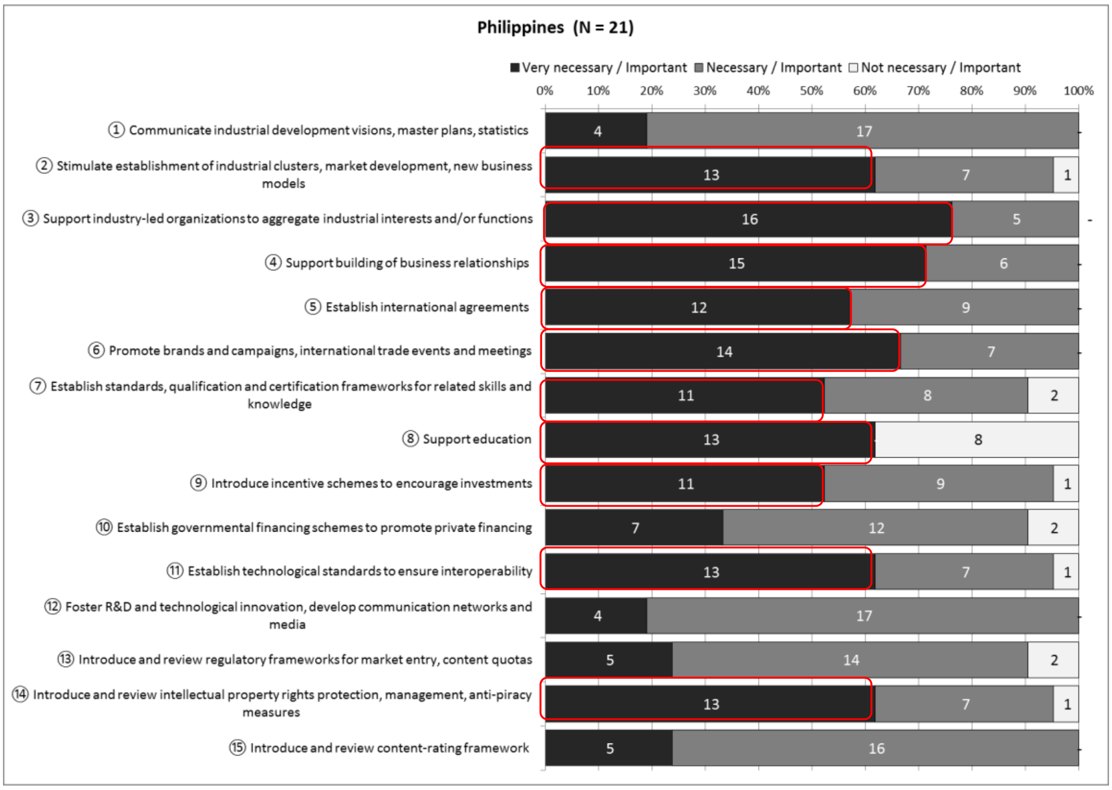


Source: Evaluation Survey of Content Industry Promotion Policies.

2.5. Necessity of Current Policies and Expectations

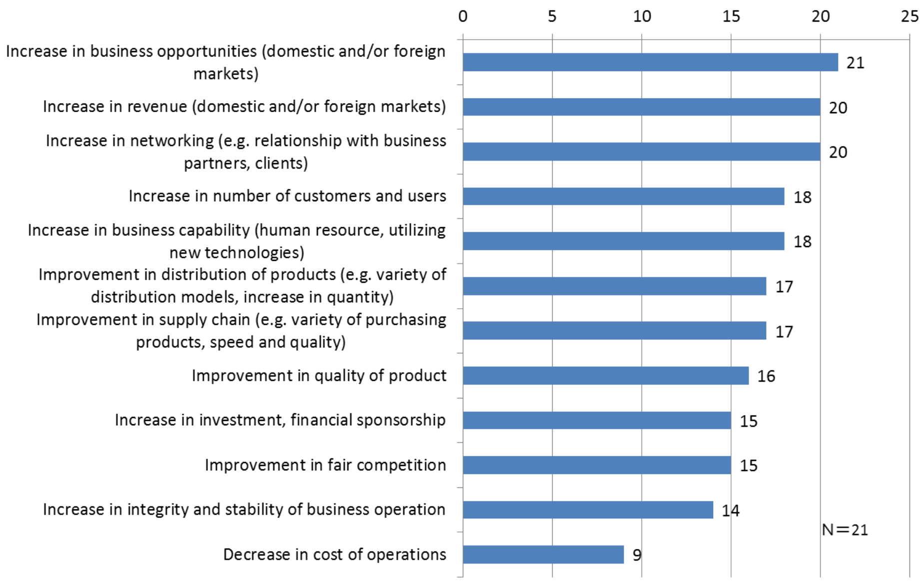
Figure 10-12 shows the survey results on necessary policy. Many policies are considered necessary, with #3 (Support industry-led organisations) as the most necessary.

