



**ELITE QUALITY
INDEX**
EQx2023

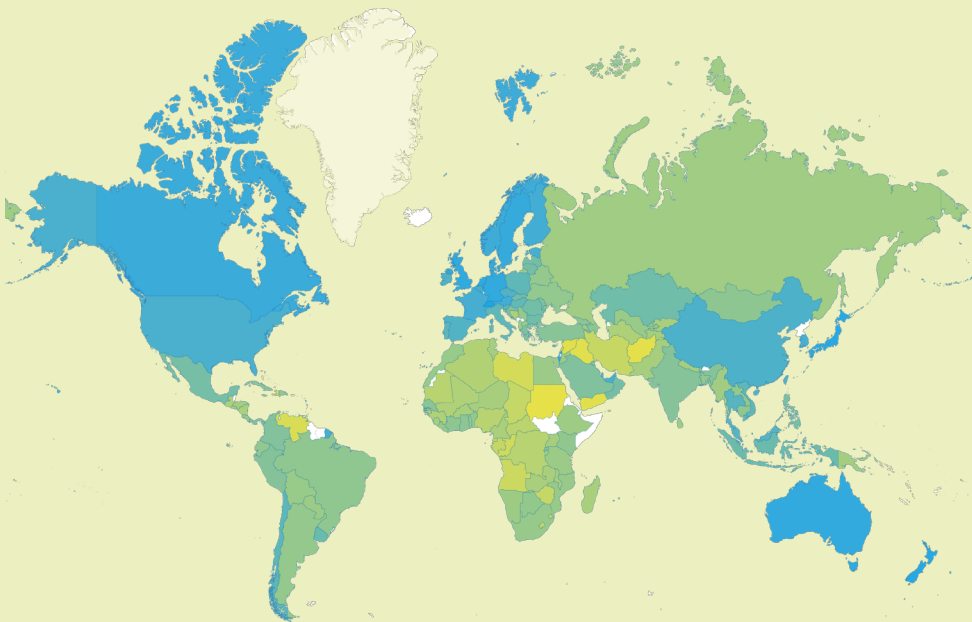
This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2023

The NextGen Value Creation Barometer 2023: Why Sustainable Value Creation for young and future generations matters in a time of polycrisis

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1.2 The NextGen Value Creation Barometer 2023: Why Sustainable Value Creation for young and future generations matters in a time of polycrisis

While the current world population stands at just above 8 billion, around 11 billion people are projected to inhabit our planet by the end of this century (UN DESA, 2022). What awaits Earth’s new citizens? As a collaboration between the St.Gallen Symposium and the Foundation for Value Creation, the NextGen Value Creation Barometer focuses on those dimensions of the EQx which measure Value Creation not only for current, but particularly for young and future generations. In doing so, we build on the idea of a generational contract. This contract realizes our responsibility to be “good ancestors” (Krznicaric, 2020), by “meet(ing) the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987).

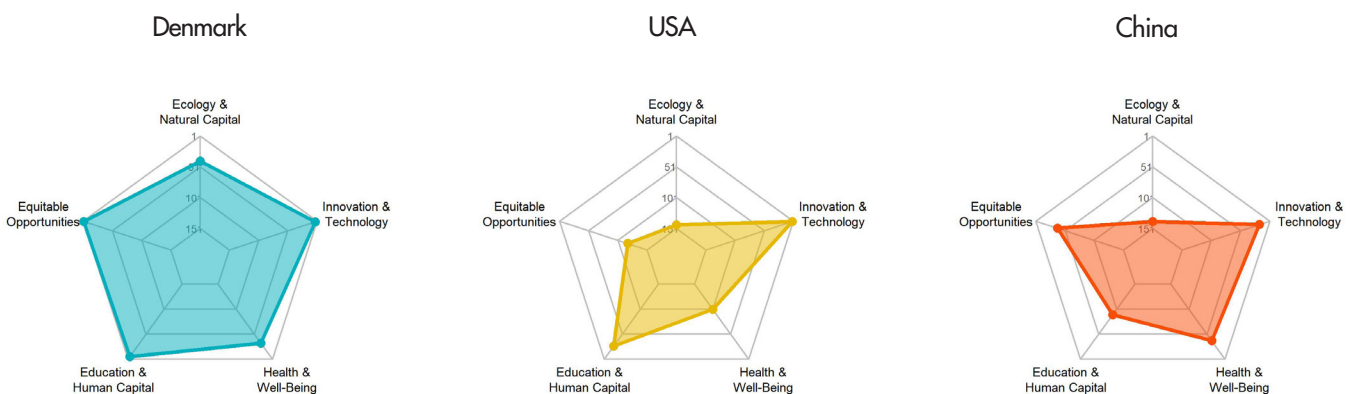
Today, living up to this idea is more relevant—but also more challenging—than ever. The world is now facing a ‘polycrisis’: The Russian invasion of Ukraine and other violent conflicts are causing immense suffering and are widening geopolitical divisions. The war has also infected an economy still struggling to recover from the COVID-19 pandemic—causing energy shortages, soaring inflation, and supply chain disruptions. The robustness of the financial system to the pressures all of this is causing remains an open question. Tremendous uncertainty requires immediate action to alleviate needs and crisis management through learning by doing.

