



# **OVERVIEW COUNTRIES COMPETE**

INTAN FITRI MEUTIA, PH.D.



# THE ROLE OF GOVERNMENT (VIETOR, 2007): 1

- COMPETE MEANS THAT COUNTRIES CONTEND FOR MARKET SHARE IN THE WORLD ECONOMY, CONTESTING FOREIGN INVESTMENT AND EXPORT SALES THROUGH THEIR BUSINESS
- COUNTRIES COMPETE TO DEVELOP. THIS IS ONE RESULT OF GLOBALIZATION. THEY COMPETE FOR MARKETS, FOR TECHNOLOGY, FOR SKILLS AND INVESTMENT. THEY COMPETE TO GROW AND RAISE THEIR STANDARDS OF LIVING.

# THE ROLE OF GOVERNMENT (VIETOR, 2007): 2

- IN THIS COMPETITIVE ENVIRONMENT, IT IS GOVERNMENT, INVARIABLY, THAT PROVIDE DISTINCTIVE ADVANTAGES FOR FIRMS: HIGH SAVINGS AND LOW INTEREST RATES FOR INVESTMENT, SOUND PROPERTY RIGHTS AND GOOD GOVERNANCE, A TECHNOLOGICALLY MOTIVATED AND COMMITTED WORKFORCE, A LOW RATE OF INFLATION, AND RAPIDLY EXPANDED DOMESTIC MARKET.

# THE ROLE OF GOVERNMENT (VIETOR, 2007): 3

- EVERY COUNTRY HAS A STRATEGY FOR ECONOMIC DEVELOPMENT. IT MAY BE EXPLICIT—CAREFULLY FORMULATED AND DISCUSSED AS SUCH BY SENIOR GOVERNMENT OFFICIALS. OR IT MAY BE ENTIRELY IMPLICIT—A LOOSE COLLECTION OF GOALS AND POLICIES THAT MERELY APPEARS AS STRATEGY AFTER THE FACT



# THE ROLE OF GOVERNMENT (VIETOR, 2007): 4

- NATIONAL GOALS MAY BE CONSIST OF LOOSE GENERALITIES, SUCH AS, “ECONOMIC GROWTH” OR “POLITICAL STABILITY.”
- BY ITSELF, STRATEGY IS USELESS WITHOUT AN ORGANIZATIONAL STRUCTURE CAPABLE OF IMPLEMENTING IT

# **MICROECONOMIC FOUNDATIONS OF COMPETITIVENESS: NEW LEARNING**

PROFESSOR MICHAEL E. PORTER  
HARVARD BUSINESS SCHOOL  
JON AZUA PANEL  
ORLANDO, FLORIDA  
NOVEMBER 4, 1998

# COMPETITIVENESS IN A GLOBAL ECONOMY

- A NATION, STATE, OR CITY'S STANDARD OF LIVING (WEALTH) IS DETERMINED BY THE **PRODUCTIVITY** WITH WHICH IT USES ITS HUMAN, CAPITAL, AND NATURAL RESOURCES
  - PRODUCTIVITY DEPENDS BOTH ON THE **VALUE** OF PRODUCTS AND SERVICES (E.G. UNIQUENESS, QUALITY) AS WELL AS THE **EFFICIENCY** WITH WHICH THEY ARE PRODUCED
  - IT IS NOT **WHAT** INDUSTRIES A NATION, STATE, OR CITY COMPETES IN THE MATTERS, BUT **HOW** FIRMS COMPETE IN THOSE INDUSTRIES
  - PRODUCTIVITY IN A NATION IS A REFLECTION OF WHAT BOTH DOMESTIC AND FOREIGN FIRMS **CHOOSE TO DO IN THAT LOCATION**
- THE PUBLIC AND PRIVATE SECTORS MUST EACH PLAY DIFFERENT BUT INTERRELATED ROLES IN CREATING A COMPETITIVE ECONOMY

