

2022 IMD World Competitiveness Ranking



Denmark
Switzerland
Singapore
Sweden
Hong Kong

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Denmark tops economic competitiveness ranking

Efforts to limit a company's environmental impact may be being thwarted by concerns about inflationary pressures and geopolitical conflicts taking precedence, according to data from 2022's IMD World Competitiveness Ranking, which sees Denmark take the lead for the first time.

Inflationary pressures are having a greater impact on businesses – and therefore on the competitiveness of national economies – than concerns about **greenhouse emissions and socio-economic disparities**, this year's [IMD World Competitiveness Ranking \(WCR\)](#) has revealed.

“**Inflationary pressure** is shown to be affecting most of the economies studied,” said [Christos Cabolis, Chief Economist at the WCC](#). “Other global challenges having an impact on the competitiveness of countries include variants of COVID-19 appearing under different intensity with respect to the number of infected people around the world; differing national policies to address COVID (the ‘zero-tolerance COVID’ policy versus the ‘moving on from COVID’ policy); and the invasion of Ukraine by Russia.”

Denmark reached the top spot for the first time in the ranking's 34-year history, having come 3rd in 2021. It performed outstandingly in the business efficiency factor (1st) and in the productivity and efficiency (1st) and management practices (1st) sub-factors. **Switzerland** moved down to 2nd (from 1st) and **Singapore** rebounded to 3rd (from 5th).

“Denmark is the most digitally advanced country in the world and now takes the top spot thanks to good policies, advantages afforded by being a European country, a clear focus on sustainability and a push from its agile corporate sector,” said [Professor Arturo Bris, the WCC's Director](#).

Inflationary pressures amplifying problems created by COVID

Hard data on inflation computed for this ranking included consumer price inflation taken from the IMF World Economic Outlook for the period 2021 – recording only two economies with negative inflation – and a forecast on inflation from the same source (which did not record any negative inflation at all).

“These results sit in stark contrast to the data we have assessed over the past few years. It is clear that inflationary pressure is now amplifying the already problematic supply-chain bottlenecks throughout the world,” Cabolis added.

In addition, executives themselves now perceive inflationary pressures, geopolitical conflicts and supply chain bottlenecks to be impacting their businesses more than regulation on greenhouse emissions and socio-economic disparities.

“This short-term issue prioritization may lead to the neglect of long-term trends, such as those related to environmental sustainability which could have a severe global impact,” said José Caballero, Senior Economist at the WCC.

The percentages of executives who listed each of these challenges as a pressing concern were, respectively: inflationary pressures, 50%; geopolitical conflicts, 49%; and supply chain bottlenecks, 48%. The prospect of a prolonged presence of COVID-19 came 4th overall (43% of executives put it top). (See **Figure 1**) Respondents could pick up to 3 options among ten provided.

Fewer than 15% of the executives surveyed consider regulation on greenhouse emissions as having had an impact on business in 2022 so far. This was in direct contrast to the perceptions executives had a year ago when the majority, particularly in the most competitive countries, listed environmental sustainability as a top three concern.

Different regions’ attitudes towards incentivising green measures

Executives’ concerns varied by geography, however. Those operating in **Western and Eastern Europe** said geopolitical conflicts are the most threatening factor for business. **Ex-CIS and Central Asian** executives placed geopolitical conflicts high too, as the second-most troubling trend.

In **Eastern Asia and Southern Asia & The Pacific**, the prolonged presence of COVID-19 was the topmost troubling trend and in **North America, South America, Ex-CIS and Central Asia** inflationary pressures came first. Supply-chain bottlenecks are what most troubles **Western Asia & Africa**.

Southern Asia & The Pacific and Western Europe were the regions with the highest share of executives (over 40%) expressing concern about remote working and hybrid working models.

Some 60% of survey respondents said there was no link between corporate leaders’ compensation and the environmental performance of their company. The WCC expressed that this may be further cause for concern about a slowdown in efforts to curb environmental damage and to narrow the gap in socio-economic disparities.

