ARTNeT Greater Mekong Sub-region (GMS) initiative

Capacity Building Workshop on Primary Data Collection and Competitiveness Analysis

organized in collaboration with the Faculty of Economics and Business Management, National University of Laos

4 September 2009
Vientiane, Lao PDR
ARTNeT Greater Mekong Sub-region (GMS) initiative

Session 1 - Introduction

When do we need primary data for competitiveness analysis?

ARTNeT Consultant
Witada Anukoonwattaka, PhD
Thammasat University, Thailand
witada@econ.tu.ac.th
What is Competitiveness? (1)

The meaning depends on the level of competitiveness you are dealing with.

- Company level
- Industry level
- National level
What is Competitiveness? (2)

• **Company level:**
  - the ability to provide products and services more effectively and efficiently than the relevant competitors.

• **Industry level:**
  - the ability of the nation's firms to achieve sustained success against foreign competitors without protection or subsidies.

• **National level:**
  - the ability of the nation's citizens to achieve a high and rising standard of living.
What is the use of competitiveness analysis?

• If we know what makes a firm, industry, or nation competitive, then we can take steps to improve performance of firms and industries
  - This will also improve the national economy

• Competitiveness analysis focuses on changes in competitiveness:
  - Is it improving or worsening?
  - By how much (magnitude or size of change)?
  - What are the factors causing the changes in competitiveness?
Indicators of competitiveness at the national level

• The level and growth of the nation's standard of living
  - For example, real GDP per capita, etc.

• The level and growth of aggregate productivity
  - For example, total factor productivity, labor productivity, etc.

• The ability to increase penetration of world markets through exports or FDI.
  - For example, market shares, rate of growth of exports, exports as a share of GDP.
Indicators of competitiveness at an industry/firm level

- Performance in the international marketplace
- The ability to match or beat the world's best firms in cost and quality.
  - Comparing domestic firms with their relevant competitors in:
    - Productivity
    - Quality and price (relative to competitors)
    - Market Shares
    - Cost
    - Profitability
    - Growth
How is a domestic industry performing relative to international competitors?

• Are our costs increasing faster than international competitors’ costs? If so, why?
  • Productivity? Wages? Other costs of inputs?
• Are we getting similar prices for our product? If not, why?
  • Quality?
• Is our exchange rate not in line with inflation?
  – Inflation in our country increases our costs; inflation in competitors’ countries increases their costs
  – If our currency gets stronger (‘appreciates’), our goods become less internationally competitive
    • Why?
• What data do we need to analyse this?
What are the factors causing changes in competitiveness?

- Productivity issues
  - Resource endowment
  - Technology superiority
- Firm’s ability issues
  - Innovation ability
  - Process efficiency
  - Economies of scale
- Effects of external factors
  - Exchange rates
  - Tariffs and trade barriers
  - Infrastructure

Some of these variables are partially unobservable; in such cases ‘proxy’ variables are required.
Primary data and Secondary data

- Primary data is *new data* gathered by the researcher.

- Secondary data is *already available data* - published data, data gathered by some statistical agency etc. (sometimes not published but may be available)
Before deciding to collect primary data:

• **Think hard and write down**: what is the data that is really needed and why is that data needed?

• **Check very carefully**: is the required data already available somewhere?
  
  • Usually the cost of gathering secondary data is much lower than the cost of obtaining primary data.
  
  • Some of your questions can possibly have been already answered by other investigators or authors. Why “reinvent the wheel”? 
  
  • It also helps to plan the collection of primary data, in case it becomes necessary.
Summary: When do we need primary data?

• Often we have to collect some primary data when we do firm-level or even industry level competitiveness analysis.

• For industry or national level studies, most – sometimes even all – required data is available (where?):
  – exchange rates
  – inflation rates
  – world output price index
  – domestic output price index
  – export values
  – tariffs and other trade barriers by sectors/industries, etc.
Exercise 1:
List some indicators that you may use for evaluating the competitiveness of the garment industry in the following aspects. What data will you need? Is it available (where)?

<table>
<thead>
<tr>
<th>Competitiveness</th>
<th>Indicators</th>
<th>Data and Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Competitiveness</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Asia-Pacific Research and Training Network on Trade

www.artnetontrade.org