

IPS National Competitiveness Research 2024

**Strategic Insights
to Enhance National Competitiveness**



aSSIST University

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Institute for Policy and Strategy on National Competitiveness



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A New Approach to National Competitiveness

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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.



Dong-Sung Cho

Chair, Institute for Industrial Policy studies



Hwuy-Chang Moon

President, aSSIST University

Two Overall Rankings

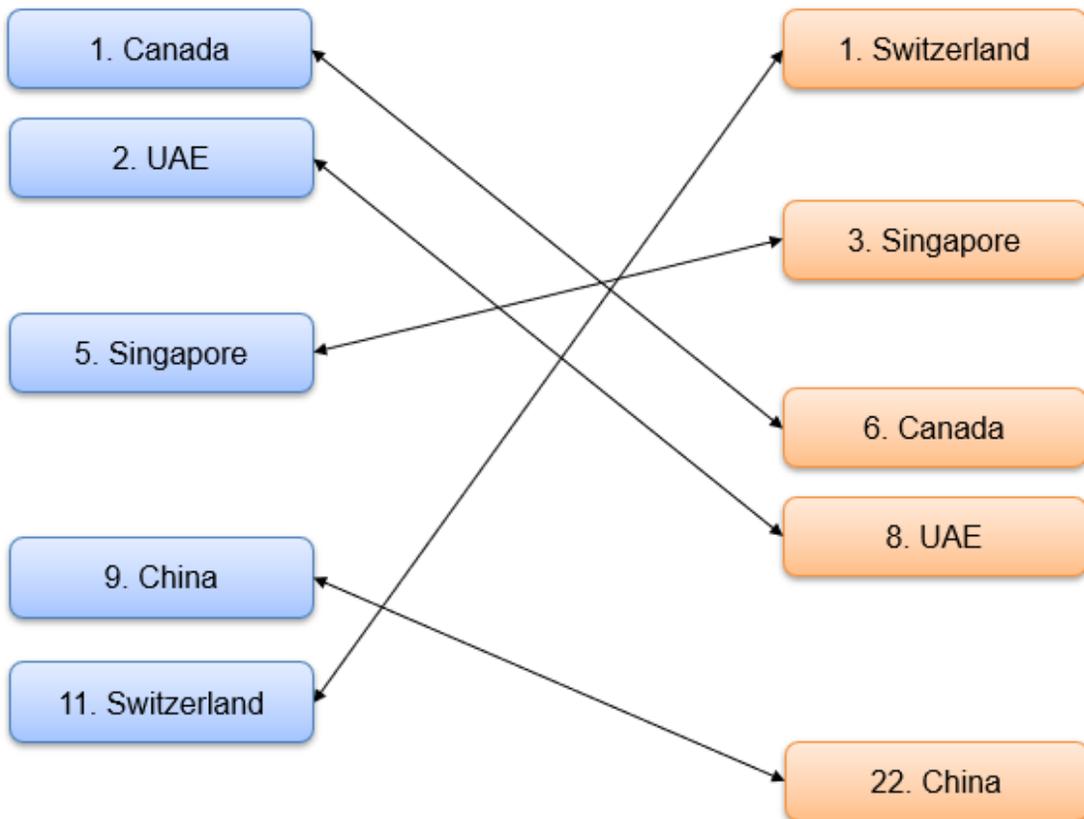
Canada ranks 1st in Cost Strategy (CS), showcasing its strength in managing resources and maintaining low costs. However, it places 6th in Differentiation Strategy (DS), indicating that while it excels in cost efficiency, it has room to grow in areas of innovation and uniqueness.