“Our survey responses show there is a very real lack of incentives for executives to improve those business processes and practices that will limit their company’s environmental impact,” Cabolis said.

Companies based in **Eastern Asia and in Western Asia & Africa** showed themselves more likely to align compensation of their executives to environmental performance, compared with firms located in other regions.

Smaller economies continue to dominate top 10

In the top 10, **Sweden** declined to 4th (from 2nd) and **Hong Kong SAR** rose to 5th (from 7th). While **the Netherlands** lost two places by dropping to 6th (from 4th), **Taiwan** gained one spot (up to 7th from 8th) and **Finland** joined the top 10 for the first time since 2009, reaching 8th position (from 11th). **Norway** fell from 6th to 9th and the **USA** once again made the top 10.

Switzerland's performance remained strong despite its slight drop in the overall ranking. It topped the government efficiency and infrastructure factors and ranked 4th in business efficiency.

Singapore's recovery stemmed from strong improvements in domestic economy (1st from 15th), employment (3rd from 18th), public finance (6th from 12th) and productivity and efficiency (9th from 14th). However, it remained in relatively low positions in several sub-factors including management practices (14th), scientific infrastructure (16th) and health and environment (25th).

Sweden's decline resulted from a slowdown in measures of economic performance such as the domestic economy (15th from 10th), international trade (27th from 17th) and employment (42nd from 30th) sub-factors.

The recapturing of a top-5 spot by **Hong Kong SAR** has its origins largely in economic performance (from 30th to 15th), particularly in the domestic economy sub-factor (from 32nd to 21st) and to a lesser extent in international investment (from 7th to 3rd).

The Netherlands fell (4th to 6th) due to a significant downturn in its economic performance (from 2nd to 19th). This decline results from slumps in domestic economy (25th), international investment (46th), prices (52nd) and – to a lesser extent – in the employment sub-factor (7th). Elsewhere, it continued to perform strongly.

Taiwan's improvement is due to a stable performance in the government efficiency factor which is the result of improvements in tax policy (6th from 11th), and one-place gains in both institutional framework (8th) and business legislation (21st). There was, however, a noteworthy drop in the public finance sub-factor (4th to 10th).

Despite a downturn in the economic performance factor (44th), **Finland** joined the top 10 thanks to advances in government efficiency (14th to 10th), in particular in tax policy (52nd from 59th), institutional framework (3rd from 6th), business legislation (6th from 12th) and societal framework (2nd to 1st).

Norway's decline in the overall ranking is the result of a downward trend in three of the four competitiveness factors. Although it remains in 25th place in the economic performance factor, its performance fell in the domestic economy sub-factor (28th), as well as in the international investment (22nd), employment (18th) and prices (44th) sub-factors.

The **USA** remained in 10th place, despite some notable declines at the sub-factor level. For example, its performance in international trade (41st), institutional framework (23rd), management practices (15th) and technological infrastructure (11th) deteriorated. The country's rankings in other sub-

factors remained low, such as in public finance (53rd), societal framework (40th) and attitudes and values (26th). It compensated by reaching the top place in international investment (from 2nd to 1st) and remaining 1st in scientific infrastructure. It also advanced in the employment (10th) and labor market (23rd) sub-factors.

No major pick up for Western Europe and North America, but Eastern Europe experiences competitiveness climb

Croatia experienced this year's largest increase, moving from 59th to 46th place and advancing in all competitiveness factors. This may be related to the improvement in business sentiment due to the country's upcoming accession to the euro, the WCC said. In **Eastern Europe** as a region, the average competitiveness position rose to 40th (up two points since 2021).

Western Asia & Africa also saw a rise in the average competitiveness level (from an average 38th to 37th place), with the same happening in **South America** where economies have experienced a slight improvement in competitiveness over the past year, progressing to 56th position from 57th on average.

Eastern Asia remained at the top of the sub-regional rankings and, with an average competitiveness position of the economies in this area sliding by one position from 17th to 18th, we see a reversal of the positive trend which began in 2020. **Western Europe** also interrupted its positive competitiveness progression, which started in 2019, and stabilized at an average 20th rank.

