What is Competitiveness?

Countries, similar to businesses compete. In the global market, countries compete for investments, trade and tourists. In order to compete globally, a country must have the best infrastructure, human resources, health care, high quality exports etc. According to the World Economic Forum, competitiveness is defined as "the set of institutions, policies and factors that determine the level of productivity of a country."

A simpler definition of the term is the ability of an economy to produce and sell goods and services on the global market, while increasing the incomes and welfare of its people. Therefore, competitiveness focuses on developing optimal conditions in the country that promote economic growth. In turn, these conditions would be ideal for producing quality export commodities that will create economic growth through job creation, increased foreign exchange, the creation of new businesses, expanding the domestic market, increased sales etc.

Competitiveness is considered a key criterion in assessing the success of companies, industries and countries. Hence, increasing levels of competitiveness is essential to any economy as a country must perform well both in the domestic and international arena in order to survive. The need for increasing competitiveness is even more critical as the Saint Lucian economy recovers from the global recession. Thus, focusing on competitiveness will provide possible solutions to the record high level of unemployment, finding a path toward fiscal balance and rebuilding the crumbled pillars of the economy.

In an attempt to increase country competiveness, policymakers must focus on the drivers of competitiveness. Some of these drivers include:

Firm level competitiveness- Businesses are entities that create national wealth. As such, their productivity, efficiency and dynamism are key to country competitiveness. When businesses in an economy are collectively making profits, employing persons and exporting products and services in itself drives the competitiveness of the country.

Human resources- At the core of country competitiveness is the quality of the human resources of a nation. This is greatly influenced by the quality and standard of the education system. It is important that countries invest in proper education and training of the workforce to prepare them for the relevant jobs in industries where the country has a competitive advantage. The education system should also prepare the workforce for jobs in the global market. This means that skilled persons can export their services overseas or investors can outsource services to the country because of the availability of specialised skills.

Inclusive growth- The needs of the wider population particularly the majority who belong to the lower income groups must be met. Successful businesses should place resources to address the needs of this broader market, while generating demand and ultimately more economic growth. If the majority of the population is struggling to meet their basic needs, it would be difficult to achieve national competitiveness.

Additionally, the Global Competitiveness Report prepared by World Economic Forum (WEF) annually measures the level of competitiveness of 142 countries by focusing on the pillars which are crucial in achieving national competitiveness. The twelve pillars are specific factors that would cause firm level competiveness, quality human resources and promote inclusive growth, as mentioned above. These 12 pillars are as follows:

- Institutions

- Infrastructure
- Macroeconomic Environment
- Health and Primary Education
- Higher Education and Training
- Goods Market Efficiency
- Labour Market Efficiency
- Financial Market Development
- Technological Readiness
- Market Size
- Business Sophistication
- Innovation

Simply, a country should attempt to focus on these twelve factors in striving for increase in national competitiveness. However, a country may not be able to focus on all twelve pillars at once. Thus according to the WEF, the first five listed pillars are considered as the basic requirements for increasing competitiveness. These five factors impact on country productivity and is a start in trying to improve national competitiveness.

It is important to note the link between productivity and competitiveness. Productivity measures how efficiently resources in an economy are utilised to produce a given level of output. When businesses are using less resources to produce output they begin to realise increased profits. Thus, productive businesses means that firms can expand and create new and additional jobs, which in turn is fundamental in poverty reduction and increasing the economic well-being of citizens. When the private sector is collectively making profits this can increase the level of competitiveness of a country.

The Government of Saint Lucia understands the importance of building country competitiveness. It is for this reason that the National Competitiveness & Productivity Council was established to focus on improving the factors that affect Saint Lucia's competitiveness. The Council is responsible for initiating reforms in both the private and public sectors, with the end goal of raising Saint Lucia's overall competitiveness standing.