



HOW CAN GOVERNMENTS AND COMPANIES PROMOTE QUALITY OF LIFE AND COMPETITIVENESS?

IT SEEMS OBVIOUS THAT MORE INVESTMENT IN PEOPLE WOULD YIELD
GREATER SOCIETAL BENEFITS. BUT IS IT TRUE?

By IMD Professor Arturo Bris, with José Caballero

IMD
Chemin de Bellerive 23
PO Box 915,
CH-1001 Lausanne
Switzerland

Tel: +41 21 618 01 11
Fax: +41 21 618 07 07
info@imd.org
www.imd.org

Research shows a strong correlation between the competitiveness of a country and the quality of life it offers its citizens.

It may seem obvious that the more a country or company invests in an individual's personal development, the higher the chances that that person will succeed professionally and make a significant economic contribution that can benefit all. But just because something seems obvious that does not mean that it is fully understood and much less that it is acted on.

Improving quality of life requires maximizing the benefits that economic activities can bring. Companies can do this by investing strongly in talent and giving all possible encouragement to employees to make a creative contribution. Enterprises that are concerned with their workforce's welfare are more likely to achieve sustainable value creation: they generate products, services and practices that yield both profits and benefits to the community.

Governments and companies operating in their countries can promote quality of life through the policies and actions that they take and the practices they adopt.

Efficient governments, for example, ensure that personal security and private property rights are adequately protected. They ensure that justice is administered fairly. Governments also promote the cohesion of society by making sure that the country's institutions are inclusive and non-discriminatory.

Companies, on the other hand, can contribute to improving the quality of life in a country by, for example, reducing discrimination, both sexual and racial, in the workplace and by promoting equal opportunities for all.

Talent development

In order to see how these propositions can be applied in practice, let us look at talent development. Public expenditure significantly determines the quality of the education system. For example, expenditure can reduce pupil-teacher ratios and allow schools to better address the needs of individual students.

Governments can influence the establishment of apprenticeship schemes, which not only increase the supply of quality workers, but also further the development of human capital. Clearly, companies can also contribute here.

Employee training programs do much to further personal development and increase workers' motivation, all of which can improve the performance of the organization in general. At the same time, training programs enable companies to attract and retain talent, which in turn boosts the talent-pool necessary to meet the organization's strategic needs.

Reducing inequality

Another area where government policies and company practices can combine to improve the quality of life, and therefore competitiveness, is in the dynamics of the workplace.

Government policies can influence the inclusiveness of institutions by lowering barriers to participation. A good example would be policies that seek to increase gender equality by encouraging greater female participation in socio-political activities. Here we need look no further than female representation in parliaments, which tends to be relatively low. Other areas where governments can lead the way include promotion of equality in education (i.e., enrolment and achievement), employment and salary differentials between male and female employees.

The private sector can contribute by boosting women's participation in higher-value economic activities and entrepreneurial opportunities.

Equality in the workplace increases the competitiveness of the local labor market by enlarging and improving the quality of the talent pool available to meet market demands, and by broadening the diversity of skills available. It can also increase productivity because employee motivation and morale rise as inequalities decline. For example, access to training opportunities enables

employees to maximize their potential, which strengthens their motivation and commitment. This can reduce employee turnover and help generate a work environment conducive to innovation, which organizations need to flourish.

The changing dynamics of competitiveness

Together, then, government policies and company practices can combine to generate improvements in the quality of life that in turn can raise the level of talent and skill available in an economy and boost its competitiveness.

But competitiveness dynamics are in constant flux. What we understand as a high quality of life now may not be the same as what was understood by it 10 years ago or in 10 years' time. The analytical framework for competitiveness, therefore, needs to constantly be revised to keep up to date.

For this reason the [IMD World Competitiveness Center](#), in its efforts to maintain the standard of its ground-breaking research, constantly reviews the composition of the [World Competitiveness Yearbook](#). In the upcoming 2015 Yearbook, for example, we have taken a fresh look at our findings on the quality of life and its interconnectedness with other competitiveness indicators.

The Yearbook incorporates additional measures that reinforce our coverage of gender inequality and adherence to and respect for the law. In addition, we will continue to study the development of talent through our IMD World Talent Report 2015, to be released later in the year.

[Arturo Bris](#) is Professor of Finance at IMD and directs the [IMD World Competitiveness Center](#). He is a keynote speaker at IMD's [Orchestrating Winning Performance](#) program in Lausanne, which runs from June 21-26, 2015.

José Caballero is Research Fellow with the IMD World Competitiveness Center.

The 2015 IMD World Competitiveness Yearbook will be released on May 27.

Related Programs



STRATEGIC FINANCE - <http://www.imd.org/sf>

Creating value through financial excellence

Program Director Nuno Fernandes

- Complete a strategic review of your financial capabilities and share best practices for immediate action
- Benchmark your financial skills
- Participate in a mergers and acquisitions simulation
- Apply new strategic tools to create value for your company



ORCHESTRATING WINNING PERFORMANCE - <http://www.imd.org/owp>

The global business program for individuals and teams

Program Directors Michael Wade and Dominique Turpin

- Get exposed to the latest management thinking and to practical and innovative solutions for your business
- Anticipate global business trends
- Boost your performance, broaden your perspectives and expand your global network
- Design the program that suits you and your team
- Become a complete executive through activities that develop your mental, physical, and emotional health