

COMPETITIVENESS – YET ANOTHER TIME!

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How unfortunate it is when we use, overuse, misuse and abuse a word, especially when it sounds modern and fashionable. We lose out on its meaning, on its real significance and its applicability to a real life situation.

Competitiveness has been oversused, misused and abused as a word. It has now become the title of seminars and conferences, of articles and papers, and politicians are using the word sparingly and conveniently.

We need again to go back to its significance and applicability, particularly within our own reality and context during these first few years of a new millennium.

What about this for a reality check? Sixty thousand new factories have been opened by foreigners in China during the last three years. Every twenty six minutes, a new foreign company opens a new factory in the country. Three hundred and fifty thousand Indians are annually graduating in engineering in India. More than half the FT 500 companies outsource their software to this country. General Electric has forty eight per cent of its software developed in India. Siemens has reduced its employment in Germany between 1994 and 2004 from 218,000 to 167,000, and meanwhile the number of workers that Siemens employs in the Czech Republic has grown six fold. IBM who is now strongly in China, has eliminated 13,000 jobs worldwide, more than half of them in Europe. Emerson, is reducing its employment in France, Germany and Italy, while opening factories in Central and Eastern Europe. General Motors is slashing up to 12,000 jobs in western Europe. Just look out for the next reductions in employment in Europe in tonight's business news...

Meanwhile Europe is rightly concerned about economic growth and jobs. In April, the Spring European Council fully supported the EC's "Partnership for Growth and Jobs" to re-launch, and re-focus the Lisbon Strategy. But Europe is full of contradictions! Socialists MEPs cry victory as the European Parliament approved the review of the Working Time Directive which tightens up the conditions under which employees can be obliged to work longer hours. Two exactly contradictory steps taken in the space of thirty days!

These are the pressures that are outpricing Europe, and these are the same pressures that are rendering Malta uncompetitive. The tension between the

“old ways of doing things”, mostly ideas and practices of the seventies in Europe, and the necessities of the new millennium, where a “new order of things” has to be given space. We got used to the comfortable environment of public funded social security systems that are hard to maintain. Maltese union attitude has generally not adapted itself to new economic and social realities, indeed it reflects conservative, confrontational thinking. Government is still big and heavy, and notwithstanding stating otherwise, we are still far from seeing a move towards lean, focused public management. Business on the other hand is culturally inclined to expect the impossible from Government, and seems not to be fully prepared to manage its own destiny, while not only looking at Malta as its one and only market place, but venture aggressively abroad.

Contradictions therefore are the major obstacle to competitiveness. It is impossible to achieve competitiveness in Europe if it is still not prepared to shed years of old prejudices and practices. The same here in Malta, unless we appreciate that a number of critical decisions need now not only be taken, but also scrupulously implemented, our economic and social fabric will suffer as we lose out on new, fresh investment. And read foreign investment for fresh investment.

The matter boils down to another important point. Competitiveness is also a matter of edge, the *leading edge*, the *cutting edge*. What is Europe’s *leading edge* over the other continents that are speedily moving ahead?

Coming closer to home, what is Malta’s *leading edge* over our competitive set – Eastern Europe, Cyprus, Slovenia, Tunisia etc.

We need to search our competitive edge in the key sectors that we believe we want our economy to venture in ten years time. Forward thinking, yes. Long-term thinking, right. How do we wish our pie-chart of sectoral contribution to GNP to look like in 2015? How important will manufacturing still be? What type of manufacturing? Tourism? Financial services? Other?

What will get us there? Why will new factories set up in Malta? What makes us different from competition? Why will travellers still come over to Malta? What will Malta offer?

Why should the financial services sector grow so much? Why should financial services companies open up in Malta? What makes us different? What gives us the edge?

There are a number of factors that make us unique: our geographical position, our surrounding sea, our people’ empathic capabilities and our culture and heritage. These are inherent advantages that are difficult to eliminate or ignore. Are we taking full advantage of their significance –

Malta as a maritime hub, just to give one example or Malta as a cultural centre at a mid- point of the Mediterranean.

Indeed the other word is focus. We need to focus on what makes us unique, while establishing where we would like to go, whom we would like to address, and how to reach our destination. One other big advantage which has been seriously ignored over the years is our size, our smallness, which potentially makes us easier to manage and control. We have however perfected the art of ignoring this other strength through simple close mindedness and pique. I must say, I remain however hopeful.