
Editorial

Mark Esposito*

Grenoble Graduate School of Business,
Lab-Center for Competitiveness,
12 Rue Semard, F-38000, Grenoble, France
and
University of Cambridge, CPSL,
1 Trumpington Street, Cambridge, CB2 1QA, UK
E-mail: mark.esposito@grenoble-em.com
*Corresponding author

Amit Kapoor

Institute for Competitiveness,
U-24/8, DLF Phase-3,
Gurgaon-122 002, Haryana, India
E-mail: amit.kapoor@competitiveness.in

Biographical notes: Mark Esposito is Associate Professor of Business in Society at Grenoble Graduate School of Business in France and Senior Associate for the University of Cambridge programme for sustainability leadership in the UK and a Research Fellow at the Cambridge Center for Economic and Public Policy. He serves as an Instructor for the Harvard Extension School as well as Institutes Council co-Leader, at the Microeconomics of Competitiveness (MOC) programme at the Institute of Strategy and Competitiveness, at Harvard Business School. He is an appointed Research Fellow for the Institute for Competitiveness in India as well as for the Center for Sustainability at Ashridge Business School in the UK.

Amit Kapoor is an Honorary Chairman of the Institute for Competitiveness and Professor of Strategy at India's Management Development Institute. He is an affiliate faculty of the Institute of Strategy and Competitiveness at Harvard Business School as well as co-Leader of the Institutes Council. He holds a PhD in Industrial Economics and Business Strategy and received the Ruth Greene Memorial Award winner for writing the best case of the year, by the North American Case Research Association. He is an appointed Research Fellow at the Lab-Center for Competitiveness in France and an Advisor to Thinkers50.

The discussion on competitiveness came to the forefront of policy debates with the publication of *The Competitive Advantage of Nations* by Professor Michael E. Porter of Harvard Business School. Before him too, some economic thinkers and economic geographers had thought about the structural reasons, which led to competitiveness of some locations while a majority of the world remained underdeveloped and in abject poverty. But he is credited for bringing the debate to the forefront, in modern times.

With time, especially after 1990, the debate has matured with different thinkers and practitioners writing about why and how countries, regions and cities develop with time

and what role does economic policy play in it to bolster the industry in the country, region and city.

In between the two extremes of great prosperity (Think Silicon Valley) and abject poverty (Think Sub Saharan Africa) there was and still is a large mass of people who were and still are migrating towards the prosperity side of the spectrum. These constitute the emerging block. There are several ways of naming them according to different nomenclature systems, however the broad challenges facing them remain nearly the same namely, i.e., to bring more people out of poverty and to provide them with jobs and means of sustenance and quality of livelihood. This can happen only if proper policies are framed by the governments in these regions for the overall economic system to work better. At the centre of the economic system is corporate/industry/entrepreneur who is an agent of change. The role of the agent is to make/produce goods and services which people can buy to satisfy their various needs. The role of the government should be to nurture these agents of change so that they may create a better future.

The present issue looks at the broad theme of 'competitiveness policies from emerging blocks' both from a theoretical and a practical perspective. This is critical in understanding the role that governments and industries are playing for the overall economic development of these different and disparate regions, which face similar challenges. The contributions bring to the fore these challenges, which are inherent in emerging blocks.

The first study deals with India's competitiveness in international markets and then narrows in perspective to Karnataka (a region in India) and finally to Bangalore or now Bengaluru, a city termed as the 'Silicon Valley of India'. The study analyses the factors, which have led Bengaluru to become competitive in the information technology arena. The authors point and rightly so to the fact that low labour costs, a desirable time-zone, the advent of high-speed international communication networks and the prevalence of a qualified English-speaking workforce have allowed Bengaluru to become globally competitive in the IT sector in the past 20 years. The authors also look at the factors, which are presently hurting Bengaluru's competitiveness globally which include public sector corruption and bureaucracy, lack of judicial power in dealing with pending cases promptly, lack of fast track infrastructure investment and finally lack of collaboration with associated clusters. If these factors are overcome the authors opine Bengaluru could truly have long-term success.