At the same time, the current crisis overlaps with an acceleration of long-term developments that will define the world future generations will inherit. Labor shortages, floods and droughts are just a few of the effects already visible today. Technological, demographic and climate change all require profound responses and significant future-oriented investments across business, government and society.

This need to simultaneously deal with immediate crises and pursue long-term transformations is a defining feature of our time. So far, we have rarely been able to bring both perspectives together. For too long, a focus on immediate challenges and needs has trumped our concern for longer-term developments. Value Creation is resisted by vested interests—of elites in particular—in the here and now rather than in the long-term. We urgently need, far more than has previously been the case, management and decision-making to consider multiple timescales simultaneously (Reeves & Whitaker, 2021) and to proactively address both trade-offs and synergies between Value Creation for today and tomorrow.

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Visual 1.4: NextGen Value Creation Barometer 2023 country comparison



Note : The spiderweb axes show a country’s Rank

Five Core Categories of Value Creation for Young and Future Generations

Therefore, the NextGen Value Creation Barometer sheds an analytical light on the global state of future-oriented Value Creation. While the methodology has evolved since the pilot was launched in 2022 (see Visual 1.6 and the box on page 12), the five core categories have remained the same. These focus on those aspects of national economic models which capture Value Creation for—or Value Extraction from—young and future generations. The first category, 'Ecology and Natural Capital', focuses on the extent to which dominant elite business models deplete or preserve natural resources and ecosystems for future generations. The second category, 'Equitable Opportunities', measures the distribution of economic opportunities across generations, focusing on factors such as Social mobility (MOB, i.1), Youth unemployment (YUN, iv.12) and Government debt (DBT, iii.9). The third category, 'Education and Human Capital', stresses the importance of the present generation's Value Creation for the next, in terms of investments in and inclusive access to high-quality learning and education. The fourth category, 'Health and Well-Being', measures the quality and key outcomes of national health care systems, while the fifth category, 'Innovation and Technology', explores the capacity provided to the next generation to drive scientific discovery and develop disruptive business models.

In its concern for long-term Value Creation for young and future generations, the Barometer is a key impact project of the initiative for 'A New Generational Contract', which the St.Gallen Symposium launched together with the Club of Rome in May 2022. Over the coming years, and through cross-generational dialogues, advocacy in global policy and business fora, and tangible projects, such as the Barometer, the initiative will foster mutual learning and a deep understanding of what better futures entail while seeking equity between generations.

Key Findings of the NextGen Value Creation Barometer 2023

The findings from this year's Barometer once again underscore the importance of focusing on the most long-term dimensions of Value Creation and Extraction, the conceptual foundation of the EQx, with several noteworthy findings.

- Among the top 15 ranked countries, we find many smaller, European economies. The social democratic Scandinavian economies all score highly and substantially better than in the overall EQx 2023, with Denmark ranked # 1 in this year's Barometer.
- Rankings in the NextGen Value Creation Barometer and the overall EQx differ substantially, which underlines that the intergenerational value relationship, which the Barometer seeks to capture, is a distinct socio-economic phenomenon.
- While the United States is ranked # 21 in the EQx, it drops precipitously to # 76 in the Barometer, mainly due to one of the world's largest environmental footprints per capita, high economic inequality, and expensive, but patchy health care coverage. North African countries (e.g., Morocco, Algeria and Tunisia) all improve their scores substantially compared to the EQx, through relatively strong investments and outcomes in education and health. In turn, the deep entanglement of Gulf countries in the fossil fuel economy explains why they drop by up to 95 ranking places, as is the case for Bahrain (from # 35 to # 130).

