



Competitiveness Factors: Guidelines for Analysis and Prioritization of Strategies and Actions in Barbados

BARBADOS COMPETITIVENESS PROGRAMME
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Benchmarking competitiveness: the World Economic Forum's GCI

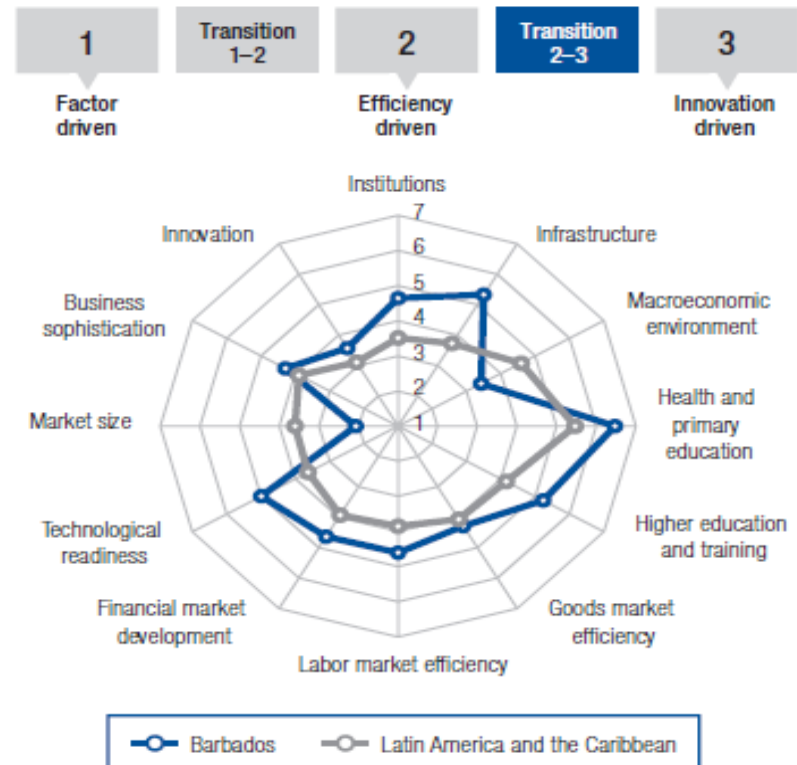
- The World Economic Forum (WEF) defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of a country, and that, therefore, determine the level of prosperity that can be attained by an economy.”
- The “Global Competitiveness Index” (GCI) compares countries’ productivity and efficiency and highlights their comparative advantages and the advisability of investing in them.

