

# SYSTEMS THINKING FOR STRENGTHENING NATIONAL COMPETITIVENESS IN SOUTH KOREA

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## ABSTRACT

This paper is not a research study but rather a preliminary framework constructed with regard to the problem noted in the title of the paper. In order to strengthen South Korean economic competitiveness, major components of the economic system need to depend on systems thinking. In the globalized period, they need the unified identity of global citizenship. And they should obtain a comparative advantage from every interaction with their own of other nations. Their comparative advantage, in terms of co-evolution, ultimately is based on global citizenship as the evolution of universal citizenship.

Keywords: system thinking, co-evolution, comparative advantage, global citizenship

P.B. Checkland says that system thinking is founded upon two pairs of ideas: those of emergence and hierarchy, and communication and control (Checkland 31). Systems Thinking is utilizing modal elements to consider the componential, relational, contextual, and dynamic elements of the system of interest (Davidz). Between the components of the system there is a hierarchy, at the same time that there is a mutual relationship. In this paper, systems thinking is presented as a pair of concepts: systematic and systemic. Systematic thinking means using a method, or following a plan or an explicit and rational procedure. Systemic thinking means using systems ideas, treating things as systems or from a systems viewpoint and pertaining to a system or systems.

The World Economic Forum's detailed global competitiveness index with regard to South Korea is presented on page 221 of *The Global Competitiveness Report 2012–2013*. The report indicates that, reversing the negative trend of recent years, the Republic of Korea has advanced five positions and re-entered the top 20, at the 19<sup>th</sup> position. South Korea can boast an outstanding infrastructure (9<sup>th</sup>) and a sound macroeconomic environment (10<sup>th</sup>), with a government budget surplus above 2 percent of GDP and a low level of public indebtedness. Other high quality factors, notably universal primary education (11<sup>th</sup>) and higher education (17<sup>th</sup>), combine with the country's high degree of technological readiness (18<sup>th</sup>) to partly explain the country's remarkable capacity for innovation (16<sup>th</sup>). But it is reported that three concerns persist—namely, the quality of its institutions (62<sup>nd</sup>), its labor market efficiency (73<sup>rd</sup>), and its financial market development (71<sup>th</sup>), even though Korea has posted improvements in all three areas. In the future, South Korea may try to have much more comparative advantage than other countries.

## **SYSTEMATIC PRACTICE FOR THE STRENGTHENING NATIONAL COMPETITIVENESS**

South Korean competitiveness includes three kinds of systems thinking. First, major components in the South Korean economic system include its government, corporations, and individuals. Second, strengthening the competitiveness of Korea's economy requires improving the comparative advantage through interactions with other countries' components. Human behavior is much less governed than that of other inhabitants of the Earth by patterns laid down by natural selection and adjusted by fine-tuning to their particular environment during a relatively standardized process of development. Third, to maintain and extend a comparative advantage is the South Korean government, South Korean corporations, and South Korean individuals must be willing to act on the basis of more universal citizenship in the norms and values of its economic system.

Globalization has caused the lives of Koreans to diversify as interaction with other systems has multiplied. Aristotle emphasized moderation at the center of human values. He even thought humans should have only a moderate number of friends. As one of the systems, a human being develops its identity through interactions with the environment. Globalization means a kind of meeting with many more friends than before. Globalization has brought autonomous control to Koreans. National economic exchange in free trade effected the change of economic identity in South Korea. Globalization needs an open economic mind and valuation, and less regulation than in the past as to components of economic system. But some groups, facing a direct loss, resisted collectively against the free trade system in South Korea. Globalization urged change in their identities of subsystems in South Korea. In early 2008, the Lee Myung-bak government established the National Competitiveness Council as an institutional reflexive feedback mechanism to promote social reform in South Korea. The National Competitiveness Council is a new institutional device to embed new economic values and social norms through socialization and anti-socialization. Due to globalization, an emergent relationship needs a more emergent identity.

Modern competitive national advantage is rooted in governments, corporations, and individuals geared toward fostering global citizenship. Global citizenship is based on the universal characteristics of all mankind. In the evolution of globalization, conflicts of valuations between nations and ethnics triggered interest of global citizenship for human society. The expression of humanity depends on time and space. In the era of globalization, South Korea has sought to strengthen national competitiveness. In world history, state power was usually the preferred metric, but today the gauge has become relative advantage in human and material. National competitiveness means that governments, corporations, individuals systematically obtain comparative advantage from interactions with their counterparts in other nations.

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In order to have a comparative advantage, interactions and communications between governments, corporations, and individuals are needed. Government, corporations, and individuals engage in the economic life of their own. However, due to globalization and liberalization, government, corporations, and individuals in a comparative advantage dominate the world market, in the following

ways. For corporations' effective competitiveness, governments should improve the institutions in socio-economic terms. Governments are willing to mitigate administrative regulations in response to the globalization. Furthermore, to increase the creativity of the private sector, governments must try to promote fair competition in the various institutions. A government in comparative advantage needs good understanding and practices in its institutional arrangements and human resources for world market economics. Governments should have the infrastructure for the interdependence of matter-energy and information. In other words, governments need to play the trigger role in promoting the competitiveness in all parts of industry through the expansion of infrastructure such as roads, ports and airports, and information networks.

The comparative advantage of enterprises is the ability to produce quality products and sell cheaply. Enterprises' competitiveness is enhanced by improvement of their financial structure, expansion of investment in R & D and technology development, cost reductions through innovative management, investing for a big industry in interrelated effects, industry specialization, increasing the transparency of management, the establishment of corporate ethics, and establishment of productive labor-management relations. The competitiveness of governments and individuals as another component of the economic system strengthens the competitiveness of the country through systemic combination with corporations.

Next, only through co-evolutionary interactions with the international economic environment can an individual have a comparative advantage. Individuals in a comparative advantage often have the knowledge and technical skills about global citizenship. Individuals should try to get a comparative advantage through ongoing self-innovation efforts. Innovative firms and consumer's healthy consumption and savings culture should promote investment to enhance the national industrial production capacity and the national competitiveness. In addition, interactions between governments, corporations, and individuals need to be based on global citizenship. Global citizenship combines two factors-the idea of global responsibility (for the environment, aiding the poor, human rights, peace, etc.) and the development of institutional structures through which this responsibility can be exercised (Blackmore). In a globalized society, generally it is said that human behavior is much less governed than that of other inhabitants of the Earth by patterns laid down by natural selection and adjusted by fine-tuning to their particular environment during a relatively standardized process of development (Blackmore).

In addition, the government, corporations, and individuals should have the ability to foster systems thinking. Systems thinking competencies derive from the ability to define the “universe” appropriately; to understand how the system operates in this universe in relation to the overall system; to define the right boundaries, to perceive relationships within the system and between the system and universe; to see things holistically within and across relationships; to understand complexity – how relationships yield uncertain, dynamic, nonlinear states and situations; to communicate across disciplines in order to bring multiple perspectives to bear; to take advantage of a broad range of concepts, principles, models, methods and tools, because any one view is inevitably wrong. If we want world change, then we need to overcome systemic resistance to change.

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