Figure 10-12: Necessity of Policies



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-13: Expectations of Implemented Policies



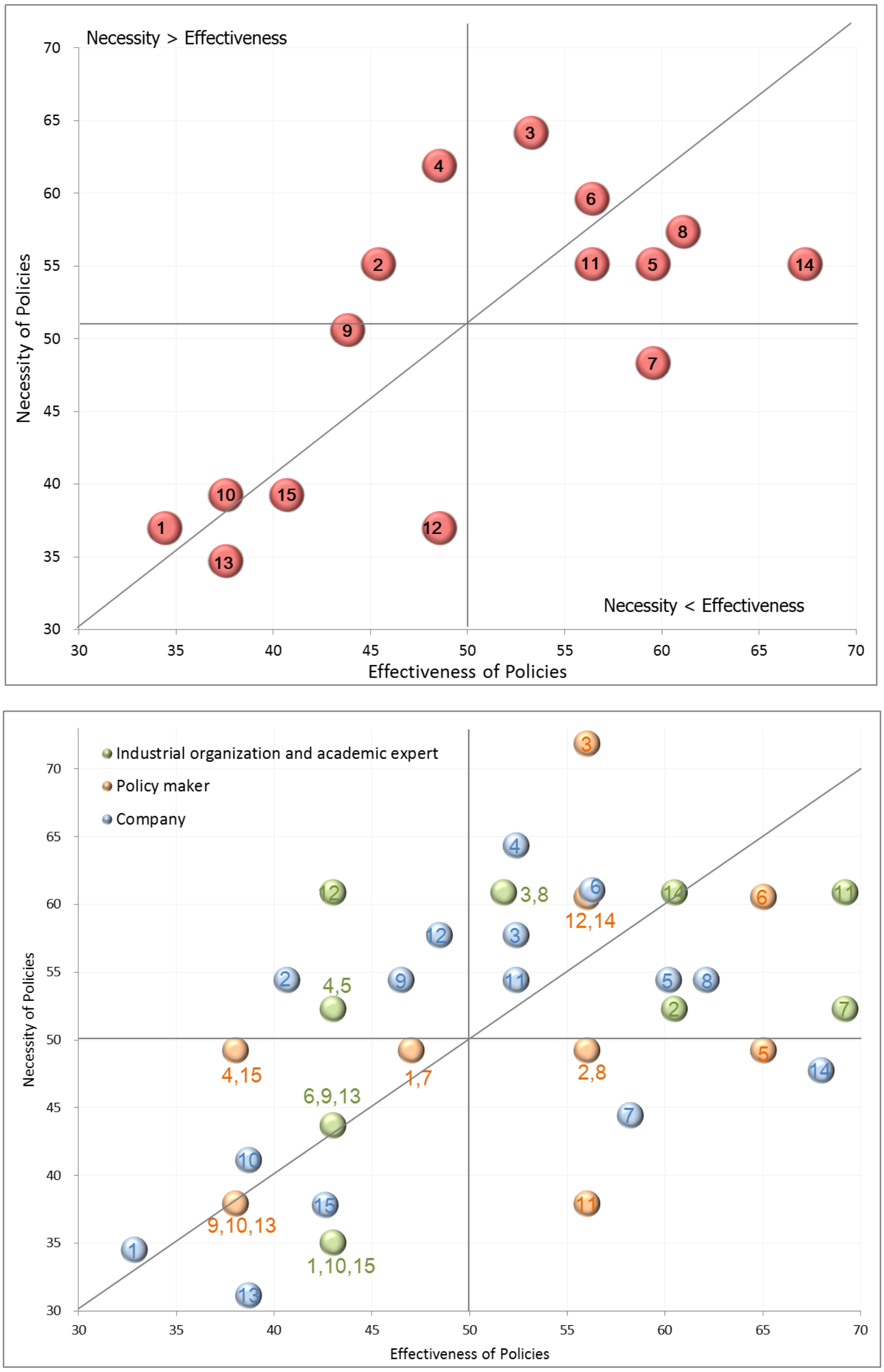
Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 10-13 shows the respondents' expectation of policies, irrespective of current implementation. The highest expectation is increased business opportunities.

2.6. Policy Prioritisation

Figure 10-14 maps the effectiveness and necessity of each policy. The figures are converted into deviation values to relatively map the results. Each plot describes the policy activity. Overall, policies in the Philippines have relatively high performance, as the effectiveness of half the policies is evaluated higher than necessity. Although there is demand for #2 (Stimulate establishment of industrial clusters, market development, new business models), #4 (Support building of business relationships), and #9 (Introduce incentive schemes to encourage investments), their effectiveness does not seem to meet expectations. Evaluations of these policies, especially #2 and #9, vary among respondents.

Figure 10-14: Effectiveness vs. Necessity of Policies (above: average, below: by category)



Source: Evaluation Survey of Content Industry Promotion Policies.