# UPGRADING AN ECONOMY

**Political, Legal, and Microeconomic Context**

**Sophistication of  
Company  
Operations and  
Strategy**

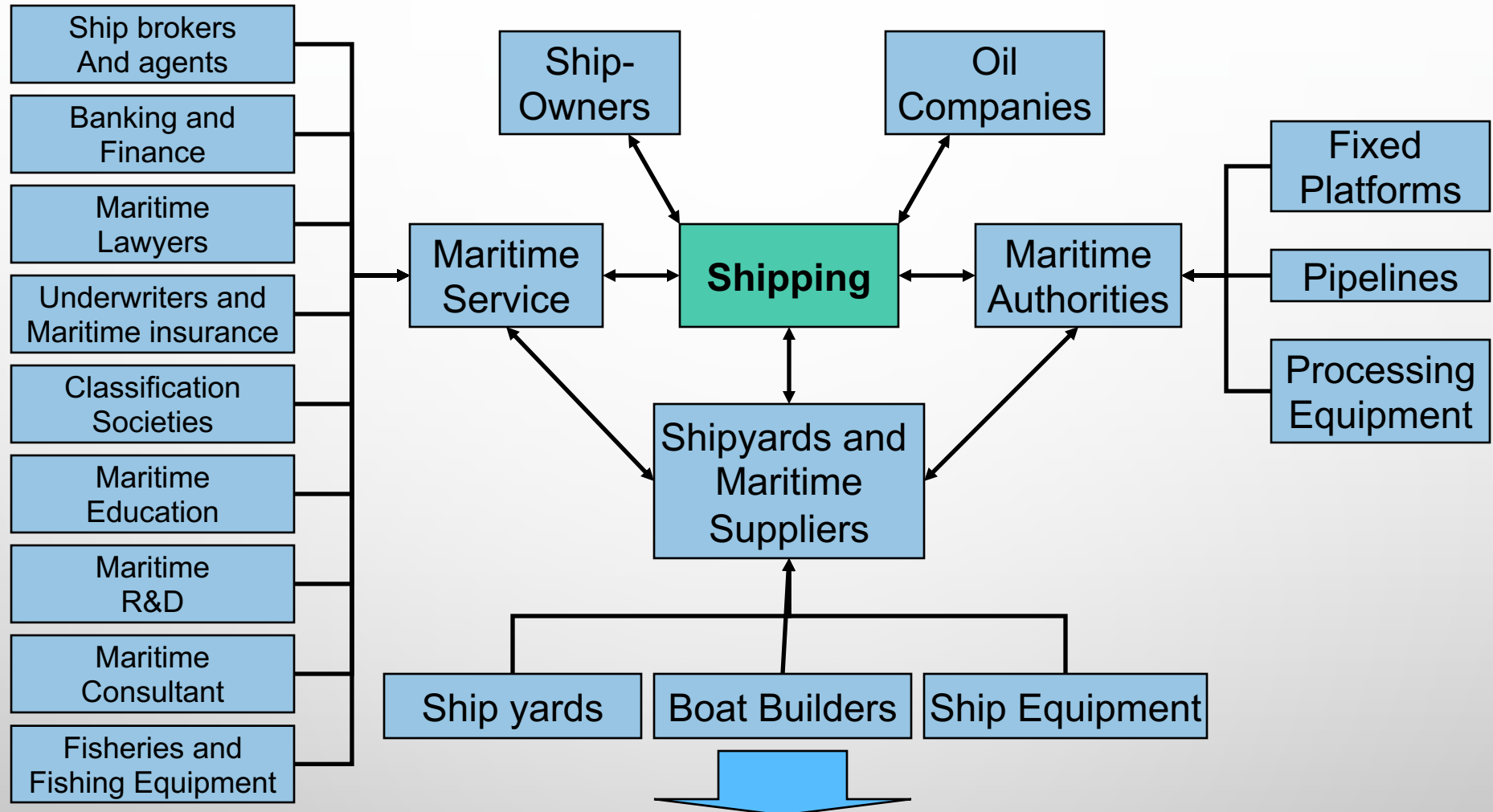


**Quality of the  
Microeconomic  
Business  
Environment**

## **MICROECONOMIC FOUNDATIONS**

- A STABLE POLITICAL/LEGAL CONTEXT AND SOUND MACROECONOMIC POLICIES ARE **NECESSARY BUT NOT SUFFICIENT** TO ENSURE A PROSPEROUS ECONOMY
- COMPETITIVENESS ALSO DEPENDS ON IMPROVING THE **MICROECONOMIC FOUNDATIONS**

