

## **A COMPETITIVENESS MONITOR INDEX AND NEWSLETTER**

As a long term practitioner of sme and local development programmes I dare to ask the question: Can we create, among the population of similar-development countries the same look at the status of their competitiveness as the one created by sports?

Local development and sme development practitioners often feel that competitiveness issues are not high in the public opinion and in the political agenda. This article was prepared by thinking on instruments that could serve both as guides to the debate and design of sme competitiveness policies and to prepare a wide spectrum of society to prompt national competitiveness measures. It describes instruments thought as tools to foster awareness of these issues: a **Newsletter** which should prepare the public opinion in beneficiary countries to discuss the status of their economic development as compared with similarly developed emerging countries and the **Monitor** which provides the basis for such comparison.

*In a competitive world, there are regions that have not yet felt the “need” to act proactively to foster an environment that helps local and sme development. Those regions may be located, unlike most developed-world regions, among neighbours that are also lacking the competitive “itch”. While it is common fare to speak about regional competitiveness in Veneto, Emilia Romagna, Northern California or Bavaria, this is not the case in many emerging economies. Lack of benchmarks further complicates local development design, possibly prompting emerging economies to look back to their own “happier” days, rather than forward to their potential role in a global economy. Transition economies may remember their centrally planned stages, Latin American countries the “happier days” of import-substitution and closed economies.*

A number of benchmarking indexes are currently being prepared by different institutions around the world, which rank countries/regions according to a set of indicators. Annex B provides a list of such indexes.

The number of indicators or their nature(quantitative/qualitative) vary in each case. While these indexes could help to constitute a “universal” monitor , it would be convenient for each individual country (or for a small grouping of countries) to construct an ad hoc monitor: one that compares each country with a panel of countries that are specially relevant to its current level of development, cultural ties, and natural factor endowment.

As an example, for middle-income countries in Latin America, i.e. ( Chile, Argentina, Brazil, Uruguay) a SET OF 10 COUNTRIES could be made of

- 2 **Countries in the region**, such as Costa Rica, Mexico
- 2 **New Asian industrial economies**: i.e. Malaysia, Taiwan

2 “New” **Transition Economies**: Hungary, Poland

1 Developed country that is **also rich in natural- resources**: Australia or New Zealand

3 **Culturally related** countries: Italy, Spain, Portugal

A subnational monitor could follow the same rationale, but taking regions or provinces instead of countries.

The beneficiary country or region (for whom the monitor is prepared) is hereto called "beneficiary" and the set of reference countries will be called "reference panel".

The monitor would be the basis for 2 very different instruments

- a) A SEMESTER REPORT DOCUMENT, including
- i) a series of graphs showing the evolution of the selected indicators in the beneficiary country or region and in the reference panel of countries. OECD and UNIDO's "drivers of growth" could be principal elements among the set of indicators.
  - ii) Identification of the most prominent gaps between the two sets of indicators (the ones of the beneficiary and the ones of the reference panel)
  - iii) Comments on the causes and consequences of the gaps identified
  - iv) Optionally, a series of comments on which policies could redress the gaps identified, helping the beneficiary countries to advance their development towards those of the reference panel, or to reinforce positive tendencies as showed by the graphs.

On the basis of the semester publication a **SEMESTER FORUM OF REGIONAL (or Country) COMPETITIVENESS** would be gathered, calling all interested parties (policy makers, academic specialists, practitioners, businesspeople, members of multilateral organisations or think tanks, etc). to discuss its results and present viable policy options.

b) While such a Monitor would be advantageous for policy makers, general public awareness of the “competitiveness-game” would be heightened through a broadly distributed **NEWSLETTER**.

The Newsletter would have a biweekly presentation, be distributed by e-mail and paper, and include in each issue a table summarising the situation of selected indicators for the beneficiary and the reference panel. It is essential that the monitor creates a competitive itch, based on a pungent editing.

The Newsletter would aim at

- a) rising public awareness about the evolution of policies that favour the development of economies that are both references and competitors of the beneficiary
- b) alert business people about the advances of other countries and sectors
- c) prompt the society in general and policy makers in particular to set competitiveness issues at the top of the political agenda
- d) Praise those businesspeople and governments which are advancing the situation of the economy, by developing new products, penetrating new markets, or setting the conditions for a more favourable development of national smes.