Benchmarking competitiveness: the World Economic Forum's GCI

Global Competitiveness Index

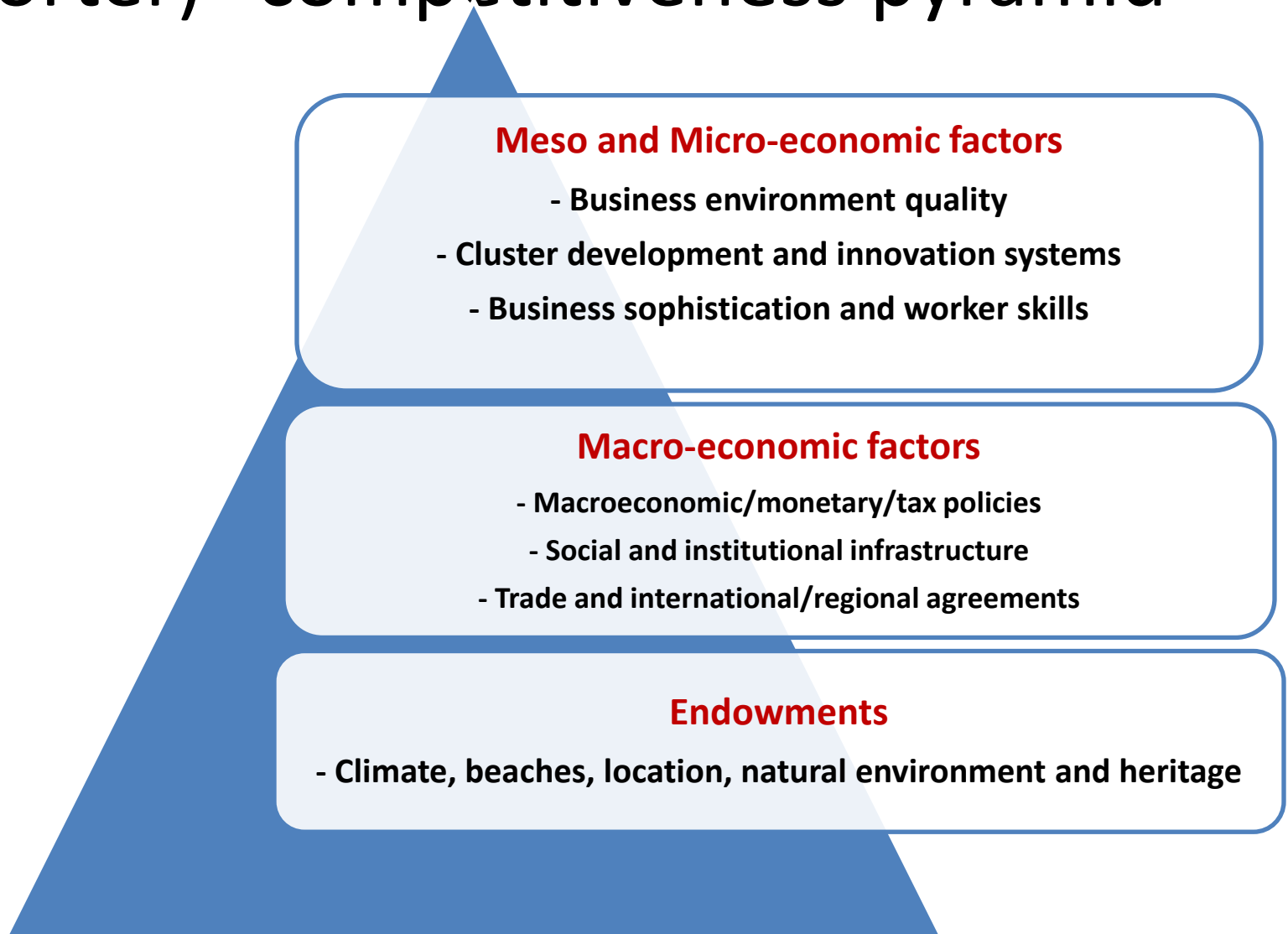
	Rank (out of 144)	Score (1–7)
GCI 2014–2015	55	4.4
GCI 2013–2014 (out of 148).....	47.....	4.4
GCI 2012–2013 (out of 144).....	44.....	4.4
GCI 2011–2012 (out of 142).....	42.....	4.4
Basic requirements (24.1%)	43	5.0
Institutions.....	33.....	4.6
Infrastructure.....	28.....	5.3
Macroeconomic environment.....	132.....	3.4
Health and primary education.....	16.....	6.5
Efficiency enhancers (50.0%)	54	4.3
Higher education and training.....	30.....	5.2
Goods market efficiency.....	74.....	4.3
Labor market efficiency.....	31.....	4.6
Financial market development.....	32.....	4.6
Technological readiness.....	35.....	5.0
Market size.....	138.....	2.1
Innovation and sophistication factors (25.9%)	47	3.9
Business sophistication.....	53.....	4.3
Innovation.....	47.....	3.6

Stage of development



YET THE WEF'S INDEX DOES NOT EXPLAIN WHAT IMPROVES OR OFFERS A ROADMAP FOR IMPROVING THE 110 COMPETITIVENESS FACTORS – AND THEREFORE THE 12 PILLARS- ALL ACTORS MUST KNOW AND AGREE SOME OF THE BASICS OF THE IMPROVEMENT OF THE COMPETITIVENESS FACTORS SO AS TO DEVELOP PRIORITISE