# THE NORWEGIAN MARITIME CLUSTER



NORWAY HAS 0.1% OF THE WORLD'S POPULATION, REPRESENTS 1.0% OF THE WORLD'S

ECONOMY, YET ACCOUNTS FOR 10% OF WORLD SEABORNE TRANSPORTATION

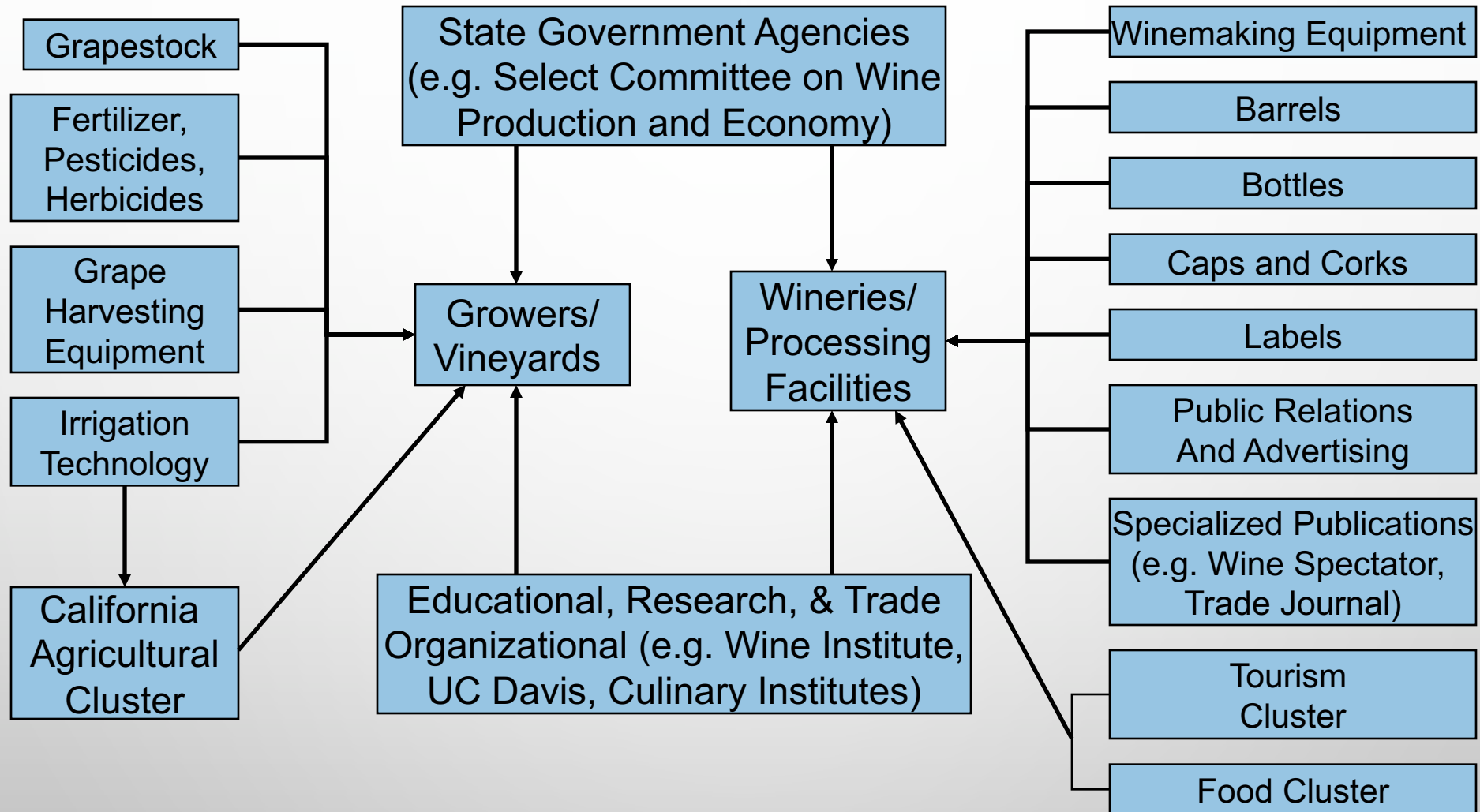
Source: Kotler et. al., 1997

# WHAT IS A CLUSTER

**A CLUSTER IS A GEOGRAPHICAL PROXIMATE GROUP OF INTERCONNECTED COMPANIES AND ASSOCIATED INSTITUTIONS IN A PARTICULAR FIELD, LINKED BY COMMONALITIES AND COMPLEMENTARITIES**

