

# Competitiveness in Entrepreneurship as a Key Factor in Structural Transformation

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## **Abstract**

Competitiveness and competitive spirit is the order of the day for any type of initiatives in the social system worldwide. At one side new and innovative business units emerge and on the other side there are challenges faced by the business organizations due to daily update and development leading to competition. Thus, the productive activity arrangement in an economy and its different allocations provide consistent shift in the economic sectoral compositions. There are significant similarities and complementarities that connect the competitiveness approach with the new work on structural transformation. Many of these approaches share a sector-specific perspective on microeconomic structures, moving beyond macroeconomic, economy-wide or microeconomic explanations of prosperity and development. The enduring challenge is how to enable structural change in situations where the market process does not seem to be working fast enough. This is an issue for developing and emerging economies. There is a move towards a mixed approach that combines upgrading in existing clusters with the systematic exploration of opportunities in related fields, as well as efforts to encourage more generally entrepreneurship and innovation.

**Keywords:** transformation, entrepreneurship, competitiveness

## **Introduction**

Competitiveness and competitive spirit is the order of the day for any type of initiatives in the social system worldwide. At one side new and innovative business units emerge and on the other side there are challenges faced by the business organizations due to daily update and development leading to competition. Thus, the productive activity arrangement in an economy and its different allocations provide consistent shift in the economic sectoral compositions. It is measured by share of output and employment, continuous structural transformation is responsible for improved economic growth.

## **Structural change**

The parameters of an entity could be changed due to structural changes which may have a long-term impact this may result in a shift in primary production to sophisticated technology driven entrepreneurial activities. Due to urbanization labour intensive activities in relation to entrepreneurship which may grow faster.

The capital accumulation will pave the way to grow more sophisticated technology intensive sector. Sustained economic growth was experienced by Latin American countries till 1980. In Asia Japan was the pioneer in the new entrepreneurship through structural changes. In the last twenty years China remains to be largest beneficiary of entrepreneurship through structural changes

### **Opportunities**

Identification of opportunities through entrepreneurship has become very progressive today. The entrepreneurship is a major source of drive to the development of economy. To large extent new innovations paves the way for progressive development of entrepreneurship, thereby structural transformation is possible. Skilled labour force will be the driving force in entrepreneurship through structural transformation, the bargaining power of larger concerns also influences the structural formation of the entrepreneurship, new innovations stimulate the service sector to thrive well in structural transformation of entrepreneurship. This study focuses on identification of the sectors which could help regional economic development. Allocation and identifications of sectors are considered to be very significant in this study.

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### **Transformational focus**

The focus of structural transformation is sectoral composition as a basic driver of development, with emphasis on the set of industries a location which could attract to achieve prosperity growth. The structural transformation my push the development of industries found in economies that are similar but already more advanced, using industry-specific improvements in competitiveness fundamentals. It is focused on identifying those sectors which could achieve higher levels of prosperity. It sees the choice and implementation of policy instruments as they are largely operational. The structural transformation has the poor track record of firm- and sector-specific policies as being more related to poor sectoral choices. In spite of these differences, there has been a visible convergence in the views on policy. structural transformation-based approaches have to find policy instruments to enable the emergence of more productive activities

### **Factors responsible for structural change to trigger productivity growth:**

1. Economies with revealed comparative advantage in primary products are at disadvantage .
2. Countries with competitive or undervalued exchange rate experience enhancing structural transformation.

3. Countries with more dynamic labour market experience greater growth enhancing structural transformation.

Policies that lead to higher productivity are also positive for growing exports. But there are policies like devaluation and lowering wages that support higher exports, which do not raise productivity, but could reduce the prosperity. It is this difference in policy recommendations that has ignited the controversial term competitiveness

The competitive framework we could find Micro as well as macroeconomic factors:

- a) Quality of business environment, state of cluster development, and sophisticated company operation strategy are come under micro competitiveness.
- b) Sound monetary and fiscal policies, and Human development and effective public institutions are come under macro competitiveness.

The contribution of competitiveness led to progressive development of economy through three stages, they are:

- a) Factor Driven economy,
- b) Investment driven economy, and
- c) Innovator driven economy

**Under factor driven economy:** There will be political, fiscal and legal stability the cost of doing business used to be lower Human capital development will be concentrated.

**Under Investment driven economy:** There will be incentive to improve productivity, Advanced infra structure would be adopted

**Under innovation driven economy:** Innovations and discoveries will be encouraged Advanced technology would be adopted There will be growth in the scientific and advanced technological institutions tend to grow competitiveness framework provides a structure to describe and analyze economic development, which are largely seen as the result of specific policy choices and actions.

#### **Upgrading of policies on competitiveness and its influence on structural transformation:**

Competitiveness policy reveals a strong focus on clarifying the goals and motivations for economic policy: government should take action where there are market failures that policy is able to effectively and efficiently address. The competitiveness framework sees clusters as key elements of a location's economic structure that emerge naturally in market processes, while government policies have a significant influence on cluster evolution Government should instead focus on providing information about cluster presence, convening cluster groups, and investing in cluster-specific is seems to be very important.

The benefits of improving one dimension of competitiveness, the level of workforce skills, depend on the quality of many other aspects of competitiveness. Location-specific diagnostics need to drive the selection of priority policies. The policy-oriented work on competitiveness has placed significant emphasis on how to effectively implement policies.

### **Competitiveness to be the key element of structural transformation**

Structural transformation as an endogenous process in response to factor accumulation, increasing wealth, and sector-specific properties of demand and production functions. Subsequent studies have emphasized that development is associated, not only with a shift into different activities, but also with diversification into a broader set of activities.

### **Conclusion**

The discussion of the competitiveness framework and its relationship to the entrepreneurship on structural transformation has revealed differences, but also a significant degree of conceptual affinity. What is emerging can be described as an integrated view that captures both the role of competitiveness fundamentals and industrial composition in driving productivity and prosperity outcomes. The enduring challenge is how to enable structural change in situations where the market process does not seem to be working fast enough. This is an issue for developing and emerging economies. There is a move towards a mixed approach that combines upgrading in existing clusters with the systematic exploration of opportunities in related fields, as well as efforts to encourage more generally entrepreneurship and innovation.

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