IPS NATIONAL COMPETITIVENESS RESEARCH 2024

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A New Approach to National Competitiveness

IPS National Competitiveness Research 2024

Reports on national competitiveness often rank the same nations/regions differently. This can be confusing for readers and makes it harder for policymakers to turn the findings into practical policies.

These differences happen because the reports use different methods and models. To address these issues, this research introduces a new approach called the IPS model. As an extended Michael Porter's diamond model, the IPS model provides a clearer way to understand and improve national competitiveness, offering practical advice for policymakers. The tools and methods in this report can also be applied to industries and companies. It gives both scholars and practitioners useful guidelines to help boost competitiveness.

A key focus of this year's report is the comparison between the United States and China, the world's two largest economies. It examines their complex and often competitive relationship, and suggests strategies for both nations to collaborate and enhance their competitiveness. Additionally, the research offers recommendations for other nations in the midst of US-China competition.

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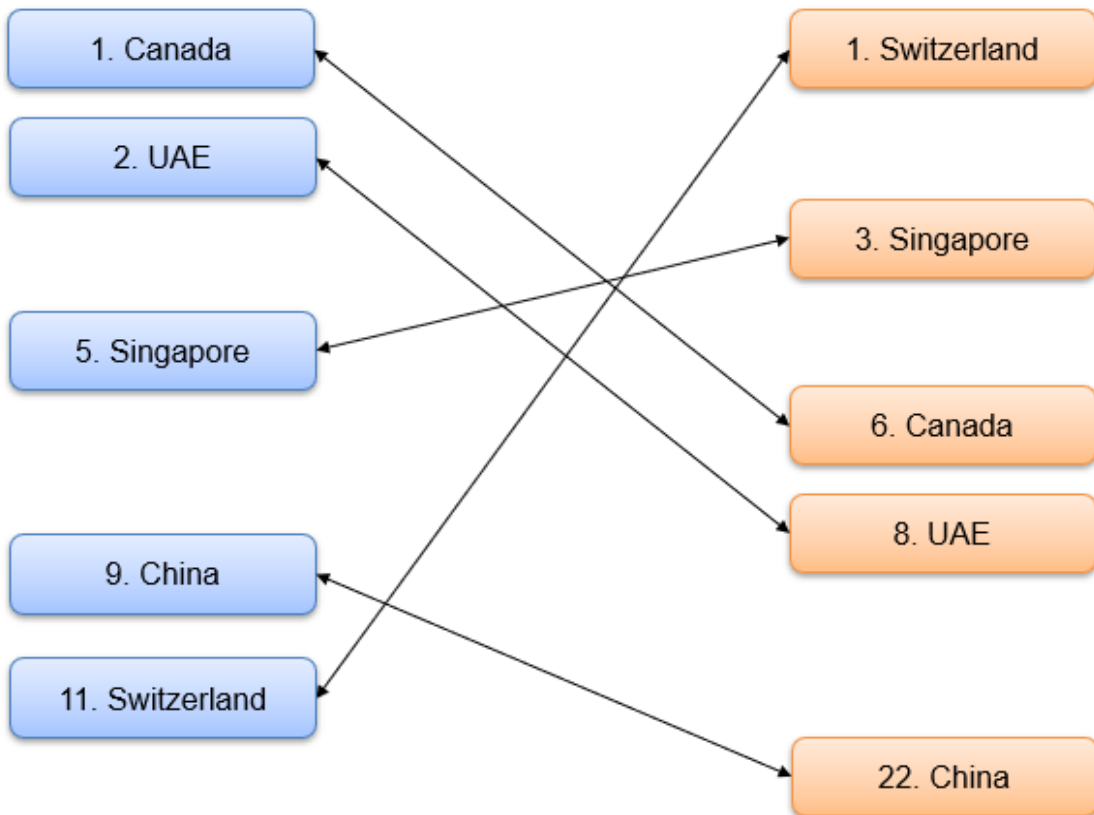
Two Overall Rankings

Canada ranks 1st in Cost Strategy (CS), showcasing its strength in managing resources and maintaining low costs. However, it places 6th in Differentiation Strategy (DS), indicating that while it excels in cost efficiency, it has room to grow in areas of innovation and uniqueness.

In contrast, Switzerland ranks 1st in DS, excelling in innovation and high-quality product offerings. However, it does not appear in the top 10 for CS, implying that Switzerland prioritizes creating value through differentiation rather than focusing on cost efficiency.