The average competitiveness performance of **North American economies** remained stable. However, since 2018 competitiveness levels in **North America** have fallen from an average 21st position in the overall ranking to an average of 26th in 2022. **Southern Asia & The Pacific** also continued its three-year-long decline, recording an average position of 31st in 2022. **Ex-CIS and Central Asian economies** experience a downturn in overall competitiveness reaching an average position of 46th. The decline recorded between 2021 and 2022 lowers the average competitiveness of countries in this area, returning them to their 2018 level.

Elsewhere, in Europe **Spain** notably rebounded to 36th, its 2020 position, having fallen to 39th in 2021. The recovery of the tourism sector has played a key role, said the WCC. Meanwhile, its neighbor **Portugal** fell to 42nd (from 36th in 2021).

New Zealand suffered the largest drop sliding to 31st place (from 20th) in the ranking. It fell across all competitiveness factors.

*The 2022 WCR assessed 63 economies, via a mixture of **hard data** – 333 competitiveness criteria selected as a result of comprehensive research using economic literature, international, national and regional sources and feedback from the business community, government agencies and academics – and survey responses (100 executives per economy on average) from senior executives, collected from [56 local Partner Institutes](#).*

*All data was then fed into **four factors** (economic performance, government efficiency, business efficiency and infrastructure), each with five sub-factors. As distinct criteria exhibit different scales and units, the **Standard Deviation Method** was used to compute the overall, factor and sub-factor results. This measures the **relative difference between the economies' performances**, resulting in a more accurate assessment of each country's relative position in the final rankings. Statistical data*

accounts for two-thirds of the results, whilst survey answers account for the remaining one third and were carried out in Q1-Q2 2022.

*Due to limited reliability of the data collected, **Russia and Ukraine** were not assessed in 2022's WCR. However, **Bahrain** entered the ranking for the first time, coming 30th.*

The [IMD World Digital Competitiveness Ranking 2022](#) will be released on **28 September 2022**. The [IMD World Talent Ranking 2022](#) will be released on **8 December 2022**.