- END-PRODUCT OR SERVICE COMPANIES
- SUPPLIERS OF SPECIALIZED INPUTS, COMPONENTS, MACHINERY, AND SERVICES
- FINANCIAL INSTITUTIONS
- FIRMS IN RELATED AND DOWNSTREAM INDUSTRIES (I.E. CHANNELS OR CUSTOMERS)
- PRODUCERS OF COMPLEMENTARY PRODUCTS
- SPECIALIZED INFRASTRUCTURE PROVIDERS
- GOVERNMENT AND OTHER INSTITUTIONS PROVIDING SPECIALIZED TRAINING, EDUCATION, INFORMATION, RESEARCH, AND TECHNICAL SUPPORT (E.G. UNIVERSITIES, THINK TANKS, VOCATIONAL TRAINING PROVIDERS)
- STANDARDS-SETTING INFLUENTIAL GOVERNMENT AGENCIES
- TRADE ASSOCIATIONS AND OTHER COLLECTIVE PRIVATE SECTOR BODIES

# THE CALIFORNIA WINE CLUSTER



SOURCES: CALIFORNIA WINE INSTITUTE, INTERNET SEARCH, CALIFORNIA STATE LEGISLATURE. BASED ON RESEARCH BY  
MBA 1997 STUDENTS R. ALEXANDER, R. ARNEY, N. BLACK, E. FROST, AND A. SHIVANANDA

# CLUSTER AND COMPETITIVE ADVANTAGE

- **PRODUCTIVITY**

- EFFICIENT ACCESS TO SPECIALIZED INPUTS AND EMPLOYEES
- ACCESS TO INFORMATION
- ACCESS TO INSTITUTIONS AND “PUBLIC” GOODS
- ACHIEVING COMPLEMENTARITIES ACROSS BUSINESS
- BETTER INCENTIVES AND PERFORMANCE MEASUREMENT

- **INNOVATION**

- PERCEIVING INNOVATION OPPORTUNITIES
- ABILITY TO RESPOND TO INNOVATION OPPORTUNITIES
- RAPID DIFFUSION OF IMPROVEMENTS
- INCENTIVES TO SUCCEED

- **NEW BUSINESS FORMATION**

- PERCEIVING OPPORTUNITIES FOR NEW BUSINESS
- LOWERING BARRIERS TO ENTRY (INCLUDING PERCEIVED RISK)
  - TO LOCAL ENTREPRENEURS
  - IN ATTRACTING DISTANT ENTREPRENEURS
  - TO ENTRY BY “FOREIGN” COMPANIES

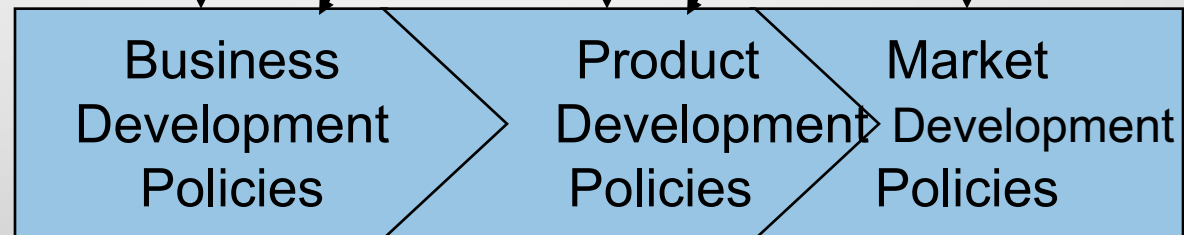


# GOVERNMENT – BUSINESS RELATIONSHIP IN BUILDING THE NATION'S WEALTH

## Government's Primary Policies



## Company's Primary Policies



# INVESTMENT POLICY

- RESTRICTION OF FOREIGN DIRECT INVESTMENT (FDI) TO PROTECT DOMESTIC FIRMS FROM FOREIGN OWNERSHIP OR FROM FOREIGN COMPETITION. THIS POLICY IS IN-LINE WITH “IMPORT SUBSTITUTION POLICY”
- PROMOTION OF FDI TO BOOSTER INDUSTRY AND EXPORT

