

# **Analyzing the Competitive Advantage for the Nation with the Tows Matrix-An Alternative to Porter's Model-Illustrated by Thailand**

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## **Abstract**

One of the most important decision politicians and leaders of a nation is the determination of a strategy for the country that aims at gaining a competitive advantage. Competitiveness not only depends on the effectiveness of individual companies, but the whole socioeconomic system of a nation. The rapidly changing environment of the free world markets dictates that nations fully utilize their comparative advantages to remain or become prosperous in the future. Political and economic leaders must evaluate the external environment's opportunities and threats in order to formulate national strategies that take advantage of the country's strengths and shore up its weaknesses.

Professor Michael Porter at Harvard declared a need for a new paradigm with his book The Competitive Advantage Nations. He suggested analyzing the competitive advantage of firms in global industries. While Porter made valuable contributions by identifying important economic factors that contribute to the national advantage, his model does not give sufficient attention to social, political/legal, and technological factors.

Another model, less deterministic than Porter's, is the application of the TOWS (threats, opportunities, weaknesses, and strengths) Matrix in the analysis of the competitive situation of a nation. The TOWS Matrix was originally introduced for companies' strategy formulation. In the presentation, the framework will be used for developing strategies for gaining a competitive advantage of the nation. The approach will be illustrated by a situational analysis of Thailand. Before making a competitive analysis with the TOWS Matrix, Porter's determinants of the national advantage will be briefly reviewed.