These examples highlight the critical role of weighting schemes, where emphasizing different factors can significantly affect a nation/region's performance in CS and DS. To enhance national competitiveness, they must carefully select strategies, ensuring the desired outcomes.

Cost-Strategy Rankings

1. Canada
2. UAE
5. Singapore
9. China
11. Switzerland

Differentiation-Strategy Rankings

1. Switzerland
3. Singapore
6. Canada
8. UAE
22. China

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Eight Factor Rankings: Top 10

Physical Factors

Factor Conditions			
1	Australia	6	Russia
2	Kuwait	7	Finland
3	Canada	8	Oman
4	UAE	9	Sweden
5	New Zealand	10	Saudi Arabia

Business Context			
1	Hong Kong SAR	6	Finland
2	Singapore	7	Belgium
3	Switzerland	8	Canada
4	Sweden	9	Netherlands
5	Denmark	10	UAE

Related Industries			
1	Austria	6	Singapore
2	Denmark	7	Sweden
3	Hong Kong SAR	8	Taiwan, China
4	Switzerland	9	Netherlands
5	Finland	10	Korea, Rep. of

Demand Conditions			
1	United States	6	Denmark
2	China	7	Canada
3	Switzerland	8	United Kingdom
4	Germany	9	Singapore
5	Finland	10	Japan

Human Factors

Workers			
1	China	6	Kuwait
2	Colombia	7	Taiwan, China
3	India	8	Guatemala
4	Singapore	9	Sri Lanka
5	Philippines	10	Argentina

Policymakers & Administrators			
1	Switzerland	6	Netherlands
2	Singapore	7	Finland
3	Denmark	8	UAE
4	Sweden	9	Austria
5	Canada	10	New Zealand

Entrepreneurs			
1	Denmark	6	Singapore
2	United States	7	Switzerland
3	Netherlands	8	Sweden
4	Canada	9	United Kingdom
5	UAE	10	Australia

Professionals			
1	Singapore	6	Sweden
2	Switzerland	7	United States
3	Netherlands	8	Canada
4	UAE	9	Israel
5	Denmark	10	United Kingdom

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IPS Model

The IPS National Competitiveness Research 2024 measures the competitiveness of 62 nations and regions worldwide using the IPS model. This model evaluates both the sources and scopes of national competitiveness. The sources are categorized into physical and human factors, while the scopes encompass both domestic and international factors.

Physical factors include factor conditions, business context, related industries, and demand conditions. Human factors consist of workers, policymakers and administrators, entrepreneurs, and professionals. By assessing both the sources and scopes of competitiveness through the IPS model, national competitiveness can be evaluated more comprehensively, yielding more reliable results.
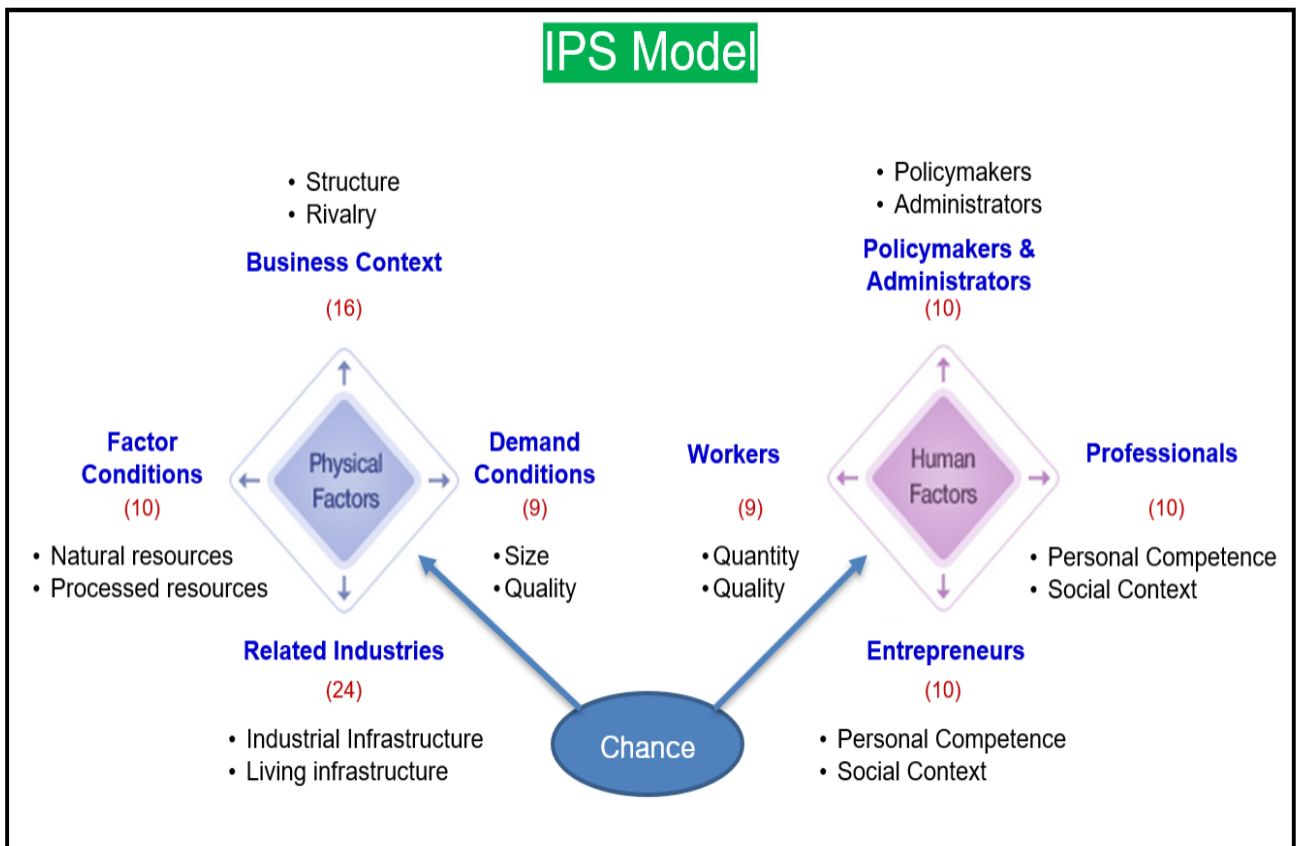