# TRADE POLICY

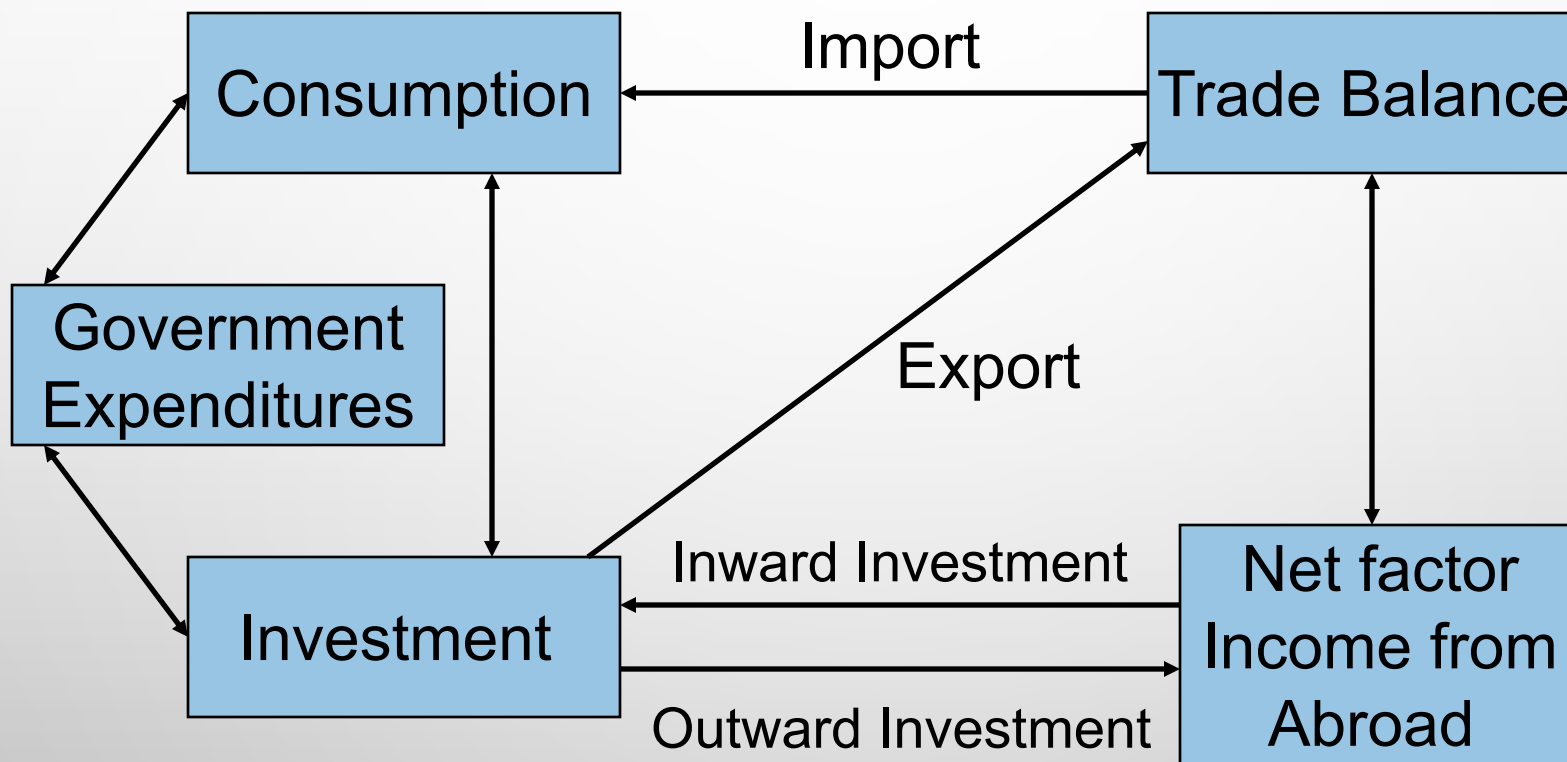
- THE USE OF TARIFFS, QUOTAS, AND VARIOUS RESTRICTIVE AGREEMENTS (E.G. VOLUNTARY EXPORT RESTRICTIONS)
- EIGHT ROUNDS OF NEGOTIATIONS UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), THE PREDECESSOR TO THE WORLD TRADE ORGANIZATION (WTO), BETWEEN 1947 AND 1995, HAVE SUBSTANTIALLY LOWERED THESE BARRIERS TO TRADE

