

UNIT 212 – UPSC - Global Competitiveness and Technological Developments

In present business environment, there are many issues such as unemployment is increasing, profits are down, costs are increasing, and the future is indefinite. To resolve these problems, one alternative is to focus on becoming globally competitive. The International Institute for Management Development describes competitiveness as "a field of economic knowledge which analyses the facts and policies that shaped the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people."



According to The World Economic, "the ability of a country to achieve sustained high rates of growth in gross domestic product (GDP) per capita" is an important measure. Therefore only nations with high levels of productivity will become domestically and globally competitive and have the capability to utilize existing market opportunities to endure and expand employment and real income growth in the long term. Global competitiveness is an ability of nation to provide quality products and services at competitive prices thereby providing adequate returns. Competitiveness is the comparative concept of the ability and performance of a firm, sub-sector or a country.

Importance of Global Competitiveness

- To increase Productivity.
- To encourage FDI's.
- To increase the living standards.
- To maintain the balance of trade between import and export of an country.
- To gain macroeconomic stability.
- For the economic development of the country.

The necessities for global competitiveness involve addressing the following issues: macroeconomic policies; government practices and regulations; the cost of doing business; education and skills upgrading; R&D and innovation; sustainable environmental management; conformity with international standards; and total factor productivity. Since businesses operate within the supervisory framework of the government, it assumes a very important role in augmenting competitiveness. Governments must be more business responsive by reengineering systems and measures to be more approachable and reducing bureaucratic red tape that hampers business efficiency. Creating a more integrated, synchronized, and stronger network between government agencies, the private sector, and academia will enhance business. Efforts should also focus on increasing the accountability and integrity of public service.

Manufacturing firms face numerous challenges and problems. These create major obstacle to effective local and global competitiveness. Assessing a case of Nigeria, it underwent many problems when operating at global level.

Globally competitive companies use broad knowledge base, a global human network, and Internet technology to flourish against international competition (regionally, nationally, or internationally) without the use of significant capital investment, travel or even an international presence.

Technology Development

In the period of knowledge development, technological innovation is visualized as the prime driver to create and maintain competitive advantage. Interest in technology development and business innovation increased as concern mounted over the economic power of the nation and over competition from abroad. Theoretical models emphasize that there are two basic modes of advancing technology. One is innovation (developing one's own new technologies) and the other is adoption (introducing technologies that have been devised elsewhere). Adoption of technology from overseas enhances living standards substantially, and even to achieve long term growth based on the continuing technological innovations achieved abroad. But technology adoption has its limitations as well. Technological progression in global business can lead to economic growth because they contribute to the manufacture of new goods, new services, creating new jobs, and new capital.

The application of technology can increase productivity and the quality of products. It can magnify the range of services that can be offered as well as extend the geographic distribution of these services. The expansion and use of technology has immense role in determining patterns of international trade by affecting the comparative advantages of business sectors. Since technological progress is not essentially determined by economic conditions, it also can be influenced by developments in science, the organization and management of firms, government activity, or serendipity. It can have effects on trade independent of shifts in macroeconomic factors. New technologies also can support to compensate for possible difficulties in the cost of capital and labour faced by corporations.

It is well understood that the globalization of economy is going on at speedy rate. This rapid move towards greater integration of world economy is fuelled by number of distinct yet interdependent forces such as the spread of political decisions of countries to move towards liberalization and adoption of market oriented economies, the free flow of capital through direct foreign investment,

rapid technological changes especially in information and communication technology. With the spreading trade liberalization and deregulation, there is now closure integration of domestic and international market (Bhatia, 2005).

The fast developments in fields of electronics, biotechnology and material sciences resulting in the increased flow of new products and services that substitute for or totally replace existing ones.

It can be assessed that numerous factors will contribute to the progress of international competition. These include technological and political factors as well as economic factors. Industries that are experiencing speedy technological advancements are already global in nature. Production facilities can and are being located virtually anywhere in the world. Consequently, consumer demands in the different industrial countries are converging.