



Status and Strategies to Foster Competitiveness

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**If you don't have a
competitive advantage, don't
compete.**

Jack Welch



Presentation outline

- Introduction
- Productivity
- Competitiveness
- Strategies for fostering competitiveness
- conclusion



Introduction

- The world has become a global village with producers from all over competing for the available market.
- Many countries all over the world are desiring to have high level competitiveness so as to compete effectively.



What is Productivity?

- It is defined as a relationship between inputs and outputs in the production of goods and services
- Socially, productivity is viewed as an attitude of mind which seeks to continually improve what already exists
- Productivity is a management concept since it occurs through planning and execution



What is Competitiveness?

- The World Economic Forum Global Competitiveness Reports defines Competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can earn”.
- Several indicators determine a country’s overall global competitiveness index. These are broadly classified as Pillars 1-12 .



Relationship between productivity and competitiveness

- The level of productivity significantly affects the level of competitiveness of a country.
- If the level of productivity is high, it follows that level of competitiveness is high. If the level of productivity is low, then then the level of competitiveness is low.
- Countries with high labour productivity levels have also high Global Competitiveness Index (e.g. Singapore Hong Kong, Japan, USA, Switzerland, Finland United Kingdom)



Competitiveness

- The World Economic Forum (W.E F) prepares the Global Competitive Report, which ranks 141 countries across 12 pillars.
- These pillars are:- Institutions, Infrastructure, ICT adoption, Macroeconomic stability, Health, Skills, Product market, Labour market, Financial system, Market size, Business dynamism and Innovation capability.

RANKING OF SELECTED COUNTRIES

Top 10 countries in 2016 -19	2016/17 Rank	2017/18 Rank	2018/19 Rank	2019/20	Selected African countries	2016/17 Rank	2017/18 rank	2018/19	2019/20
Switzerland	1	1	4	5	Mauritius	45	45	49	52
Singapore	2	3	2	1	S. Africa	47	61	67	60
United States	3	2	1	2	Rwanda	52	58	108	100
Germany	5	5	3	7	Botswana	64	63	90	91
Netherlands	4	4	6	4	Morocco	70	71	75	75
Japan	8	9	5	6	Namibia	84	90	100	94
Hong Kong	9	6	7	3	Kenya	96	91	93	95
Finland	10	10	11	11	Uganda	113	114	117	115
Sweden	6	7	9	8	Egypt	115	100	94	93
United Kingdom	7	8	8	9	Tanzania	116	113	116	117
Countries Ranked	138	137	140	140	Countries Ranked	138	137	140	140

KENYA'S PERFORMANCE PER PILLAR GCR 2019

		SCORE	POSITION
	OVERALL	54	95
	Institutions	55	68
2	Infrastructure	54	110
3	ICT Adoption	36	116
4	Macro Economic Stability	72	100
5	Health	55	116
6	Skills	56	97
7	Product market	53	88
8	Labour market	59	79
9	Financial systems	58	78
10	Market Size	53	72
11	Business Dynamism	64	51
12	Innovation capability	36	78



From the information above it is clear that Kenya has not preforming well in global competitiveness.



Strategies for fostering productivity

1. Enhancing the firms' productivity

- At individual firm level, productivity is an important component of competitiveness.
- Higher productivity enables the firm to produce the same outputs but at a lower cost than less productive rivals.
- Firms productivity can be improved through:-
 - adopting best production practices.
 - use of modern technologies enabling them to be cost effective.



Strategies

2. Creating an enabling business environment

Business environment may be improved through:-

- simplifying business registration and licensing;
- improving tax policies;
- enabling better access to finance;
- enhancing public-private dialogue; and
- availing affordable and reliable power.



Strategies

3. Enhancing market access

- This can be done by providing up to date information on market conditions both locally and internationally.
- Such information would be of use to the producers/exporters to enable them supply the required goods.
- In addition there should be a deliberate effort to reduce trade barriers between countries.



Strategies

4. Investing in human capital

- Skills are a critical component in the socio-economic development of a country.
- The educational system needs to provide the relevant skills necessary to support business oriented activities.



Concluding thought

For an economy to thrive, it must become competitive in the international stage .