# INDUSTRY POLICY

- IMPORT SUBSTITUTION INDUSTRIAL POLICY TO PROTECT DOMESTIC FIRMS FROM FOREIGN COMPETITION
- EXPORT ORIENTED INDUSTRIAL POLICY TO COMPETE IN AN INCREASINGLY GLOBALIZED MARKET

# NATION'S WEALTH COMPONENTS AND EXPENDITURES FLOWS

← Domestic Component → Foreign Component →



# GOVERNMENT'S PRIMARY AND SUPPORT POLICIES TOWARD THE NATION'S WEALTH-BUILDING STRATEGY

## Government's Primary Policies

Nation's Investment Policies

Nation's Industry Policies

Nation's Trade Policies

## Government's Support Policies

Macroeconomic Policies

Infrastructure Development Policies

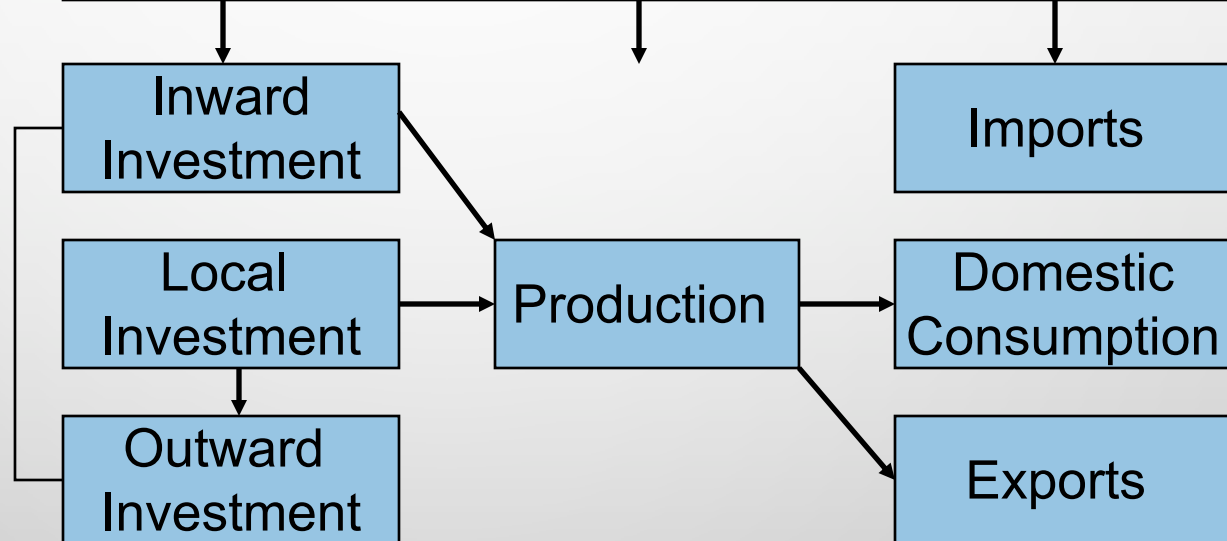
Institutional Framework Policies

# GOVERNMENT'S PRIMARY POLICIES TOWARD THE NATION'S WEALTH – BUILDING STRATEGY

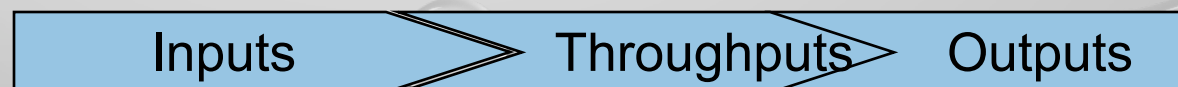
## Government's Primary Policies



## Economic Activities

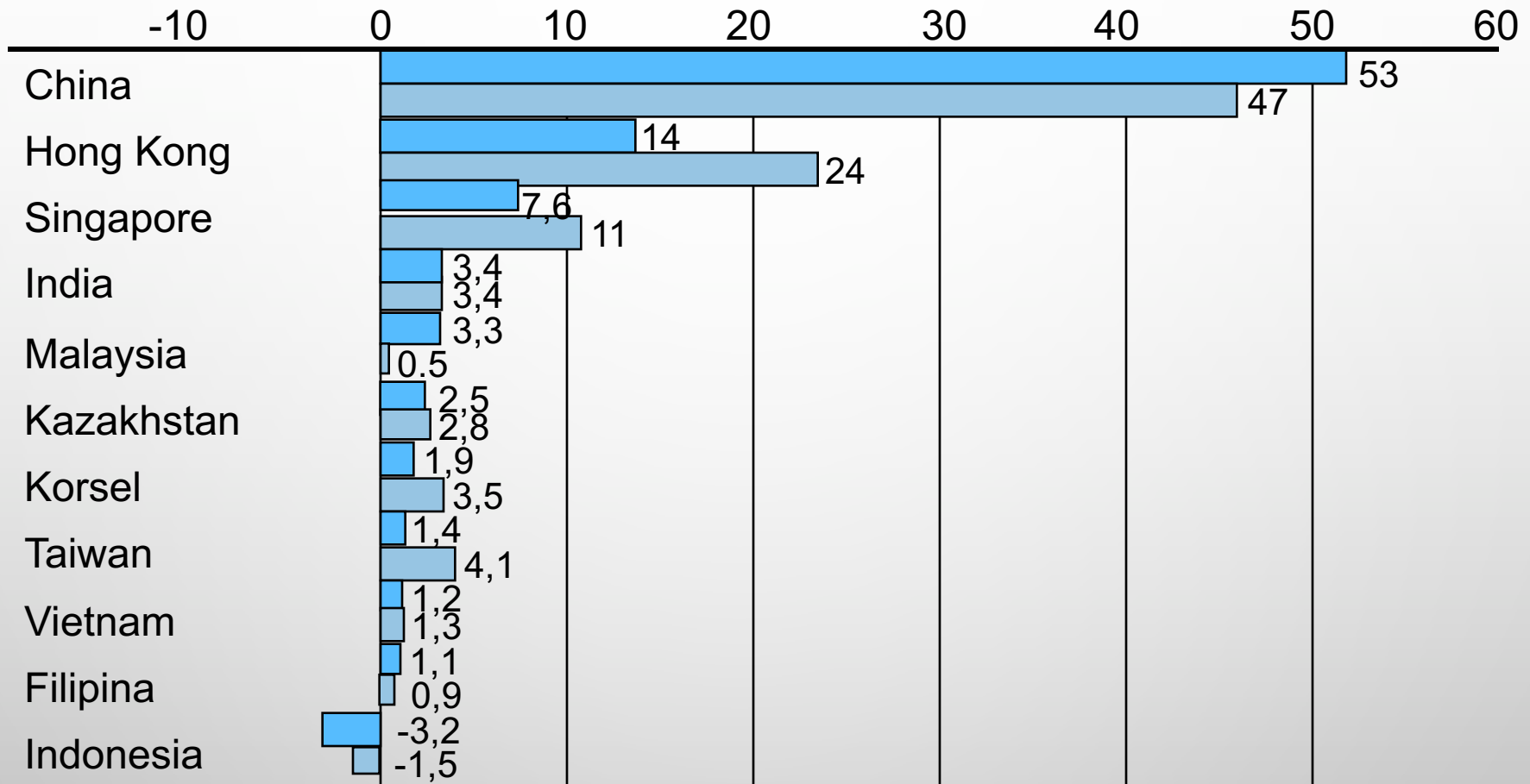


## Economic Process



# ARUS FDI KE 11 NEGARA, 2001 & 2002

## (DALAM MILIAR DOLAR AS)



Sumber: UNCTAD



# PERINGKAT EKSPORTIR DUNIA DALAM PERDAGANGAN INTERNASIONAL TH.2003

| Peringkat | Eksportir           | Nilai |
|-----------|---------------------|-------|
| 1         | Jerman (2)*         | 784.4 |
| 2         | Amerika Serikat (1) | 724.0 |
| 3         | Jepang (3)          | 471.9 |
| 4         | China (5)           | 438.4 |
| 5         | Perancis (4)        | 384.7 |
| 6         | Inggris (6)         | 303.9 |
| 7         | Belanda (9)         | 293.4 |
| 8         | Italia (8)          | 290.2 |
| 9         | Kanada (9)          | 272.1 |
| 10        | Belgia (10)         | 254.6 |
| 16        | Singapura (15)      | 144.1 |
| 19        | Malaysia (18)       | 100.7 |
| 29        | Indonesia (29)      | 60.7  |

