CRITERION OF THE MONTH
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Company agility and competitiveness

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Our recently published 2015 World Competitiveness Ranking reiterated the fundamental role of business efficiency in driving country competitiveness: nine out of the top 10 countries from the overall ranking achieved a top-10 position in the business efficiency factor. By business efficiency we mean the extent to which the national environment encourages enterprises to perform in an innovative, profitable and responsible manner. Essential to business efficiency is company agility: the ability of companies to adapt to changes through the adoption of proactive practices and behaviors that lead to sustainable value creation.

We consider agility an outcome of business competitiveness and we assess it in terms of several firm-level dimensions: governance, managerial, functional, sustainability, talent development and digital factors. Governance refers to practices, processes and structures necessary for the effective governing of the firm (e.g., effective strategic role of the board). The managerial aspect includes practices and processes that allow for the well-functioning of management, for example, ability of management to adapt the firm's strategy to market changes. The functional emphasizes the firm's operational processes (e.g., marketing strategies). In regard to sustainability, talent development and digital aspects, they focus on processes that enable firms to ensure the effectiveness of its governance, managerial and functional factors; for example, practices that enable firms to remain dynamic vis-à-vis its competitors (e.g., level of digitization) and the ability of firms to build an organizational culture that fosters collaboration among its members.

There are country and industry-level aspects to business competitiveness which includes the country's economic performance, overall productivity (by sectors), its regulatory framework and the quality of its infrastructure, among others. To put it shortly, business competitiveness, and thus agility, results from a combination of particular firm capabilities and country and industry level factors.

The advantage of employing such analytical framework is that it enables us to map competitiveness through our newly developed assessment instrument: the Sustainable Value Creation Compass. The Compass identifies different strategic paths toward greater competitiveness by revealing the prevailing competitiveness strengths and highlighting areas in need of strengthening. The compass can be customized at the country and/or company level.