Note: The figure in the parenthesis indicates the number of criteria in each factor

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In strategy simulation, both the cost strategy and differentiation strategy are applied to each nation to determine which is more effective in enhancing national competitiveness. The cost strategy emphasizes "low cost and high efficiency," primarily leveraging low-cost factor conditions and workers.

In contrast, the differentiation strategy focuses on "high cost with high value," prioritizing demand conditions and skilled professionals. By utilizing these strategies in simulation, each nation can identify and implement the most effective strategy for its best result.
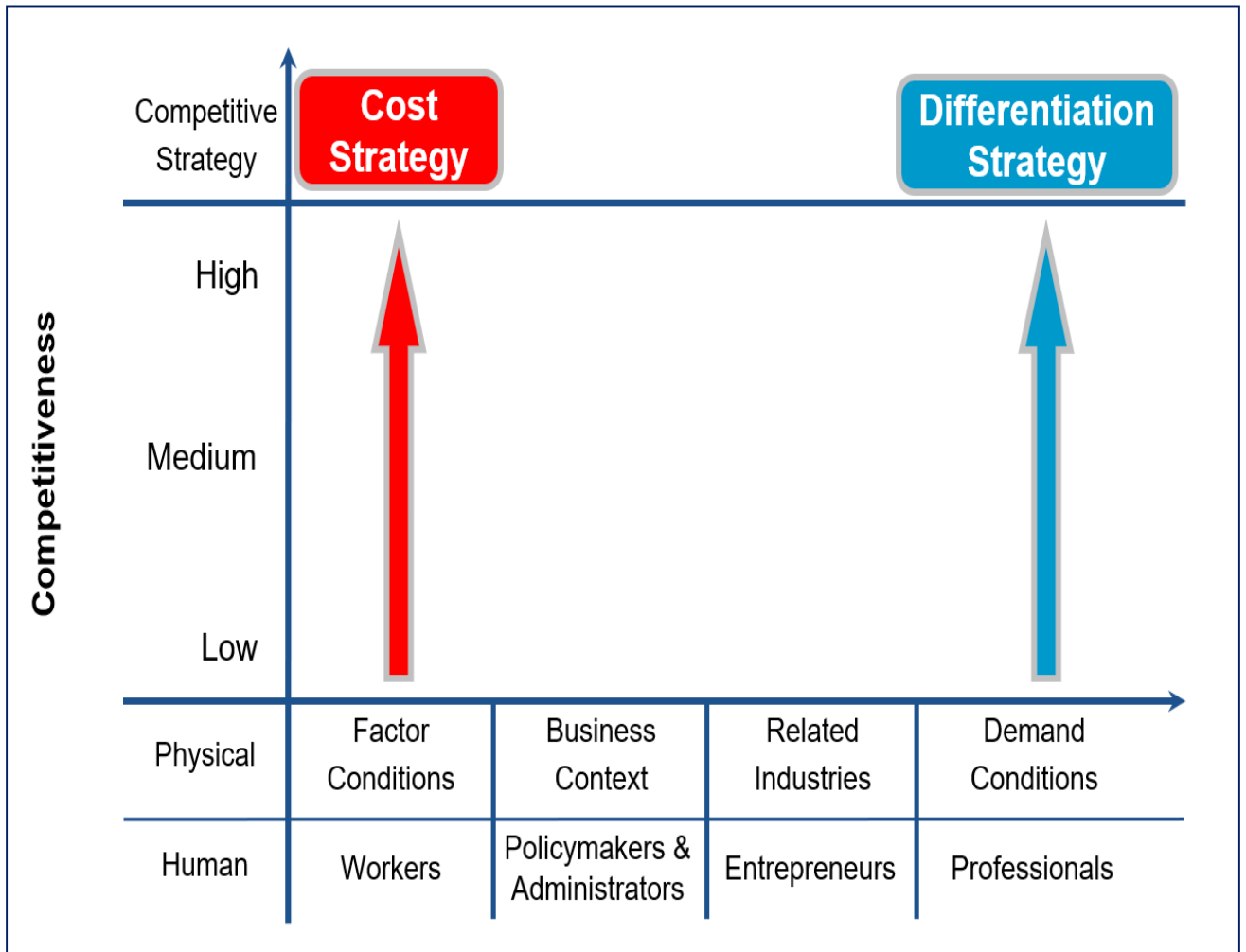
Term-Priority (TP) Matrix

