



## Media Release

### **Singapore takes top spot in the Elite Quality Index 2021**

*International political economy ranking from the University of St. Gallen provides insight on national elite systems, and their expected value creation in a post-COVID world*

Singapore, 24 May 2021 (Monday) – The [Elite Quality Index 2021](#) (EQx2021) seeks to measure the way in which elites globally contribute to the development of their societies. It specifically measures the economic and political power of elites and evaluates how the elites enable or impede economic and political growth. The means by which elites create or extract value can help determine the business opportunity, growth and development of a nation.

EQx2021 examines 151 countries (expanded from 32 in the initial [EQx2020 report](#)) and has broadened the data range, looking at 107 component indicators (up from 72). The research led by the University of St. Gallen and Singapore Management University in Singapore along with international academic partners and the St. Gallen-based [Foundation for Value Creation](#), provides unique insights into the sustainable value creation by elites across the world.

In their work, management scholars have sought to understand sustainable business models. Economists build simulations to help policymakers develop inclusive policies for long-term economic growth and human development. The EQx is at the intersection of management, economics and political science, a multidisciplinary effort to trace and predict inclusive value creation in societies. Casas and Cozzi argue that assessing the business models of a country's elites in terms of value creation as opposed to value extraction from society at large is essential in general to sustainable prosperity and institutional development.

The EQx has examined 151 countries across four conceptual areas to determine the quality of the elites in any given country. These are: Economic Power, Economic Value, Political Power and Political Value. Elites are categorised as *very high quality elites* (rank 1 to 10), *high quality elites* (rank 11 to 25), *quality elites* (rank 26 to 75), *middle quality elites* (rank 76 to 124) and *lagging elites* (rank over 125). Comparative country scores and global ranks provide insight into the future of societies. The EQx is designed to be a resource for business and political leaders to understand how their actions affect society at large.

EQx2021 has ranked Singapore as #1 overall. The city state's business elites are by far the highest value creators on the planet. Rounding out the top three are Switzerland (2nd) and the United Kingdom (3rd). The U.S. defends its rank (5<sup>th</sup>) and shockingly Germany falls from 3<sup>rd</sup> place in 2020 to 15<sup>th</sup> in 2021. Israel made the largest gains in the EQx2021 moving up the global rank to 7<sup>th</sup>. Another point is that the performance of elites with regards to the management of the COVID-19 pandemic is clearly extremely relevant to the current public discourse. The EQx2021 finds that higher quality elites in places like Singapore (rank # 1), Switzerland (rank # 2), Israel (rank # 7), Norway (rank # 8) or New Zealand (rank # 13) have been better able to protect their country from the health and economic impacts of COVID-19.

### Singapore

Singapore is ranked 1<sup>st</sup> in the EQx Global Ranking, maintaining the top position for a second year in a row. The city-state's business elites are by far the highest value creators in the world and elite value creation in Singapore stems mostly from its strong positions on Economic Value, including its free trade stance and openness to businesses and foreign direct investment. Singapore also ranks at the top of venture capital investment and availability to entrepreneurs, enabling the rapid creation of new elites. Singapore's strong institutions, political stability, and low levels of corruption have no doubt aided in translating the creation of economic value to broad social and economic benefits for the population, reflected in its high ranking scores for institutional quality and governmental responsiveness to change. Overall, the index shows that, with the aid of strong political and social institutions, Singapore elites have built business models that are exceptional in their inclusiveness and value creation.

EQx2021's findings have relevance, value, and impact for Singapore as its indicators can aid our social, political, and policy stakeholders in two ways: first, by projecting future patterns of value creation, especially for countries that Singapore is close partners with; second, by helping policymakers identify areas within Singapore for which more inclusive policies can be designed. For more details on Singapore's ranking and scorecard, please refer to the **Annex** on Singapore's Scorecard.

### E.U. and Germany

Germany, the highest positioned EU country in last year's EQx was bested by a superb showing from the Netherlands (4<sup>th</sup>). The Scandinavians Sweden (6<sup>th</sup>), Norway (8<sup>th</sup>), Denmark (10<sup>th</sup>) and Finland (14<sup>th</sup>), as well as post-Soviet state Estonia (12<sup>th</sup>), also overtook Europe's 'economic powerhouse' in the EQx2021. Germany, still a world leader, went down on account of elites being unable to deliver Political Value and Economic Value as they once did (ranking 13<sup>th</sup> and 19<sup>th</sup> in those Index Areas respectively). Of interest too is that besides Estonia a series of Eastern European states such as Lithuania (24<sup>th</sup>), Hungary (33<sup>rd</sup>) or Poland (35<sup>th</sup>) have reached the elite quality levels of France (23<sup>rd</sup>), Spain (27<sup>th</sup>) or Italy (36<sup>th</sup>). While there is no evidence of elite quality convergence in the EU between Southern Europeans and the rich Northerners, Eastern European states are now on a par with Southern Europeans. Should Eastern European states leverage the phase of moderate growth ahead predicted by the EQx to energetically transform elite business models, the East will be the area converging with the North first.