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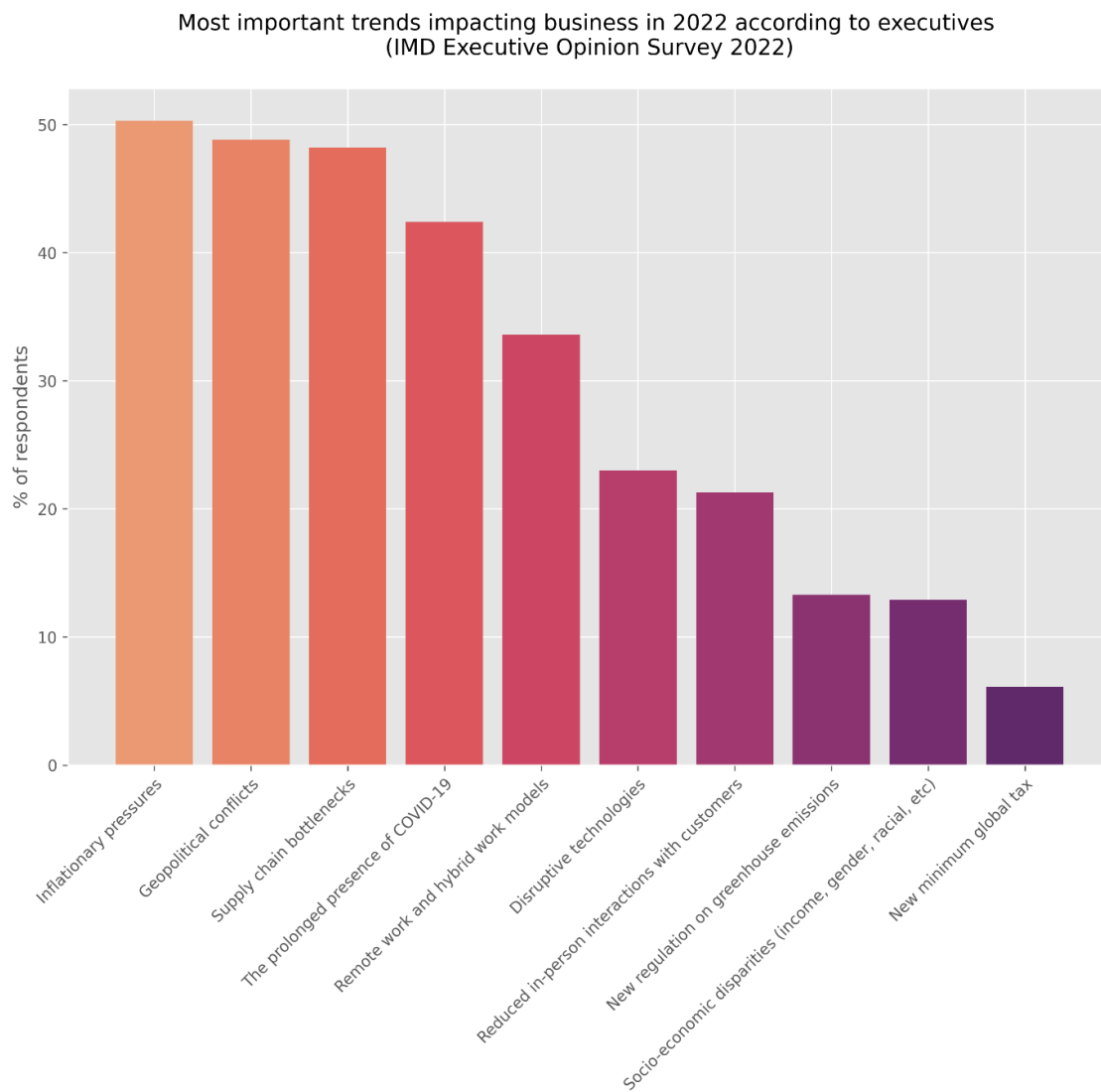
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Appendices

Figure 1



NOTE: IMD Executive Opinion survey were collected in the period February 17th 2022-May 11th 2022. Only 3% of total responses were collected before the start of the Ukrainian-Russian war (February 24th, 2022).

OVERALL

	2018	2019	2020	2021	2022
Argentina	56	61	62	63	62
Australia	19	18	18	22	19
Austria	18	19	16	19	20
Bahrain	-	-	-	-	30
Belgium	26	27	25	24	21
Botswana	-	-	-	61	58
Brazil	60	59	56	57	59
Bulgaria	48	48	48	53	53
Canada	10	13	08	14	14
Chile	35	42	38	44	45
China	13	14	20	16	17
Colombia	58	52	54	56	57
Croatia	61	60	60	59	46
Cyprus	41	41	30	33	40
Czech Republic	29	33	33	34	26
Denmark	06	08	02	03	01
Estonia	31	35	28	26	22
Finland	16	15	13	11	08
France	28	31	32	29	28
Germany	15	17	17	15	15
Greece	57	58	49	46	47
Hong Kong SAR	02	02	05	07	05
Hungary	47	47	47	42	39
Iceland	24	20	21	21	16
India	44	43	43	43	37
Indonesia	43	32	40	37	44
Ireland	12	07	12	13	11
Israel	21	24	26	27	25
Italy	42	44	44	41	41
Japan	25	30	34	31	34
Jordan	52	57	58	49	56
Kazakhstan	38	34	42	35	43
Korea Rep.	27	28	23	23	27
Latvia	40	40	41	38	35
Lithuania	32	29	31	30	29
Luxembourg	11	12	15	12	13
Malaysia	22	22	27	25	32
Mexico	51	50	53	55	55
Mongolia	62	62	61	60	61
Netherlands	04	06	04	04	06
New Zealand	23	21	22	20	31
Norway	08	11	07	06	09
Peru	54	55	52	58	54
Philippines	50	46	45	52	48
Poland	34	38	39	47	50
Portugal	33	39	37	36	42
Qatar	14	10	14	17	18
Romania	49	49	51	48	51
Saudi Arabia	39	26	24	32	24
Singapore	03	01	01	05	03
Slovak Republic	55	53	57	50	49
Slovenia	37	37	35	40	38
South Africa	53	56	59	62	60
Spain	36	36	36	39	36
Sweden	09	09	06	02	04
Switzerland	05	04	03	01	02
Taiwan, China	17	16	11	08	07
Thailand	30	25	29	28	33
Turkey	46	51	46	51	52
UAE	07	05	09	09	12
United Kingdom	20	23	19	18	23
USA	01	03	10	10	10
Venezuela	63	63	63	64	63