The Term-Priority Matrix is used to suggest strategic guidelines for various terms and priorities. Once nations identify their strong and weak criteria, they can formulate strategic plans to enhance competitiveness by properly arranging the terms and priorities of policies into a single matrix, as illustrated in the figure.

The term depends on whether the policy is related to the public or private sectors; variables that are more related to private sectors are categorized under a longer term. The priority is determined by the correlation between variables and competitiveness factors such as GDP per capita; the higher correlation, the higher priority.
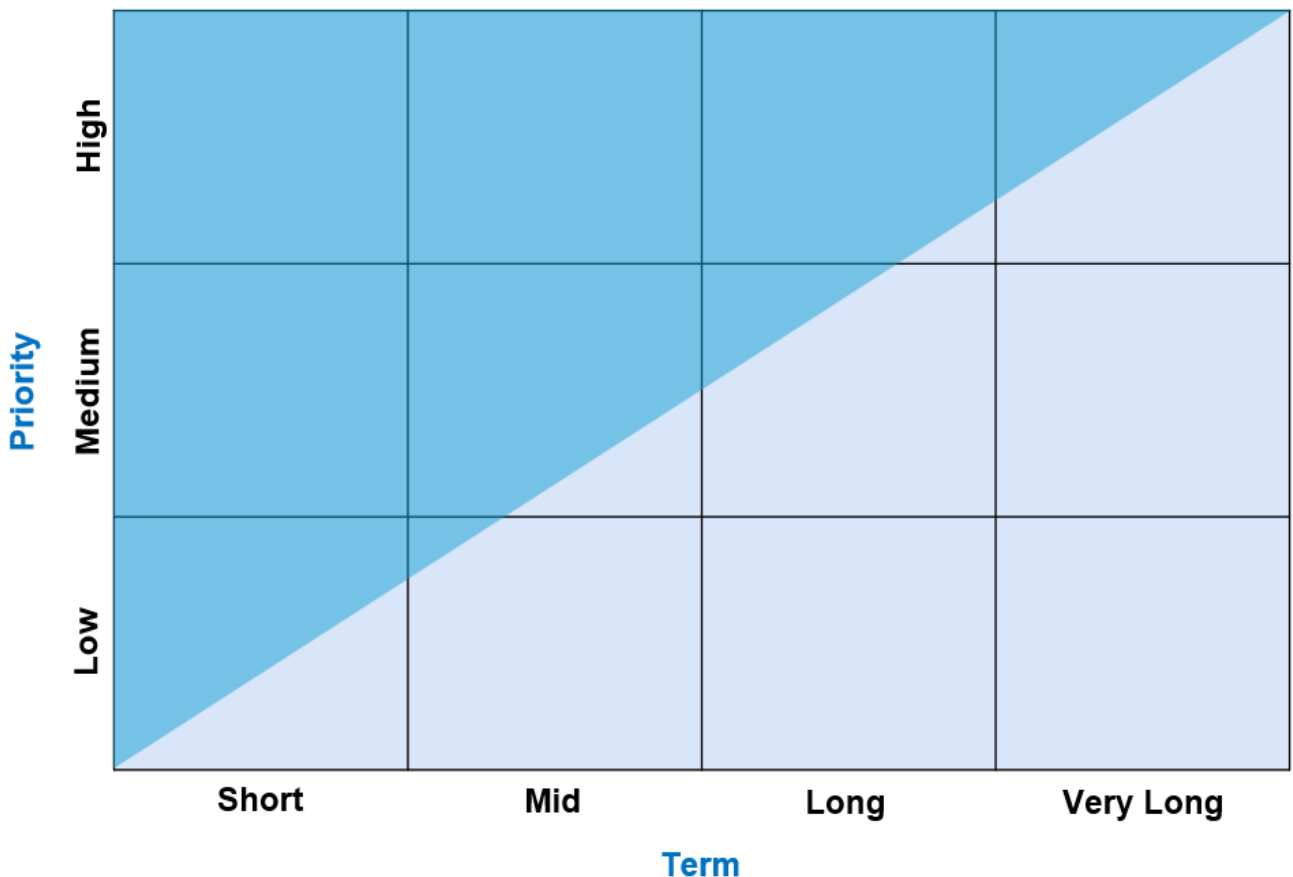
Intra-Group Rankings

