

IMD WORLD COMPETITIVENESS RANKING

Methodology in a Nutshell

1. The IMD World Competitiveness ranking analyzes and ranks the capacity of countries to create and maintain an environment which sustains the competitiveness of enterprises.
2. It means that we assume that wealth creation takes place primarily at enterprise level (whether private or state-owned) - this field of research is called: "competitiveness of enterprises".
3. However, enterprises operate in a national environment which enhances or hinders their ability to compete domestically or internationally - this field of research is called: "competitiveness of countries" and is covered by the World Competitiveness ranking.
4. Based on analysis made by leading scholars and by our own research and experience, the methodology of the World Competitiveness ranking thus divides the national environment into four main factors:
 - Economic Performance
 - Government Efficiency
 - Business Efficiency
 - Infrastructure
5. In turn, each of these factors is divided into 5 sub-factors which highlight every facet of the areas analyzed. Altogether, the World Competitiveness ranking features 20 such sub-factors.
6. These 20 sub-factors comprise 332 criteria, although each sub-factor does not necessarily have the same number of criteria (for example, it takes more criteria to assess Education than to evaluate Prices).
7. Each sub-factor, independently of the number of criteria it contains, has the same weight in the overall consolidation of results, that is 5% ($20 \times 5 = 100$).
8. Criteria can be hard data, which analyze competitiveness as it can be measured (e.g. GDP) or soft data, which analyze competitiveness as it is perceived (e.g. availability of competent managers). Hard criteria represent a weight of 2/3 in the overall ranking whereas the survey data represent a weight of 1/3.
9. In addition, some criteria are for background information only, which means that they are not used in calculating the overall competitiveness ranking (e.g. population under 15).
10. Finally, aggregating the results of the 20 sub-factors makes the total consolidation, which leads to the overall ranking of the IMD World Competitiveness ranking.

What is the IMD World Competitiveness Ranking?

Competitiveness Factors and Sub-factors

FACTORS	Economic Performance	Government Efficiency	Business Efficiency	Infrastructure
	<i>Macro-economic evaluation of the domestic economy, employment trends and prices.</i>	<i>Extent to which government policies are conducive to competitiveness.</i>	<i>Extent to which the national environment encourages enterprises to perform in an innovative, profitable and responsible manner.</i>	<i>Extent to which basic, technological, scientific and human resources meet the needs of businesses.</i>
SUB-FACTORS	Domestic Economy International Trade International Investment Employment Prices	Public Finance Tax Policy Institutional Framework Business Legislation Societal Framework	Productivity Labor Market Finance Management Practices Attitudes and Values	Basic Infrastructure Technological Infrastructure Scientific Infrastructure Health and Environment Education

Computing the Rankings