ECONOMIC PERFORMANCE

	2018	2019	2020	2021	2022
60	61	60	59	57	
19	14	23	19	16	
17	20	15	20	24	
-	-	-	-	39	
44	37	25	24	14	
-	-	-	62	60	
54	57	56	51	48	
28	47	34	41	49	
13	12	10	14	10	
41	48	50	53	50	
02	02	07	04	04	
51	50	52	56	45	
56	55	45	50	32	
22	19	13	13	38	
16	17	16	23	18	
26	26	21	17	13	
32	44	35	29	33	
43	35	43	34	44	
30	34	32	28	17	
12	09	05	03	05	
61	60	55	52	51	
09	10	28	30	15	
39	46	19	08	08	
57	54	58	55	56	
21	24	37	37	28	
27	25	26	35	42	
11	06	12	22	07	
37	40	39	36	36	
47	53	42	39	41	
15	16	11	12	20	
62	62	62	63	62	
49	45	48	45	58	
20	27	27	18	22	
53	52	53	44	54	
36	39	33	33	43	
04	04	08	10	01	
08	11	09	15	12	
35	28	38	49	27	
48	58	59	58	61	
06	13	01	02	19	
33	36	40	32	47	
40	32	30	25	25	
55	41	51	60	40	
50	38	44	57	53	
18	18	29	27	29	
42	43	41	43	46	
05	03	06	11	09	
34	49	46	40	55	
23	30	20	48	31	
07	05	03	01	02	
46	42	49	47	52	
29	33	36	31	26	
59	59	61	61	59	
31	29	31	42	35	
24	21	22	16	21	
25	23	18	07	30	
14	15	17	06	11	
10	08	14	21	34	
52	51	57	46	37	
03	07	04	09	06	
45	22	24	26	23	
01	01	02	05	03	
63	63	63	64	63	

GOVERNMENT
EFFICIENCY

2018	2019	2020	2021	2022
60	61	63	64	63
14	13	15	16	16
32	28	25	29	34
-	-	-	-	20
35	36	35	37	33
-	-	-	42	41
62	62	61	62	61
37	42	39	47	49
09	14	10	15	18
24	26	20	22	30
46	35	37	27	29
58	56	56	58	59
56	58	59	57	46
28	32	21	25	24
27	34	36	36	22
06	06	04	07	06
21	27	19	18	15
15	17	16	14	10
39	48	46	39	40
19	22	24	23	21
61	60	52	52	55
01	01	01	01	02
48	45	47	40	37
16	15	17	17	14
50	46	50	46	45
36	25	31	26	35
13	11	13	13	11
20	30	27	33	32
53	53	57	55	54
41	38	41	41	39
43	43	45	35	44
25	21	29	21	25
29	31	28	34	36
33	33	32	32	28
31	29	33	31	23
17	10	12	10	13
23	24	30	30	38
54	52	55	59	60
57	59	53	54	57
08	09	11	12	12
07	08	08	11	17
05	07	06	04	05
47	49	40	48	52
44	41	42	45	48
40	44	43	56	56
34	37	34	38	43
10	05	07	06	07
51	51	49	44	47
30	18	22	24	19
03	03	05	05	04
55	57	60	51	51
42	39	38	43	42
49	50	54	61	53
38	40	44	49	50
11	16	14	09	09
02	04	02	02	01
12	12	09	08	08
22	20	23	20	31
45	55	51	60	58
04	02	03	03	03
18	19	18	19	26
26	23	26	28	27
63	63	62	63	62

