

Competitive position

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Competitiveness is the ability to produce goods and services that meet the test of international markets, while citizens enjoy a standard of living that is both rising and sustainable. (Tyson, 1992)

The Organisation for Economic Co-operation and Development (OECD) defines competitiveness as the ability to generate relatively high incomes and employment levels on a sustainable basis, while exposed to international competition. Today, competition is increasingly defined in terms of the ability to create value for customers.

- The USA has occupied the top rank for three consecutive years, confirming its position as the most competitive nation in the world. The USA remains the leader in world competitiveness due to its ability to grow using innovations. The 'new economy' (based on the interaction between the information technology and telecom sectors) generates growth without inflation and creates new business opportunities. The USA has low inflation. It has a globalised economy and there is intense

Table 1: The world competitiveness scoreboard, 1999

World

Competitiveness Report

Countries are competitive when they can provide an environment in which entrepreneurs can compete successfully.

The World

Competitiveness Report ranks countries by their competitive capability. It applies eight factor groups:

- domestic economy
- infrastructure
- internationalisation
- management
- government policy
- science and technology
- finance
- people.

The following are some important features of the report:

	Rank 1999		Rank 1999
USA	1	Chile	25
Singapore	2	Hungary	26
Finland	3	Malaysia	27
Luxembourg	4	Portugal	28
Netherlands	5	China	29
Switzerland	6	Italy	30
Hong Kong	7	Greece	31
Denmark	8	Philippines	32
Germany	9	Argentina	33
Canada	10	Thailand	34
Ireland	11	Brazil	35
Australia	12	Mexico	36
Norway	13	Turkey	37
Sweden	14	South Korea	38
UK	15	India	39
Japan	16	Slovenia	40
Iceland	17	Czech Republic	41
Taiwan	18	South Africa	42
Austria	19	Colombia	43
New Zealand	20	Poland	44
France	21	Venezuela	45
Belgium	22	Indonesia	46
Spain	23	Russia	47
Israel	24		

Source: The World Competitiveness Yearbook, 1999

competition in its domestic market. It has a flexible labour market and an entrepreneurial culture.

- Singapore (2nd) has occupied the same position for three years and continues to pursue its objective of entering a knowledge-economy based on electronic infrastructure.
- Hong Kong fell from being 3rd last year to being 7th this year.
- Luxembourg is in 4th position, having gained five places during the past year.
- Except for Singapore (2nd), Hong Kong (7th) and Taiwan (18th), the first 23 positions are occupied by OECD countries.
- South Africa is ranked 42nd, out of a total of 47 countries. Unemployment reached 30% and violence remains an unresolved issue. (According to the World Economic Forum's latest competitiveness report, South Africa ranked 47 out of 59 countries). South Africa had been a poor performer on issues related to labour.

There has been no significant improvement in terms of South Africa's overall ranking in 1999. The economy was ranked 42nd out of 46 countries in 1998, whereas it was ranked 42nd out of 47 countries in 1999 since Slovenia was added to the list in 1999.

There have, however, been improvements in terms of the domestic economy (up five

positions), internationalisation (up three positions), management (up three positions) and infrastructure (up one position).

The factors that registered a drop in South Africa's ranking were science and technology (down five positions), government, finance, and people (down one position). This implies a greater focus on education and people.

Labour-related factors

The people-related elements that actually weigh South Africa down on the competitive scale as far as productivity is concerned are the:

- brain drain
- education system
- unemployment rate
- shortage of skilled labour.

Attitudes such as hard work and loyalty support competitiveness. Attitudes such as increasing leisure time and pursuing individual interests do not support competitiveness. A more committed workforce is a more productive workforce.

The areas of safety and security, industrial relations, worker motivation and availability of skilled labour are the attributes directly related to the human element and require more attention in terms of policy making and improvement.

Knowledge is the key to competitiveness. A high quality of life for the people is the challenge ahead for South Africa.

Table 2: Factors of competitiveness – the South African economy (1994-99)

	1994	1995	1996	1997	1998	1999
Overall ranking	42	43	44	44	42	42
Domestic economy	42	42	44	42	40	35
Internationalisation	35	38	39	46	45	42
Government	38	35	37	34	31	32
Finance	26	27	31	36	31	32
Infrastructure	37	30	32	33	35	34
Management	35	38	40	37	38	35
Science & technology	28	31	34	40	39	44
People	46	46	46	46	46	47

'The real wealth of a nation is its people. And the purpose of development is to create an enabling environment for people to enjoy long, healthy and creative lives.'
(The Human Development Report, 1990)