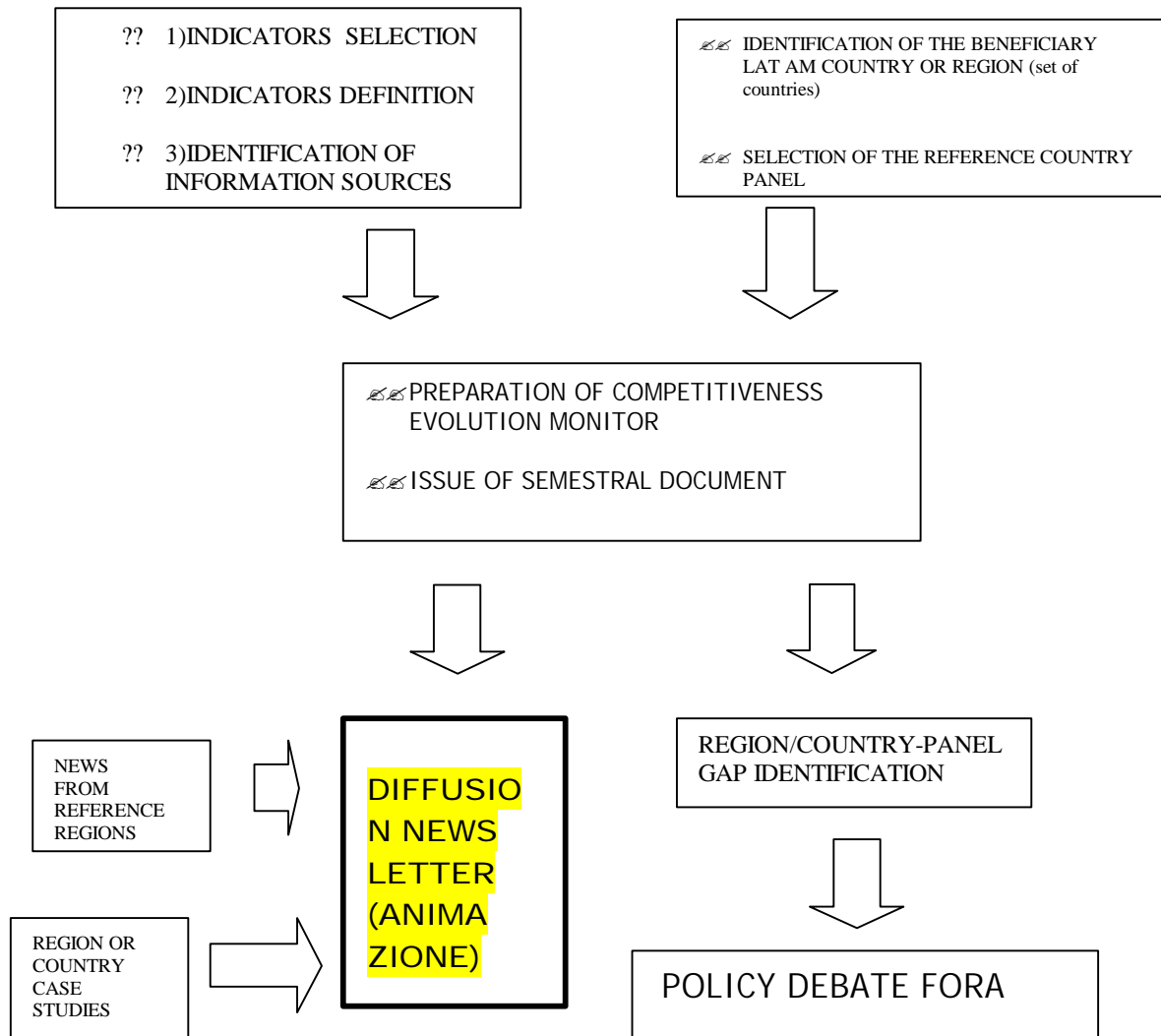
*A Monitor-based Newsletter:*

- ?? *A Newsletter, aimed at awakening a competitive “itch” among policy makers, business leaders, leaders of ONGs, educational institutions and so on, should have the following characteristics:*
- ?? *Be easily readable and interesting for a wide audience of non-economists. Editing based on journalism skills. It would create a TABLE RANKING MENTALITY, not too different from the ones so popular at sports.*
- ?? *Be short*
- ?? *Be independent from political pressure*
- ?? *Include a brief set of factual indicators, a selection from those included in a Monitor*
- ?? *Include real case short stories from successful countries or regions, primarily from those included in the Monitor ( this is, from countries that are relevant to that particular country or province).*
- ?? *Show what other countries or regions are doing or planning to do, that could inspire actions in the beneficiary region!*
- ?? *Once the monitor newsletter has being successful it could spear other activities aimed also at rising competitiveness awareness.*

Annex A provides examples of the content and issues in the Newsletter.

