ARTNeT Greater Mekong Sub-region (GMS) initiative

Capacity Building Workshop on Primary Data Collection and Competitiveness Analysis

organized by ARTNeT in collaboration with Ministry of Planning and Investment of Viet Nam

18 September 2009
Hanoi, Viet Nam

Asia-Pacific Research and Training Network on Trade
www.artnetontrade.org
Session 1 - Introduction

When do we need primary data for competitiveness analysis?

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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) ?

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