BUSINESS EFFICIENCY

2018	2019	2020	2021	2022
49	59	62	63	63
24	24	21	34	26
14	17	16	18	18
-	-	-	-	24
23	28	22	20	19
-	-	-	61	57
50	57	47	49	52
57	54	53	59	59
07	16	10	16	13
26	41	37	40	41
15	15	18	17	15
56	47	52	51	60
62	63	63	64	49
53	52	35	43	44
32	37	38	41	29
03	07	01	01	01
27	33	27	31	22
16	13	13	12	05
31	38	43	36	35
19	26	25	23	21
59	58	51	44	46
01	02	02	03	07
58	56	59	56	48
22	19	15	14	08
29	30	32	32	23
35	20	31	25	31
10	03	05	11	11
18	21	26	29	27
44	42	45	35	34
36	46	55	48	51
39	35	46	33	45
34	29	34	28	32
43	34	28	27	33
40	43	44	42	37
30	23	24	30	25
08	12	17	13	20
17	18	29	24	38
48	49	48	47	47
61	61	57	60	61
06	04	04	04	03
28	22	30	22	36
05	08	08	06	10
51	55	50	53	53
38	32	33	37	39
37	36	40	57	58
33	45	41	38	42
13	10	11	15	14
52	51	54	52	50
45	25	19	26	16
11	05	06	09	09
60	60	61	55	54
47	40	39	45	43
46	44	56	58	56
42	39	42	39	40
04	06	03	02	02
09	09	09	05	04
20	14	12	07	06
25	27	23	21	30
41	48	36	46	55
02	01	07	08	17
21	31	20	19	28
12	11	14	10	12
63	62	60	62	62

INFRASTRUCTURE

2018	2019	2020	2021	2022
47	51	52	56	54
16	17	18	23	19
14	11	10	12	10
-	-	-	-	39
20	21	19	19	20
-	-	-	63	61
52	54	53	52	53
51	50	50	54	51
07	12	08	08	11
43	47	45	45	47
19	16	22	18	21
58	56	56	53	56
46	49	48	50	45
41	42	38	41	40
30	31	32	31	28
03	03	02	03	02
32	34	33	30	27
06	05	04	05	04
12	09	13	15	15
11	10	11	10	09
40	41	39	39	41
23	22	14	16	14
39	39	41	37	36
17	13	17	09	08
56	55	49	49	49
59	53	55	57	52
21	23	23	20	23
13	18	20	21	17
31	32	30	29	31
15	15	21	22	22
54	58	58	55	55
42	43	51	47	46
18	20	16	17	16
37	35	37	35	35
29	30	34	34	32
24	25	24	24	24
33	28	31	32	37
55	57	57	58	58
62	62	62	62	62
09	08	09	07	05
25	24	25	25	29
04	07	06	04	06
61	61	60	60	59
60	59	59	59	57
34	36	35	42	43
26	29	27	27	30
38	40	40	40	38
49	48	47	48	48
44	38	36	36	34
08	06	07	11	12
45	44	46	44	42
28	27	29	33	33
57	60	61	61	60
27	26	26	26	25
05	04	01	02	03
02	02	03	01	01
22	19	15	14	13
48	45	44	43	44
50	46	43	46	50
36	33	28	28	26
10	14	12	13	18
01	01	05	06	07
63	63	63	64	63

Argentina
Australia
Austria
Bahrain
Belgium
Botswana
Brazil
Bulgaria
Canada
Chile
China
Colombia
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hong Kong SAR
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Japan
Jordan
Kazakhstan
Korea Rep.
Latvia
Lithuania
Luxembourg
Malaysia
Mexico
Mongolia
Netherlands
New Zealand
Norway
Peru
Philippines
Poland
Portugal
Qatar
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Slovenia
South Africa
Spain
Sweden
Switzerland
Taiwan, China
Thailand
Turkey
UAE
United Kingdom
USA
Venezuela