Table 10-3 describes the overall analysis results. It provides the performance indicator for each policy activity, describing the priority level, or the relative distance between necessity and effectiveness (see Chapter 1 for a more detailed explanation of a performance indicator). The table also provides the coefficient of variation and a normalised measure of dispersion, which describes the variance among respondent categories. The results show that #4 has the highest priority for improvement.

Table 10-3: Analysis Results of Policy Evaluation

Policy Area	Policy Activities	Performance	CV Effectiveness, %	CV Necessity, %
Industry and Market Development	1. Communicate industrial development visions, master plans, statistics	- 1.8	15	17
	2. Stimulate establishment of industrial clusters, market development, new business models	- 6.9	16	4
Organisational Scheme, Business Relationships	3. Support industry-led organisations in aggregating industrial interests and/or functions	- 7.7	4	10
	4. Support building of business relationships	- 9.5	13	12
International Relationships	5. Establish international agreements	3.1	17	4
	6. Promote brands and campaigns, international trade events and meetings	- 2.3	16	15
Human Resources	7. Establish standards, qualification and certification frameworks for related skills and knowledge	7.9	16	7
	8. Support education	2.6	7	9
Finance	9. Introduce incentive schemes to encourage investments	- 4.8	8	15
	10. Establish government financing schemes to	- 1.2	6	7

	promote private financing			
Technology	11. Establish technological standards to ensure interoperability	0.9	12	19
	12. Foster research and development and technological innovation, develop communication networks and media	8.1	11	2
Legal Frameworks	13. Introduce and review regulatory frameworks for market entry, content quotas	2.0	6	14
	14. Introduce and review intellectual property rights protection, management, anti-piracy measures	8.6	8	11
	15. Introduce and review content-rating frameworks	1.0	5	15

CV = coefficient of variation (variation among respondent categories).
Note: 'Performance' indicates the relative distance where: (a) Figures above zero: Effectiveness outperforms necessity/expectation; (b) Figures below zero: Effectiveness underperforms necessity/expectation
Source: Authors based on Evaluation Survey of Content Industry Promotion Policies.

The content industry in the Philippines has been growing rapidly with strong collaboration with other countries such as the United States, building its strengths with ability and skills to create content products, as well as developing potential human resources. The content industry's economic contribution is still low, but the industry is expected to lead economic development.

The government does not have one body overseeing the content industry, but instead has multiple bodies covering each sector (Chapter 4 They have been implementing effective policies, including intellectual property rights protection, which increases the integrity and stability of business operations.

3. Policy Evaluation

Figure 10-15 summarises of the results.

Figure 10-15: Overall Results: Philippines

SWOT Analysis

Content Market Conditions

Market Size	Small (US$ 2.8 Billion)	Market Growth	High (9.3%)	GDP Con-tribution	Low (0.2%)

Strengths

- ✓ Potential domestic content market size
- ✓ Ability and skill to create content products
- ✓ Potential human resources for content industries

Weaknesses

- ✓ Government promotion policies
- ✓ Accessibility and availability of financial service

Challenges

- ✓ Insufficient labour force
- ✓ Governmental support (e.g. taxation, support for small companies), investment
- ✓ Transition from being a work force for developed countries toward creation of unique, creative, and original products in order to penetrate the international market

Policy Evaluation

Policy with high effectiveness

- ✓ Intellectual property rights protection

Effects and outcomes

- ✓ Increase in integrity and stability of business operations
- ✓ Improvement in quality of product

Key success factor

- ✓ Strong support from the policy makers and government
- ✓ Participation of key players (companies, organizations)

Policy with high necessity

- ✓ Support industry-led organizations to aggregate industrial interests and/or functions

Policies facing challenges

- ✓ Foster R&D and technological innovation, develop communication networks and media

Difficulties and constraints

- ✓ Budget size

Performance : High (Effectiveness > Necessity)

- ✓ Introduce and review intellectual property rights protection, management, antipiracy measures
- ✓ Foster R&D and technological innovation, develop communication networks and media
- ✓ Establish standards, qualification and certification frameworks for related skills and knowledge

Performance : Low (Effectiveness < Necessity)

- ✓ Support building of business relationships
- ✓ Support industry-led organizations to aggregate industrial interests and/or functions
- ✓ Stimulate establishment of industrial clusters, market development, new business models

Source: Authors.

The industry is also seeing high performance of policies in fostering research and development and technological innovation, developing communication networks and media, and establishing standards and qualification and certification frameworks for related skills and knowledge.

The industry, however, has strong demand for policy intervention and support for the content industry. It especially needs industry-led organisations to aggregate domestic industry's interests and/or functions. This will increase the effectiveness of future policies as well as realise the transition to building and nurturing the domestic industry by producing and distributing its creative content products. With these policies, efforts to stimulate the establishment of industrial clusters, market development, and new business models should induce positive effects and leverage the domestic market's high potential and encourage competition in the international arena.