Modeling competitiveness: Harvard's (ISC-Porter) “competitiveness pyramid”



Macro competitiveness: Policies, social infrastructure and institutions

Macroeconomic policies

- Government deficit
- Government debt
- Inflation
- Exchange rates
- Business cycle management
- Savings
- Monetary policy

Social and Institutions

- Education
- Health
- Political stability
- Accountability
- Public service effectiveness
- Security
- Civil rights, judiciary independence/efficiency, corruption

Macro competitiveness: trade and international/regional agreements

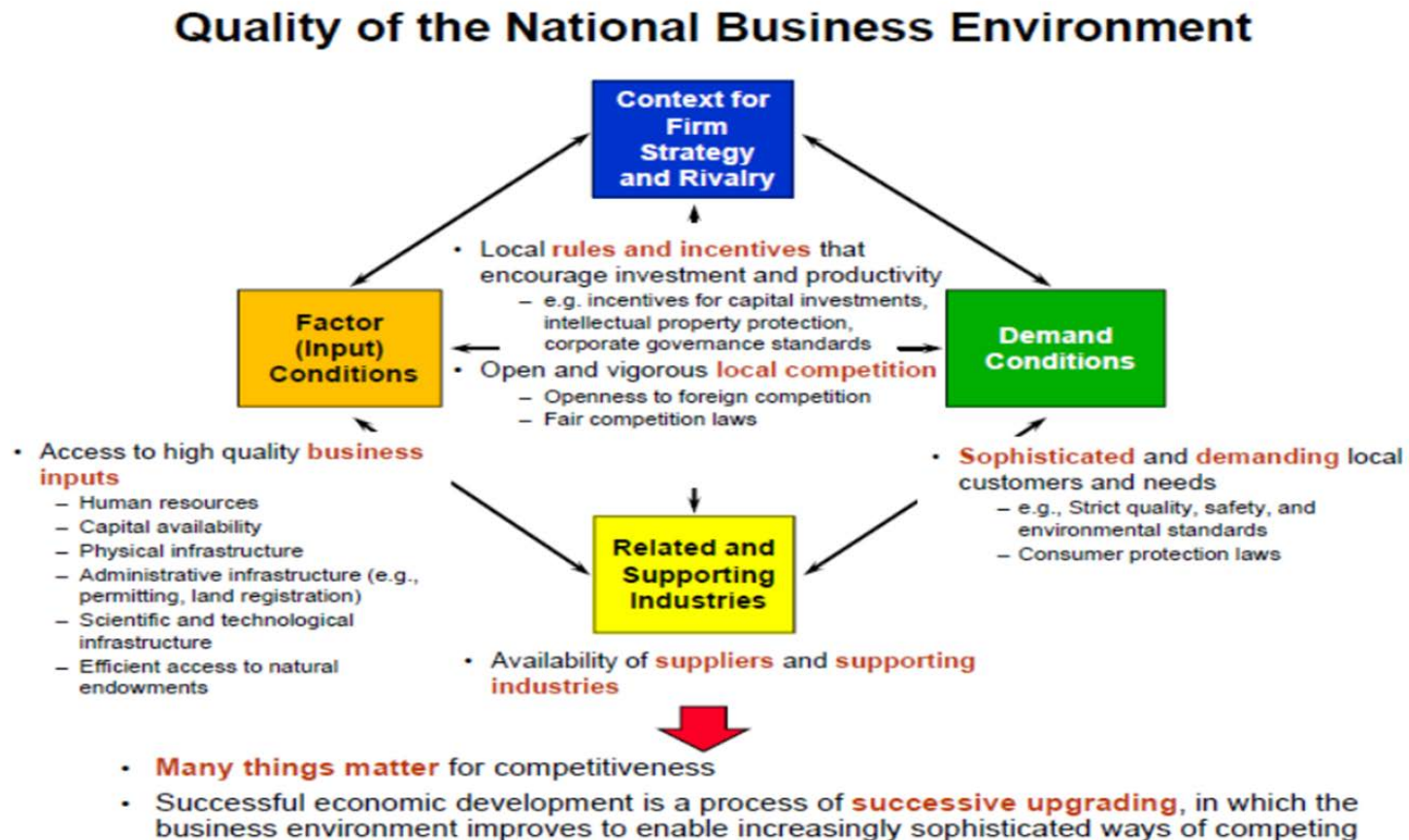
Maximise synergies with trading partners (Canada, USA, EU, China) & regions-CARICOM, CentralAmerica