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

Differentiation-Strategy Rankings



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

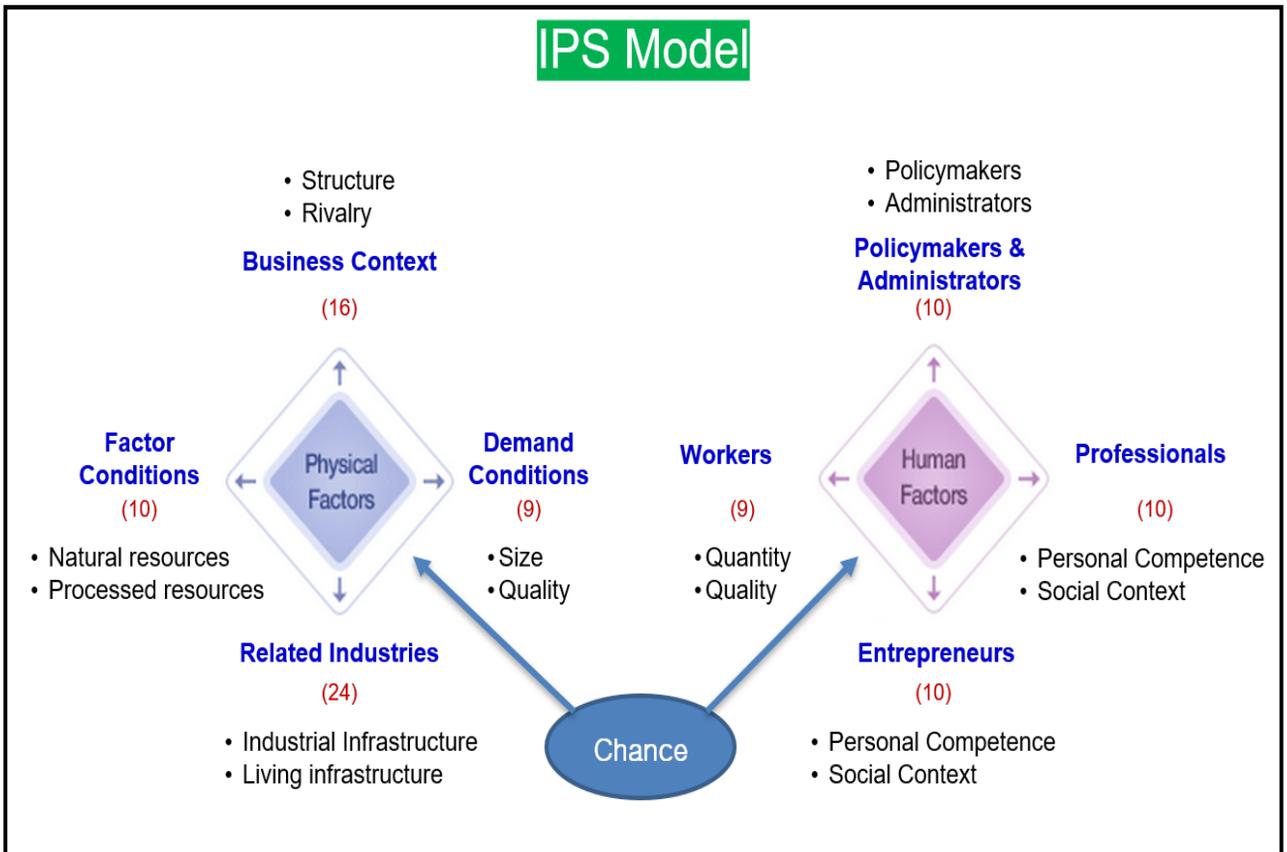
Entrepreneurs			
1	Denmark	6	Singapore
2	United States	7	Switzerland
3	Netherlands	8	Sweden
4	Canada	9	United Kingdom
5	UAE	10	Australia

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

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.