The IPS research classifies 62 nations/regions based on size and competitiveness. Nations are categorized as large, medium, or small in terms of population and land size. For competitiveness, they are classified as strong, intermediary, or weak using a composite index derived from eight variables of the IPS model.

By considering both size and competitive structure simultaneously, we can more accurately compare and contrast the relative positions of these nations. For example, Austria competes against Belgium in the same group, not against Australia, which is in a different group.

Small Group		
Small	Strong	Netherlands
		Denmark
		Singapore
		Hong Kong SAR, China
		Belgium
		Switzerland
		Israel
		Iceland
		Austria
	Intermediary	Kuwait
		Jordan
		U.A.E.
		Hungary
		Greece
		Czech Republic
		Panama
		Dominican Republic
	Weak	Guatemala
		Croatia
		Kyrgyz Republic

Medium Group		
Medium	Strong	Sweden
		Finland
		United Kingdom
		New Zealand
		Chinese Taipei
		France
	Intermediary	Italy
		Korea
		Spain
		Thailand
		Poland
		Chile
		Oman
		Malaysia
		Romania
	Weak	Morocco
		Lao PDR
		Kenya
		Venezuela
		Cambodia
		Ukraine
		Sri Lanka

Large Group		
Large	Strong	United States
		Canada
		Australia
		China
		Germany
		Japan
	Intermediary	Philippines
		India
		Mexico
		Saudi Arabia
		Vietnam
		Brazil
		Indonesia
	Weak	Russia
		Colombia
		South Africa
		Turkey
		Egypt
		Peru
		Pakistan
		Nigentina
		Argentina
		Bangladesh
		Argentina
		Iran
		Libya

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The US-China Conflict and Implications

Competitiveness can be derived from cooperation as well as from competition. Despite their rivalrous relationship, the competitive structure between the U.S. and China shows significant room for further cooperation, allowing them to leverage their strengths to complement each other's weaknesses.

This approach can also be applied to other nations, providing opportunities for them to enhance their competitiveness. By participating in global value chains, where the contribution of each nation is vital, both the US and China, as well as other nations, can improve their competitiveness and contribute to global value creation.

The Comparison of Competitive Factors between the US and China

	Subfactor of NCR 2024	Rank of the US	Rank of China
Physical Factors	Natural Resources	15	40
	Processed Resources	12	23
	Structure	10	37
	Rivalry	37	58
	Industrial Infrastructure	1	35
	Living Infrastructure	30	37
	Demand Size	1	2
	Demand Quality	7	28
Human Factors	Quantity of Workers	31	1
	Quality of Workers	15	45
	Policymakers	12	20
	Administrators	14	32
	Personal Competence (Entrepreneurs)	1	46
	Social Context (Entrepreneurs)	4	22
	Personal Competence (Professionals)	7	37
	Social Context (Professionals)	8	32

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