Visual 1.5: NextGen Value Creation Barometer 2023 Global Rankings with component categories

	NextGen Value Creation Barometer Rank	Difference to EQx2023	Ecology & Natural Capital	Equitable Opportunities	Education & Human Capital	Health & Well-Being	Innovation & Technology		NextGen Value Creation Barometer Rank	Difference to EQx2023	Ecology & Natural Capital	Equitable Opportunities	Education & Human Capital	Health & Well-Being	Innovation & Technology
Denmark	1	10	42	2	6	33	4	Vietnam	80	-46	139	43	97	51	42
Israel	2	3	80	33	11	3	1	Honduras	81	25	41	55	71	78	135
Switzerland	3	-2	49	19	12	11	7	Côte d'Ivoire	82	-17	1	34	108	144	103
Sweden	4	6	40	48	1	41	2	Qatar	83	-60	149	17	111	7	41
Netherlands	5	1	95	5	10	17	9	Kenya	84	-13	56	92	93	108	58
Norway	6	7	61	31	7	15	21	Serbia	85	-3	134	98	73	76	48
United Kingdom	7	2	26	71	13	27	6	Cambodia	86	-18	17	10	143	89	107
New Zealand	8	-5	114	4	4	5	32	Kyrgyz Republic	87	31	88	63	69	83	113
Germany	9	-1	45	20	23	37	10	Syria	88	-24	89	113	70	93	76
Finland	10	4	87	75	5	31	5	Timor-Leste	89	8	33	35	72	66	149
Australia	11	-4	138	30	2	8	17	Armenia	90	12	57	127	75	84	88
Cyprus	12	17	46	68	17	9	29	Argentina	91	-12	124	140	46	70	59
Slovenia	13	23	20	39	18	52	22	Uzbekistan	92	-3	125	15	102	60	101
Belgium	14	3	110	81	3	40	11	Togo	93	-12	7	70	114	119	106
France	15	1	37	96	28	29	8	El Salvador	94	15	55	78	89	94	112
Estonia	16	2	90	42	8	62	16	Gambia, The	95	3	6	24	104	106	141
Korea, Rep.	17	2	135	8	26	16	14	Ethiopia	96	5	36	23	120	111	102
Austria	18	-3	50	77	34	34	15	India	97	-38	82	124	84	126	40
Japan	19	-15	77	62	53	2	20	Congo, Dem. Rep.	98	32	2	9	126	137	122
Spain	20	5	70	130	24	6	23	Rwanda	99	-46	39	69	133	95	84
Czech Republic	21	5	111	11	30	39	34	Niger	100	13	15	1	113	131	140
Slovak Republic	22	20	25	49	39	54	43	Belarus	101	-25	118	58	87	99	85
Ireland	23	1	128	108	19	12	18	Burkina Faso	102	20	31	29	88	134	124
Italy	24	8	64	138	38	4	28	Kazakhstan	103	-63	141	6	82	96	69
Portugal	25	5	93	126	20	26	26	Nicaragua	104	-17	21	56	112	92	132
Croatia	26	29	32	99	37	49	45	Egypt, Arab Rep.	105	-13	117	133	115	59	39
Latvia	27	18	47	52	14	115	37	Brazil	106	-37	133	147	41	85	57
Thailand	28	0	79	50	95	14	33	Gabon	107	32	16	131	121	102	75
Singapore	29	-27	131	103	79	1	13	Iran, Islamic Rep.	108	32	132	88	116	71	65
UAE	30	3	85	91	43	58	25	Malawi	109	5	14	95	110	112	115
Hungary	31	6	71	82	49	73	27	Libya	110	33	130	143	58	75	71
Tunisia	32	80	98	125	9	44	54	Bangladesh	111	-31	97	60	137	82	93
Lithuania	33	13	74	32	44	107	31	Mongolia	112	-45	136	41	54	109	123
Greece	34	17	54	149	22	18	35	Burundi	113	-5	23	21	128	124	134
Bulgaria	35	6	38	53	61	86	46	Benin	114	-37	9	47	109	136	143
Cuba	36	25	68	7	91	43	67	Liberia	115	-30	76	13	100	129	139
Senegal	37	25	19	27	86	69	78	Syrian Arab Republic	116	32	73	120	119	47	121
Chile	38	-7	112	123	33	35	44	Iraq	117	29	116	129	57	88	116
Romania	39	4	62	85	66	65	49	Oman	118	-74	150	101	62	32	66
Turkey	40	20	123	105	68	13	38	Mozambique	119	-35	12	107	124	141	100
Moldova	41	8	78	22	40	113	64	South Africa	120	-37	129	145	48	132	56
Jamaica	42	46	28	119	35	46	98	Guatemala	121	4	104	59	106	120	119
Costa Rica	43	35	67	146	15	23	81	Venezuela, RB	122	23	24	139	149	42	110
Malaysia	44	-17	137	61	76	24	30	Nigeria	123	9	65	44	132	146	94
Mauritius	45	11	94	80	42	79	52	Zambia	124	-7	11	144	103	105	117
Colombia	46	8	86	117	52	36	50	Guinea	125	2	4	46	148	140	118
Canada	47	-35	147	84	21	22	24	Pakistan	126	-15	99	109	131	103	92
Panama	48	2	34	115	80	19	87	Uganda	127	-12	29	65	142	118	128