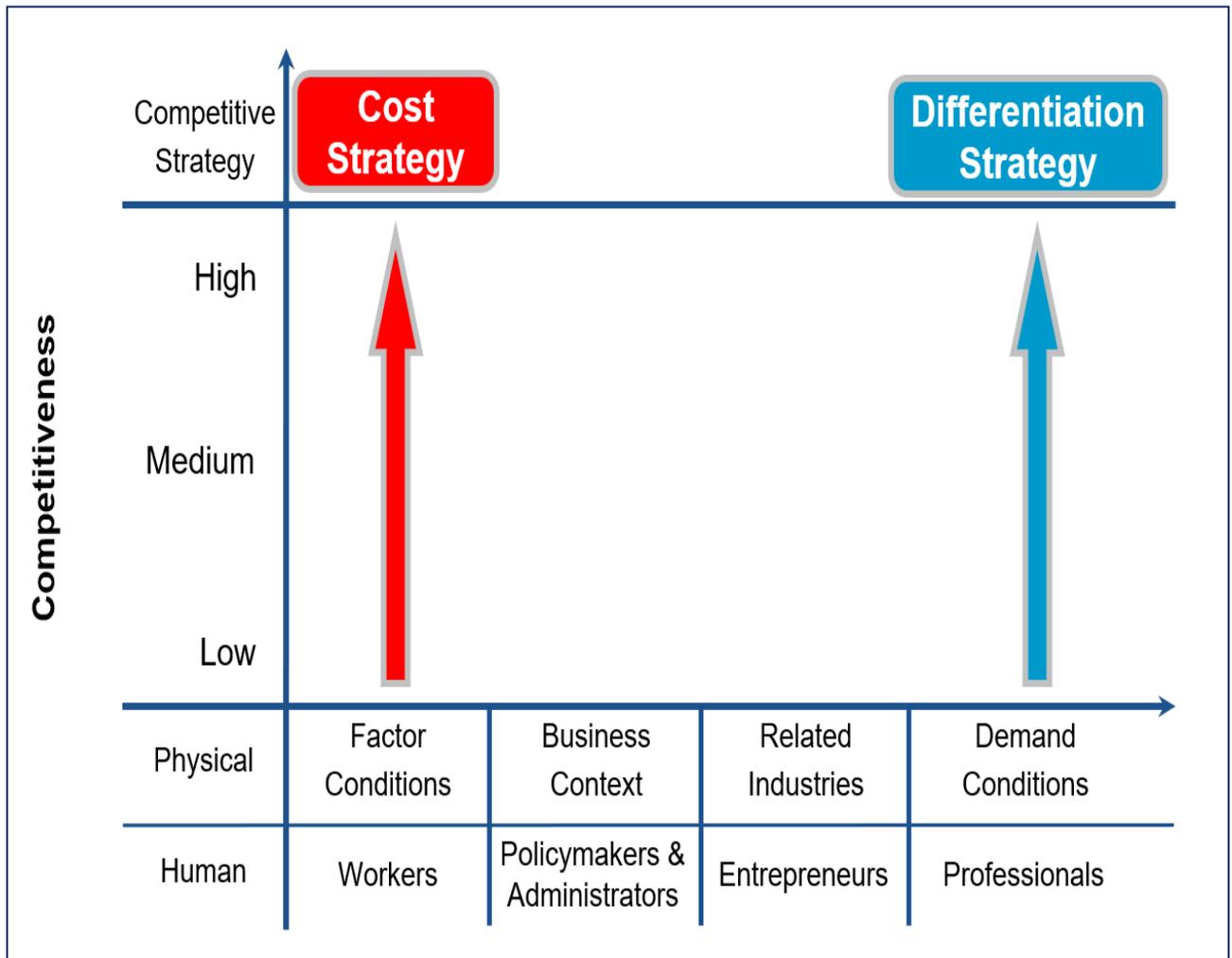


Note: The figure in the parenthesis indicates the number of criteria in each factor

Strategy Simulation

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.