Competitiveness Upgrading Among Neighbors Capturing Synergies

Business Environment	Macroeconomic Policy	Political Institutions and Governance
<u>Factor Conditions</u> <ul style="list-style-type: none">Improving the efficiency and interconnectivity of transportation infrastructureEnhancing regional communicationsCreating an efficient energy networkLinking financial marketsOpening the movement of students for training or higher education <u>Context for Strategy and Rivalry</u> <ul style="list-style-type: none">Eliminating trade and investment barriers within the regionSimplifying and harmonizing cross-border regulations, paperwork and visasCoordinating antitrust and competition policies <u>Demand Conditions</u> <ul style="list-style-type: none">Harmonizing environmental and energy standardsHarmonizing product safety standardsEstablishing reciprocal consumer protection lawsOpening government procurement within the region <u>Related and Supporting Industries</u> <ul style="list-style-type: none">Facilitating cross-border cluster upgrading	<ul style="list-style-type: none">Coordinating macroeconomic policiesCoordinated financial market rulesStrong regional development bank	<ul style="list-style-type: none">Sharing best practices in government operationsCreating regional institutions<ul style="list-style-type: none">e.g., disaster reliefDispute resolution mechanismsEconomic statisticsDeveloping a regional approach with international organizations

Meso and Micro competitiveness: business environment

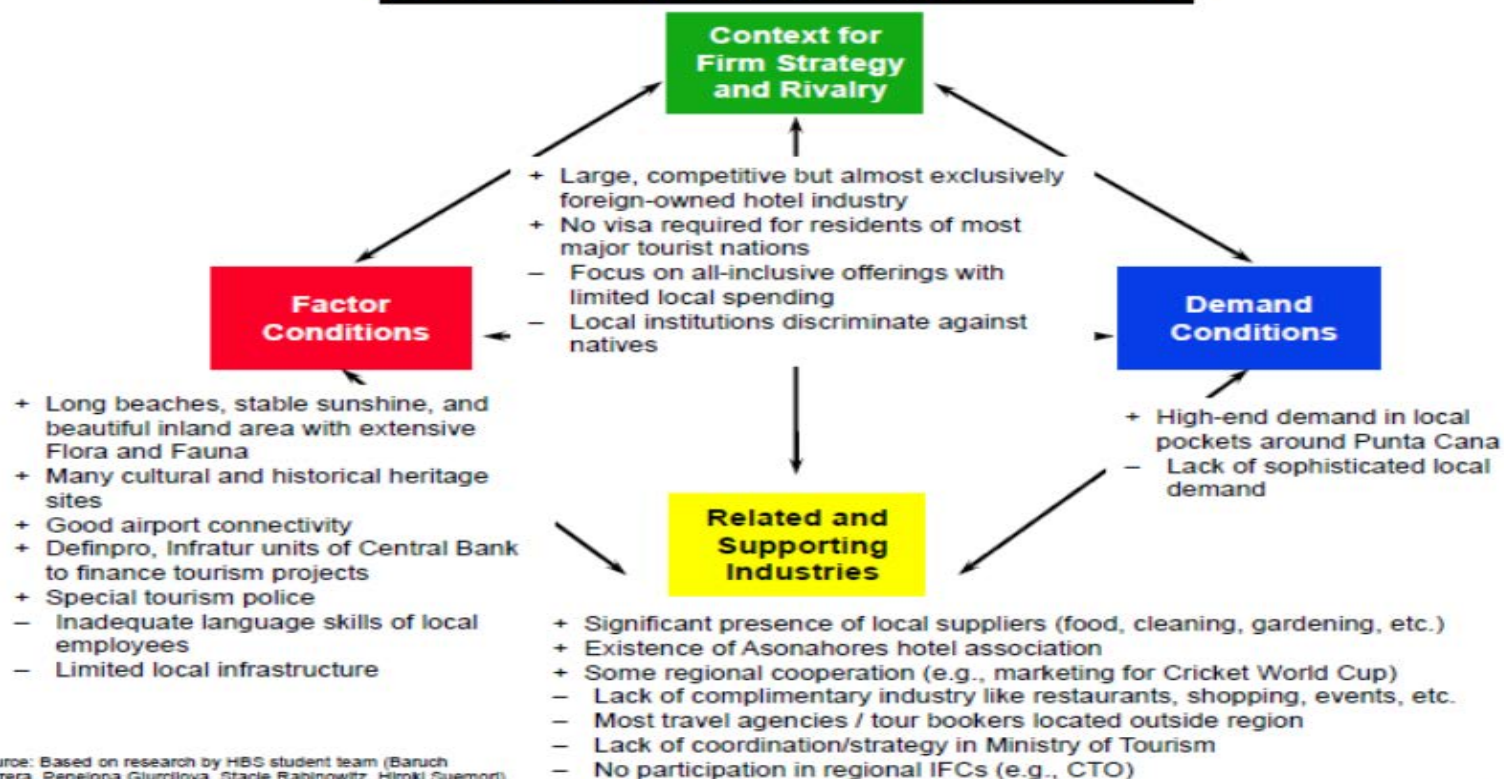
Porter “five forces” business environment model



Meso and Micro competitiveness: clusters development

Clusters: Porter's, The Competitiveness Institute (TCI), IDB productive chains, etc.

Assessing Cluster Strength **Dominican Republic Tourism Cluster**



Meso and Micro competitiveness: Innovation and entrepreneurship systems

- Innovation systems: “Triple-helix”- classic theories
- Smart specialisation (RIS3) model : how to develop and monitor Smart specialisations in small regions/countries
- Entrepreneurship: theories and constraints to SME support in small island States (Malta 2015 conference)
- “The Entrepreneurial State” (Mazzucato)- the State has to take lead role in developing innovations not sit back and leave private sector (2014)

Competitiveness Strategy: the need to prioritise and develop detailed Action plan

Creating A National Economic Strategy

National Value Proposition

- The **distinctive competitive position** of the nation in its region and the world economy



Developing Unique Strengths

- **Unique strengths** relative to peers/neighbors
- Strong **existing** and **emerging** clusters to build upon