## Regional monitor benchmarking diffusion tool (Newsletter) The process:

The diagram shows the process of constructing a benchmarking monitor, and its central result, a diffusion Newsletter



## ANNEXES

### ANNEX A) Some examples of the issues that could be included in the newsletter

The Newsletter Content would include:

- a) **a summary selection of current indicators**, in the form of a table,
- b) **a set of short news** taken from the reference country panel
- c) **a short institutional story** to illustrate how sme competitiveness policies are designed and implemented by one institution (ideally at a local level) in one of the reference countries.
- d) **an sme success story** taken from the reference countries and one from the beneficiary country or countries.

The set of short news would include issues like the following:

Which are the rates of interest, repayment and grace periods, etc. of the loans available for smes in the reference panel?

Which are the requisites to have access to a loan?

How is the actual work, as shown by real examples taken from national or subnational institutions in the reference panel, of the institutions that foster competitiveness?

How many of the reference panel countries have explicit strategies that favour the innovation and competitiveness of their businesses?

How many have programmes aimed at the identification at strengthening of clusters?

Percentage of GDP utilised for these programmes?

¿How much funding is aimed to the generation of applicable knowledge, either from public or private funds?

¿How much, as percentage of GDG is the value of export of differentiated goods?

¿How many missions of foreign trade are sent by these economies each year, related to the size of their population and GDP?

¿How many of the trade information systems available for smes in reference panel countries include sections about the potential markets in beneficiary countries?

How many trade missions from reference panel countries visit beneficiary countries each year?

How many have defined and advertised a country image as part of an export strategy, such as Italy's "made in Italy"?

Which is the percentage of the population that have completed secondary and tertiary degrees in technology and commercial matters?

Are those education programmes internationally evaluated?

Which is the degree of access to Internet, as percentage of the population, its cost, how much of it is with wideband, how much utilised for economic purposes, and how extended is the use of e-commerce?

## **ANNEX B**

A list of currently published country (or state/province) indexes, which could provide the inputs for a country monitor and for a brief factual section of a Monitor-based newsletter.

**1) World Competitive Yearbook**, by the IMD International Institute for Management Development, a University based institute located in Switzerland  
It lists countries ranked on a set of **5 main factors**

Site: [www.imd.ch/wcy](http://www.imd.ch/wcy)

**2) Global Competitive Report**, by the World Economic Forum, WEF. Based conceptually on M Porter's competitiveness diamond, it lists countries in a Global Competitive Index, ranked on a set of 8 main factors, each formed by a Quantitative and a Qualitative component.

Site: [www.weforum.org](http://www.weforum.org)

**3) UNIDO's Scoreboard is comprised of two rankings:**

**a) Competitive Industrial performance Index**, CIP, by UNIDO ranks 87 countries on the basis of only **4** Factors.

**b) Ranking of economies by the 5 "Drivers of industrial performance"**, on the same 87 countries:

Skills index; R&D Spending per capita by productive enterprises;  
Foreign Direct Investment per capita; Royalties per capita; Infrastructure Index

The Industrial Development Report accompanies the Scoreboards's 2 rankings with an interesting section on how to use them to design policy.

Site [www.unido.org/doc/511836.htmls](http://www.unido.org/doc/511836.htmls)

**4) Development Report Card**, by the Corporation for Enterprise Development generates **3 Indexes:**

- Performance Index, based on **5** factors
- Business Vitality Index, based on **3** factors
- Development Capacity Index, based on **5** factors

The Report is accompanied by a very simple definition of each factor.

Site: [www.drc.cfed.org](http://www.drc.cfed.org)

5) **State Competitive Report**, by Beacon Hill Institute ranks the 50 US states based on **6** factors.  
Its director of Communications accompanies the release of the Report with a catchy summary of findings.

Site: [www.beaconhill.org](http://www.beaconhill.org)

**6) EURADA's benchmarking of regional competitiveness.** The EU's Regional Association of Development Agencies uses a set of 63 indicators for its ranking of 20 European regions located in 10 countries.

**Note:** An additional source that could inspire the design a regional competitiveness index is 7) the **Univ. of Ferrara's Benchmarking study on Chile's SME competitiveness environment.** The study, conducted by Prof. Patrizio Bianchi, one of the most noted Italian analysts of the cluster phenomenon and Nomisma, a Bologna-based consultancy, considers the following aspects:

A) "Legislation Obstacles

B) "Market failures", that include: Human Resources; Technology, Innovation and Quality; Firm's cooperation and business services; and Financial aspects.

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