

## Concept

# National Competitiveness

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### Definition

The concept "National Competitiveness" examines the ability of a national economy to grow. It is measured by a set of factors, policies, and institutions that determine a country's level of productivity.<sup>1</sup>

### Context

National Competitiveness is central to a given country's ability to increase its quality of life. Increased productivity results in higher yields on national investment, which in turn generates growth. Economic growth is a key factor in improving Quality of Life.<sup>2</sup>

National Competitiveness is a relative concept. It is an approximation of a country's ability to grow and to compete with other countries for human capital, investments, and other resources.

The World Economic Forum's annual Global Competitiveness Report is the accepted measure of National Competitiveness.

The concept National Competitiveness is different than the economic and business concepts of 'competitiveness':

- The economic concept of competitiveness describes a market's absolute efficiency. It is a measure of the extent to which a market exhibits "perfect competition."
- The business concept of competitiveness describes the performance of a firm in comparison to its competitors (e.g. Google is considered competitive in the search engine sector). In this definition, competitiveness is a relative measure and implies a zero-sum game. If one element succeeds, another must be toppled from its perch.

End.

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<sup>1</sup> The World Economic Forum's [Global Competitiveness Report](#) uses this definition based on the work of Michael Porter, whose [Institute for Strategy and Competitiveness](#) at Harvard Business School is the leading academic authority on the subject.

<sup>2</sup> The Top 15 Vision foresees an Episode of A-Cyclical forces that will lead to a Development Leap in Israel's Quality of Life. Though important, economic growth is only one component of Quality of Life. National Competitiveness illuminates the contributors to growth, but it only partially illuminates the contributors to improved Quality of Life.