
It's Not Enough to be Competitive



By Jane Williams, Editor, Knowledge Arabia

It's a brave new world out there. Former fierce competitors are finding the only way to chart a course to success is through collaboration.

Competition in the marketplace is undergoing seismic change. Smart phones have sparked a digital revolution opening up the flow of technical know-how, trade and talent on a global scale. Emerging nations are jumping on the digital bandwagon - no longer seen as sources of cheap labour or relegated to commodity-based goods. Their governments are investing in research and adopting innovation-based growth strategies as hundreds of millions of their educated and skilled citizens enter the global labour force.

If it's not enough that this transformation is threatening the traditional balance of trade between developed and developing economies, the financial crisis has sent countries ducking for cover, administering political decisions based on national interest and their own prosperity.



Such short-sighted policies pandering to xenophobia may act as a panacea to immediate threats but could be ultimately detrimental to the future competitiveness of their country, notes **Deborah Wince-Smith** president of the Global Federation of Competitive Councils (GFCC).

“We live in a global environment and its intensity is accelerating every day,” Wince-Smith told INSEAD Knowledge outside a GFCC Global Competitiveness Summit in Dubai recently.

“Without global growth, benefits don’t come back to individual nations over time. It doesn’t have to be a win-lose scenario. There are tools and mechanisms nations can use to enable prosperity at home while propelling global growth.”

Take India. Despite the global economic slowdown, the country has fortified its relationship with the United States and moved up to become the 14th largest U.S. trading partner. By increasing the number of private-public partnerships with U.S. firms, it is bolstering both countries’ private sectors, creating jobs, and closing India’s infrastructure gap to the benefit of both nations.

Regional partnerships are also gaining in strength. Despite the increasing frailties of the European Union economy, other blocs such as the Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council (GCC) and the North American Free Trade Agreement (NAFTA) are tighter than ever as neighbouring countries bolster each other’s ability to compete.

What is competitiveness?

“When we talk about the competitiveness of a country, we’re talking about increasing productivity, raising the standard of living and continually improving the quality of life,” notes Wince-Smith. “So competitiveness really has to be about pushing growth and that’s the great challenge in the world right now. Growth has slowed tremendously. It’s impossible for one country or one industry to operate in a vacuum, collaboration now is absolutely essential for any economic or social endeavor as we move into the 21st century.”

Today’s competitor, tomorrow’s customer

In the search for new growth, countries’ identities have blurred. Yesterday’s competitor may be tomorrow’s customer and that’s something decision-makers are having to take into consideration during policy-making whether it’s economic, political or social.

With this in mind, the GFCC was formed in 2010 as a network of private and public sector competitiveness councils and organisations to recognise the benefits of sharing experiences and best practices, with the collective view that all countries needed a strong global marketplace in which to

compete. GFCC members are a strange assortment of organisations from new, old, developed and emerging economies including United States, Brazil, Australia, Egypt, Russia, Japan, Ireland, South Korea, Saudi Arabia, and the United Arab Emirates.

Together, they account for more than 50 percent of global GDP.

No Zero Sum Game

"For better or worse we are all interlinked," says Wince-Smith. "There is no winner-take-all scenario when it comes to successful deals today. Global enterprises operate in very complex supply chains and they're optimising their products all over the world. By 2020, 80 percent of all consumers will be outside the developed world. These are our customers, they are our partners; so if we're not collaborating - only competing - we're really undercutting our ability to serve the customers of the world.

"If we come together and work as partners we're looking at how we can improve our own economies and at the same time raise up the prosperity of the world."

Using case studies supplied by members, the GFCC releases an annual report on best practice strategies outlining challenges, opportunities and successes, and an annual set of "Ten Principles for Competitiveness" reflecting on the changing economic conditions, and identifying "competition" drivers that GFCC members can take back to their government and policy-makers to take into consideration when adopting or writing policy.

"It goes beyond economic policy these are factors that should be considered when debating any economic, political or social policy," notes Wince-Smith. "At the top of our list this year is to maintain fiscal stability, fiscal discipline, good corporate governance and strong institution."

And of course innovation.

“Today countries and companies cannot compete or sustain productivity without innovation,” says Wince-Smith. “It cuts across every economic activity. It really forces every nation to be pushing the envelope in developing new value for their own companies and citizens.”

And it’s about embracing change.

“There is a divergence of acting and thinking within this world right now when it comes to what or who is driving growth. There are countries that believe in the power of the private sector and we have some economies that are very state-driven. But each country is concerned - as they have to be - about providing prosperity and a high standard of living for their citizens, that is what being competitive is really about. There are many models for success - there’s no one-size fits all situation.”

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