# PERINGKAT IMPORTIR DUNIA DALAM PERDAGANGAN INTERNASIONAL TH.2003

| Peringkat                                           | Importir            | Nilai   |
|-----------------------------------------------------|---------------------|---------|
| 1                                                   | Amerika Serikat (1) | 1,305.6 |
| 2                                                   | Jerman (2)          | 601.7   |
| 3                                                   | China (6)           | 412.8   |
| 4                                                   | Perancis (5)        | 388.4   |
| 5                                                   | Inggris (3)         | 388.3   |
| 6                                                   | Jepang (4)          | 383.0   |
| 7                                                   | Italia (7)          | 289.0   |
| 8                                                   | Belanda (9)         | 261.1   |
| 9                                                   | Kanada (8)          | 245.6   |
| 10                                                  | Belgia (11)         | 234.3   |
| 15                                                  | Singapura (15)      | 127.9   |
| 21                                                  | Malaysia (18)       | 81.1    |
| Catatan: Indonesia tidak masuk dalam 30 besar dunia |                     |         |

PDB HARGA SAAT INI TH2008(2007)  
(SUMBER: KOMPAS 16 NOV.2008: G-20  
IMF/REUTERS)

|    |                |                  |
|----|----------------|------------------|
| 1. | AFRIKA SELATAN | US\$0.30T (0.28) |
| 2. | ARGENTINA      | \$0.34T (0.26)   |
| 3. | INDONESIA      | \$0.50T (0.43)   |
| 4. | SAUDI ARABIA   | \$0.53T (0.38)   |
| 5. | TURKI          | \$0.80T (0.66)   |
| 6. | KOREA          | \$0.95T (0.97)   |
| 7. | AUSTRALIA      | \$1.07T (0.91)   |

PDB HARGA SAAT INI TH2008(2007)  
(SUMBER: KOMPAS 16 NOV.2008: G-  
20IMF/REUTERS)

|     |         |                  |
|-----|---------|------------------|
| 8.  | MEKSIKO | US\$1.14T (1.02) |
| 9.  | INDIA   | \$1.24T (1.10)   |
| 10. | KANADA  | \$1,56T (1.44)   |
| 11. | BRAZIL  | \$1.66T (1.31)   |
| 12. | RUSIA   | \$1.78T (1.29)   |
| 13. | ITALIA  | \$2.40T (2.10)   |
| 14. | INGGRIS | \$2.79T (2.80)   |

PDB HARGA SAAT INI TH2008(2007)  
(SUMBER: KOMPAS 16 NOV.2008: G-  
20IMF/REUTERS)

|     |                 |                  |
|-----|-----------------|------------------|
| 15. | PERANCIS        | US\$2.98T (2.59) |
| 16. | JERMAN          | \$3.82T (3.32)   |
| 17. | CHINA           | \$4.22T (3.28)   |
| 18. | JEPANG          | \$4.84T (4.38)   |
| 19. | AMERIKA SERIKAT | \$14.33T(13.81)  |
| 20. | UNI EROPA       | \$19.20T(16.91)  |

# G-20

- KEKUATAN 20 NEGARA YANG TERGABUNG DALAM KELOMPOK G-20 ADALAH SECARA TOTAL MENGUASAI 90 PERSEN PEREKONOMIAN DUNIA
- SEBAGAI GAMBARAN JUMLAH NEGARA ANGGOTA UNITED NATIONS (PERSERIKATAN BANGSA-BANGSA) ADALAH 192 NEGARA, BERARTI 172 NEGARA LAIN HANYA MENGUASAI 10 PERSEN PEREKONOMIAN DUNIA

# INDIKATOR EKONOMI 2008

(KOMPAS, 21 NOV. 2008/ REUTERS)

| No | Negara          | PDB Per kapita | Growth Rate |
|----|-----------------|----------------|-------------|
| 1  | Amerika Serikat | US \$54,490    | 1.5%        |
| 2  | China           | \$ 2,310       | 9.7%        |
| 3  | Jepang          | \$33.668       | 0.5%        |
| 4  | Australia       | \$39,320       | 2.5%        |
| 5  | Singapura       | \$32,506       | 3.6%        |
| 6  | Indonesia       | \$ 1,812       | 6.1%        |
| 7  | Malaysia        | \$ 5,982       | 5.8%        |
| 8  | Thailand        | \$ 3,304       | 4.7%        |