The issue of the competition in banking industry specific to the context of Morocco opens our second paper. The authors try to look at the macroeconomic factors, which can affect the degree of competition. They look at the longitudinal data from 1993 to see the effects of economic policies on banking competition in the context of Morocco. The empirical results tell that a positive relation exists between the index of competition and the concentration. The empirical results also somehow counter-intuitively show that economic growth is negatively correlated with competition in the Moroccan case. The other strong conclusion, which emerges from the study, includes the fact that development of the stock market has positively impacted competition in Morocco. Lastly in the field of the implementation of the monetary policy, the indicator of interbank interest rate has a positive impact on competition. This is a strong case study for understanding the dynamics of banking industry and the bearing that macroeconomic factors can have in a country like Morocco.

The third article is very specific in nature and deals with competitiveness policies across regions. The specific comparative study is developed between Singapore and

New Zealand during a decade from 1998 to 2008. The two countries are extremely comparable in terms of dataset, given the social infrastructure, the heritage of the Anglo-Saxon model as well as its fiscal and monetary structures.

The fourth case is broader in perspective and includes intraregional (between South East European economies, i.e., SEE-8) and interregional comparisons between South East European economies, i.e., SEE-8 and Central European and Baltic economies i.e., CEE-8. The authors here use the New Global Competitiveness Index (NGCI) developed by Porter, Delgado, Ketels and Stern in 2008, which stresses on both macroeconomic and microeconomic competitiveness to calculate the various parameters of overall competitiveness. Their results show that overall the CEE-8 has remained the region being roughly twice as prosperous as SEE-8. Also, during the Great Recession, from 2008 to 2012, SEE-8 countries practically kept their competitiveness rank unchanged (it moved up from 81st to 80th), while their score increased from 3.92 to 4.05. Also, within the SEE-8 countries the greatest improvement in competitiveness was recorded by B&H and Albania (+19 places) and Bulgaria (+14 places), while the greatest deterioration was recorded by Croatia (-20) and Serbia and Romania (-10). The authors also give policy prescriptions for improving overall business environment with improvements in regional infrastructure (logistic, energy, financial and research-educational), removing trade and investment barriers, reducing market dominance and local monopolies and protecting consumers. Also for improving overall competitiveness the authors rightly opine that improvements in macroeconomic policies are necessary to coordinate measures in financial markets. With respect to political institutions the authors opine that it is necessary to strengthen the sharing of best practices in government practice, creating regional institutions, especially for dispute resolution mechanisms and economic statistics, and developing a regional approach with international organisations. The authors also mention that it is imperative to reduce corruption to improve the overall ease of doing business, which ultimately leads to prosperity.

The fifth article is very specific in nature and deals with competitiveness policies for a particular sector in a specific country. The specific country being Thailand and the sector being medical tourism. The case looks longitudinally at the Thailand medical tourism cluster by analysing its formation and development in time and the competitiveness policies set up by the government for its promotion. The case also looks at the complexity of the problem in dealing synergistically with both quality health care as well as the comfort of tourism. The authors show that the study of the Thailand medical tourism cluster is a case in point to showcase as to how a cluster driven approach can benefit in not only setting up this cluster, but may also contribute as a source of earning for the national economy.

The final study deals with one of India's crucial issues, related to the inundating inflow of FDI in the retail sector, which has been for so long, inflated by the inevitable dependency on foreign capital. Looking closer into the root cause of the issue grounded on myopic policies, that short-changed development for quick gains, often detrimental to the country's prosperity. This paper, conclusive of our special issue, addresses the underpinning relevance of policy as instrumental to competitiveness, or its lack, in case of structural flaws.

The contributions reflect an inherent need for studying competitiveness policies in emerging blocks as these will have a greater impact on the future of these countries and indeed of the world since a majority of the people reside in these nations with similar if

not identical social and political institutions. There are indeed varied lessons for all namely policymakers, business owners, administrators, academics and researchers from what emerges from this journal. Often emerging blocks are looked at as having homogeneity. While there are advantages to this approach it has its shortcomings. The present compendium will certainly go a long way in showcasing the benefits of the other approach, i.e., looking at the emerging block and within it countries and sectors on a case by case basis so as to have a cross pollination of ideas while understanding the limitations of the frameworks/approaches.