### U.S. and U.K. elites

Despite challenges such as Brexit and voter polarization, both the United Kingdom and the United States of America have elite systems driven by value creation. An important reason is that the British and American elites are, within their own political economies, among the least powerful in the world. The EQx Power Sub-Index rewards the absence of power with the top positions (3<sup>rd</sup> and 1<sup>st</sup> respectively) a rank which point to diverse and complex economies supported by strong political institutions. Remarkably, however, in the EQx Value Sub-Index both British and American elites do well but do not excel, meaning that they manage to rent seek more (ranking 12<sup>th</sup> and 18<sup>th</sup>) than what their institutional arrangements, and checks and balances would warrant. The question moving forward: could the institutions of these Anglo-Saxon nations be reshaped by extractive elite business models?

### The BRICs

China's rank (26<sup>th</sup>) is the outlier with an EQx score as high as that of advanced nations and nearly three times the wealth per capita. In a post-COVID economy, the value creation of its elites will power China's growth and that of the world's, for at least a decade if not more. Next in the BRICs ranking, are Russia (65<sup>th</sup>), Brazil (85<sup>th</sup>), South Africa (99<sup>th</sup>) and India (118<sup>th</sup>). The question that arises

follows: what can the elites of these countries do to increase the inclusiveness of their business models?

#### African nations

The EQx2021 results predict sustainable long-term growth in over 70% of African countries examined. Many African countries now enjoy elite quality that is proportionally higher than their GDP per capita (in purchasing power parity terms). When the EQx team at the University of St. Gallen ran the fitted value regressions, it identified countries poised to grow significantly this decade on account of their comparatively high elite quality: Rwanda (52<sup>nd</sup>), Benin (58<sup>th</sup>), Kenya (66<sup>th</sup>), Ghana (63<sup>rd</sup>) and Uganda (75<sup>th</sup>). Global investors would be well advised to commit to these countries and to Africa, but not indiscriminately. South Africa has an elite quality (again at 99<sup>th</sup>) which commensurates with its income per capita and unless its extractive elite business models reform, the continental powerhouse will stagnate as might the nations of Sudan, Equatorial Guinea, and Angola.

The Elite Quality Index can be found [here](#), and you can follow it on [Facebook](#), [LinkedIn](#), and [Twitter](#).

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### **Singapore Management University**

The official EQx2021 partner for Singapore is Singapore Management University (SMU). SMU works together with University of St. Gallen (HSG) researchers and the Foundation of Value Creation to analyse Singapore's contributions to the global Elite Quality project. The project aims to promote inclusive policy-making, long-term economic and human development and elite business model transformation. Established in 2000, SMU is recognised for its disciplinary and multi-disciplinary research that address issues of global relevance, impacting business, government and society. Its distinctive education, incorporating innovative experiential learning, aims to nurture global citizens, entrepreneurs and change agents. With more than 11,000 students, SMU offers bachelors, masters and PhD degree programmes in Accountancy, Business, Economics, Computing, Law and Social Sciences, and executive development and continuing education programmes. Through its city campus, SMU focuses on making meaningful impact on Singapore and beyond through its partnerships with industry, policy makers and academic institutions.

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### **Foundation for Value Creation**

The Foundation for Value Creation is a Swiss-based not-for-profit organization committed to improving the state of value creation in nations and organizations. The foundation works with academics, policy makers, business leaders and citizens – from all generations and backgrounds – to develop ideas and derive actions that lead to higher levels of elite quality and governance. The foundation's current flagship project, the Index of Elite Quality (EQx), aims to shape central debates on elite quality and help build valuable future prospects.

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### **University of St. Gallen (HSG)**

Founded in 1898, the University of St. Gallen (HSG) is Switzerland's leading business university, and consistently ranks among the top European business schools. In 2020, it ranked seventh in the Financial Times European Business School Ranking and in 2020, its Strategy and International Management (SIM-HSG) programme was No. 1 in the world among master's programs for the tenth consecutive year.

The University, which offers bachelor's, master's and Ph.D. degrees, also is internationally recognized for the excellence of its integrative education on the highest academic level through EQUIS, AACSB and AMBA accreditation. Its focus on international, integrative and practical programmes in business administration, economics, law, social sciences and international affairs, attracts a diverse and a motivated student body of 8,900 students from 83 countries. A public university of the Canton of St. Gallen, HSG also offers comprehensive, world-class, executive-education programmes for more than 6,000 participants annually.

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