



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

Asia-Pacific Research and Training Network on Trade

www.artnetontrade.org

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

Asia-Pacific Research and Training Network on Trade

www.artnetontrade.org

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) ?

Competitiveness

Indicators

Data and Sources

- Productivity
- Profitability
- Growth
- International Competitiveness