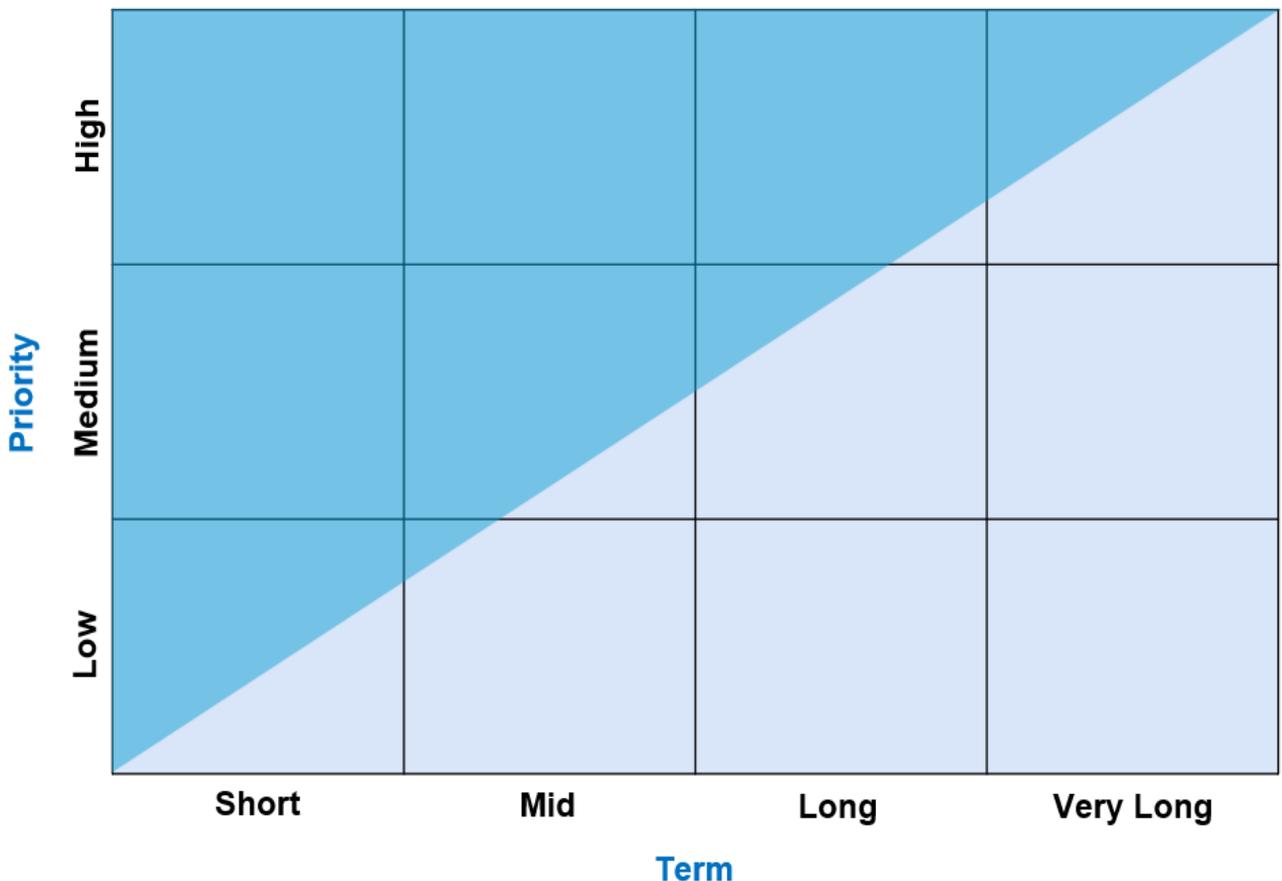
In contrast, the differentiation strategy focuses on “high cost with high value,” prioritizing demand conditions and skilled professionals. By utilizing these strategies in simulation, each nation can identify and implement the most effective strategy for its best result.



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			Medium Group			Large Group		
Small	Strong	Netherlands	Medium	Strong	Sweden	Large	Strong	United States
		Denmark			Finland			Canada
		Singapore			United Kingdom			Australia
		Hong Kong SAR, China			New Zealand			China
		Belgium			Chinese Taipei			Germany
		Switzerland			France			Japan
		Israel			Italy			Philippines
		Iceland			Korea			India
		Austria			Spain			Mexico
	Intermediary	Kuwait	Thailand	Intermediary	Saudi Arabia			
		Jordan	Poland		Vietnam			
		U.A.E.	Chile		Brazil			
		Hungary	Oman		Indonesia			
		Greece	Malaysia		Russia			
		Czech Republic	Romania		Colombia			
	Weak	Panama	Weak	Morocco	Weak	South Africa		
		Dominican Republic		Lao PDR		Turkey		
		Guatemala		Kenya		Egypt		
Croatia		Venezuela		Peru				
Kyrgyz Republic		Cambodia		Pakistan				
			Ukraine		Nigentina			
			Sri Lanka		Argentina			
					Bangladesh			
					Argentina			
					Iran			
					Libya			

The US-China Conflict and Implications

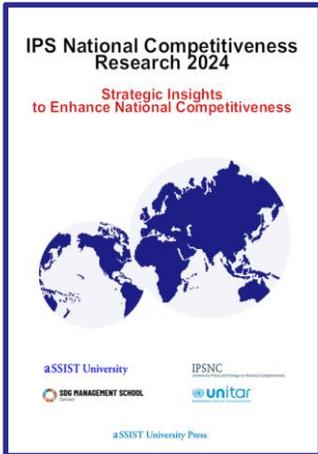
Competitiveness can be derived from cooperation as well as from competition. Despite their rivalrous relationship, the competitive structure between the U.S. and China shows significant room for further cooperation, allowing them to leverage their strengths to complement each other's weaknesses.

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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