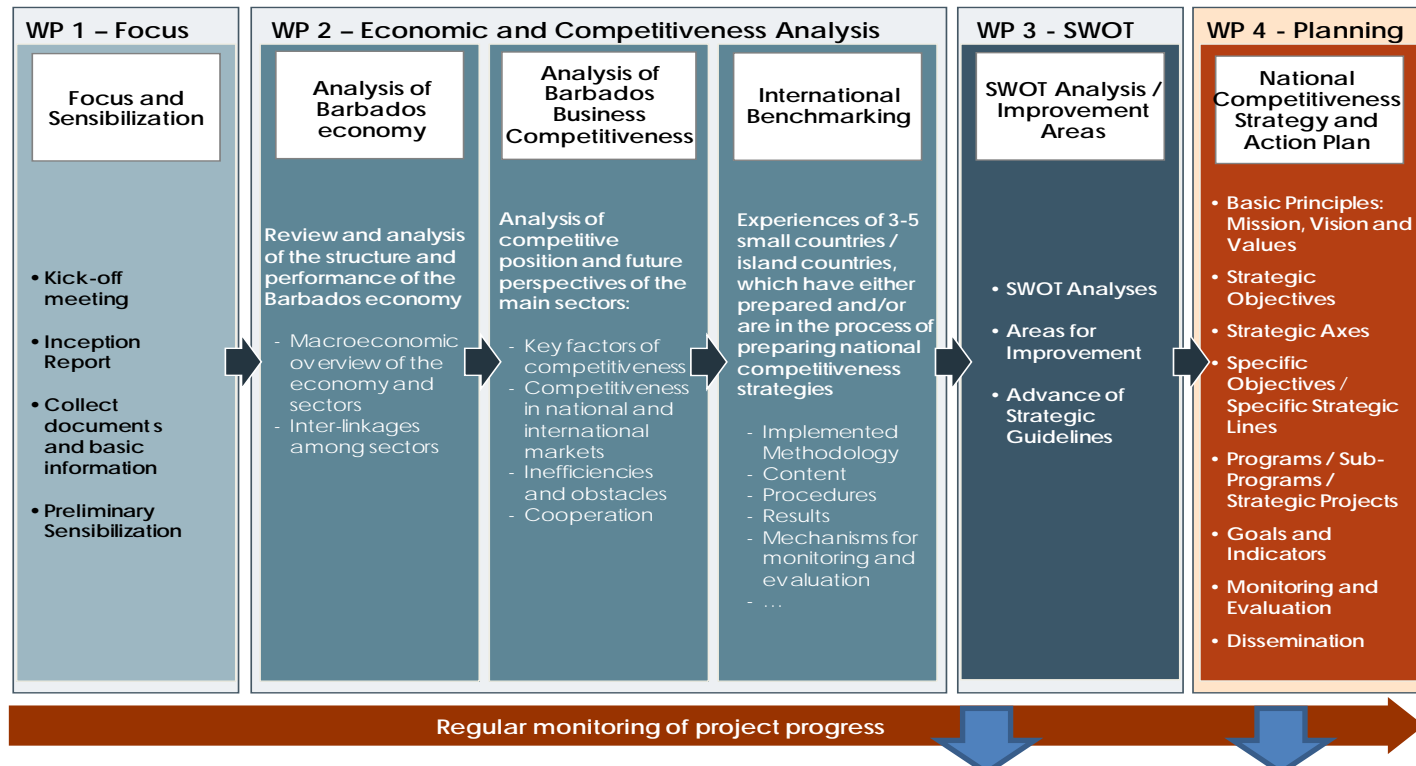
Addressing Crucial Constraints

- **Weaknesses** or **constraints** that must be addressed if the country is to move to the next level



- **Priorities** and **sequencing** are fundamental to successful economic development

how to classify and prioritize actions?



LAGGING-BEHIND ACTIONS	RECOVERY ACTIONS	MAINTENANCE ACTIONS	EMERGING ACTIONS
Actions that are “lagging” vs economic/social development level	Actions to recover from recent crisis when the future potential justifies	Actions to maintain endowments and income earners	Actions to invest in new industries, niches, technologies/skills

Competitiveness Strategy and Action Plan: how to classify and prioritize actions?

JUSTIFICATIONS FOR DISCUSSING STRATEGIC PRIORITIES AND SPECIFIC ACTIONS: When discussing priorities areas or actions in the SWOT and later Sector/ thematic Workshops, we must refer to:

- 1) Which area/level of the “competitiveness pyramid” are we improving, and how will it improve the WEF competitiveness factor (s) and pillar (s) - try to quantify if feasible.
- 2) Which analyses and studies have been carried out to quantify the impact (besides sector Strategic plans and White/green papers) – and their summary results in terms of impact of specific strategies and actions.