

THE INFLUENCE OF NATIONAL COMPETITIVENESS ON THE INCLUSION OF A LOCAL ECONOMY INTO THE GLOBAL ECONOMIC SYSTEM (A CASE STUDY OF GHANA)

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Globalization and the Fourth Industrial Revolution have created new opportunities but also disruption and polarization within and between economies and societies. In this context, the World Economic Forum annually introduces the Global Competitiveness Index which is a yardstick for policy-makers to look beyond short-term and reactionary measures and to assess their progress against the full set of factors that determine productivity. These are organized into 12 pillars: Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labor market; Financial system; Market size; Business dynamism; and Innovation capability. The results of the Global Competitiveness Index in 2019 reveal that, on average, most economies continue to be far from the competitiveness «frontier» – the aggregate ideal across all factors of competitiveness [1].

An in-depth examination of competitiveness pillars makes it possible to evaluate the inclusiveness of a national economy into a global one. Having studied key performance indicators in Ghana (Fig. 1), it can be concluded that the country needs to improve its performance in a number of indicators, in order to be included into the global economy to a greater extent.

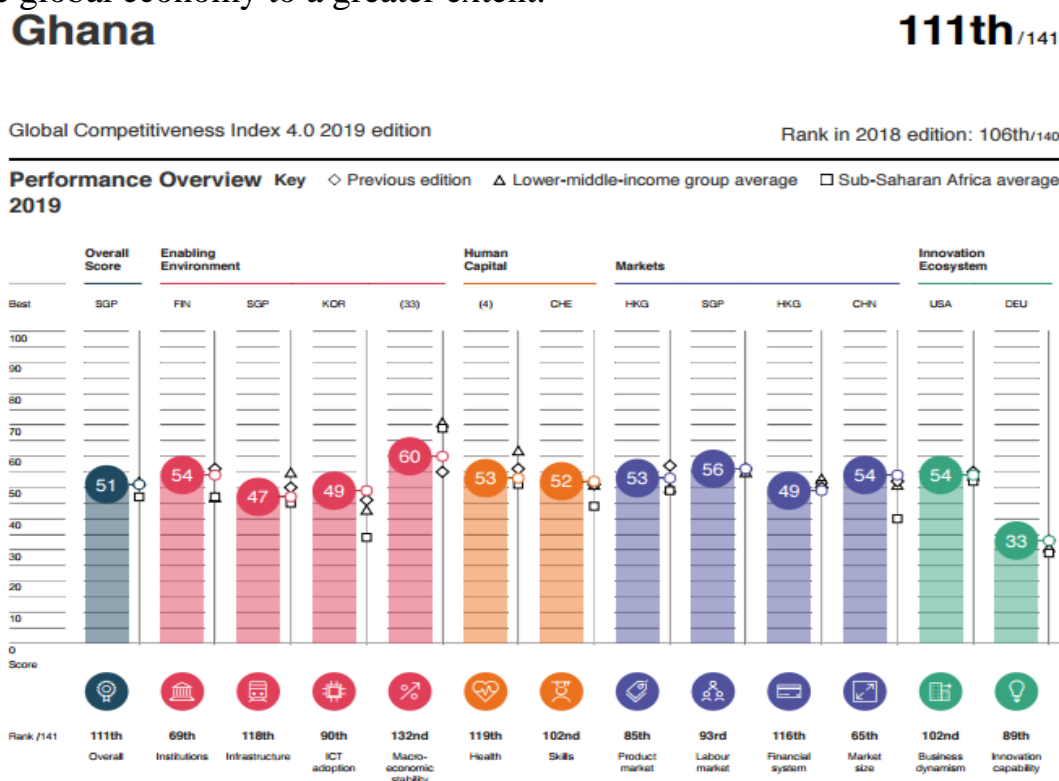


Fig. 1 – Ghana’s Rank in Global Competitiveness Index, 2019 [1]

The study has shown that Ghana's national economy requires a number of changes and developments in terms of most of the pillars that determine its competitiveness. However, the authors suggest that pillars 2 (Infrastructure), 5 (Health), 6 (Skills) and 11 (Business Dynamism) would contribute to the inclusion of the country into the global economic system the most.

In Pillar 2, the improvements needed for Ghana are lower exposure to unsafe drinking water which has a percentage of 75.5 which means that over 70 % of the population are exposed to unsafe drinking water. It is suggested that those unsafe drinking water should be used to generate electricity, although it needs to be filtered firstly before it is used. Apart from that, there should be developments in road infrastructure which needs to be massively improved by having more coal filled roads and less drainage ditches in the country.

Regarding Pillar 5, it can be stated that average life expectancy in Ghana is quite low. Subsequently, the government should include the local healthcare system by promoting healthier lifestyle, increasing salaries for medical workers etc. Such measures will make the population healthier and increase their life expectancy that will promote the country's competitiveness globally.

In Pillar 6, which relates to the skills the country, it would be suggested that the mean years of schooling and extent of staff training in Ghana should be improved by having more training sections for the staff and having students to be in school for at least 10 years. This is because with 6 years in schools it is not enough to get a well-paid job in Ghana which results into low competitiveness and inclusion rates of the country in the global economic system.

Last being Pillar 11, which is Business Dynamism. It should be mentioned that a minimum time to start a business in Ghana is 14 days. Therefore, the government has to support at least SMEs so that to start up a business would be faster. Also, enhancement in attitudes towards entrepreneurial risk should be improved by minimizing the risk such as betting on a crucial deadline and trusting a key employee.

References

1. The Global Competitiveness Report 2019. URL: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf (date of access: 28.01.2020).