Bolivia	49	38	69	102	16	100	91	Lao PDR	128	-53	106	37	141	87	131
Algeria	50	78	121	87	50	21	82	Yemen, Rep.	129	18	27	111	118	110	133
Peru	51	6	60	90	67	45	90	Bahrain	130	-95	151	83	107	20	72
Indonesia	52	-13	115	40	81	56	47	Lebanon	131	13	126	141	127	80	62
Ecuador	53	19	84	74	63	57	77	Myanmar	132	-28	127	54	140	90	105
China	54	-32	140	38	90	38	19	Cameroon	133	-13	66	93	135	135	104
Dominican Republic	55	15	48	72	65	63	96	Lesotho	134	0	108	122	25	151	136
North Macedonia	56	35	59	97	74	48	83	Madagascar	135	-16	75	76	125	121	137
Uruguay	57	-19	113	116	31	67	63	CAF	136	-13	144	3	130	97	111
Trinidad and Tob.	58	28	107	89	60	68	55	Russian Federation	137	-34	146	66	94	122	53
United Arab Emirates	59	-39	142	79	99	30	12	Zimbabwe	138	0	10	135	117	149	114
Philippines	60	-12	101	14	98	77	70	Mali	139	-13	92	67	145	127	127
Bosnia and Herzegovina	61	63	120	64	56	53	79	Mauritania	140	-9	122	18	134	116	142
Tanzania	62	32	22	16	123	81	86	Papua New Guinea	141	-36	100	12	136	133	150
Jordan	63	33	83	128	92	25	51	Eswatini	142	-6	72	142	83	148	120
Botswana	64	10	13	137	32	130	74	Chad	143	-6	96	28	151	138	126
Ukraine	65	8	91	51	47	123	73	Afghanistan	144	6	43	36	150	145	148
Nepal	66	44	44	25	64	91	125	Guinea-Bissau	145	-16	5	134	122	139	151
Kuwait	67	-9	148	86	29	10	61	Equatorial Guinea	146	-11	52	100	138	142	146
Namibia	68	31	3	148	36	114	80	Congo, Rep.	147	-5	35	150	129	125	145
Albania	69	24	53	104	85	55	95	Haiti	148	1	63	132	144	143	138
Trinidad and Tobago	70	20	119	73	51	64	97	Central African Republic	149	-16	30	114	147	150	147
Azerbaijan	71	-5	105	57	105	72	68	Angola	150	-9	103	136	139	147	144
Dominican Rep.	72	-20	143	110	55	28	36	Sudan	151	0	102	151	146	117	130
Sierra Leone	73	43	18	112	45	128	108								
Mexico	74	-27	109	94	59	74	89								
Sri Lanka	75	25	8	121	101	50	109								
United States	76	-55	145	118	27	101	3								
Ghana	77	-14	58	106	78	104	60								
Bosnia and Herz.	78	29	51	26	96	61	129								
Paraguay	79	16	81	45	77	98	99								

- The Barometer captures inherent contradictions within the multi-dimensional concept of long-term Value Creation for young and future generations. Across almost all the wealthy, OECD economies at the top of our ranking, the creation of opportunities in terms of education, health and technology is built on highly extractive relationships with environmental ecosystems. If we consider only the ecological dimensions, there is an almost complete reshuffling of the rankings with countries from the Global South and the African continent at the top and the Gulf states, Canada, the United States, but also China and South Korea, at the very bottom. This is of extreme importance because as emerging markets develop, they should avoid following dominant models of economic growth founded on ecological depletion. Incidentally, a notable exception among the highly ranked countries in the Barometer is the United Kingdom. Its phasing out of coal, to be completed by 2025, makes the country a front-runner among industrialized countries on climate action.

- The data underscores the need for a differentiated interpretation of our results, relying on a category-by-category analysis in order to suggest specific policies while retaining a holistic understanding of long-term Value Creation.

Long-term Value Creation requires transformations of economic policies as well as business models. We observe a growing global recognition of the importance—and current lack—of intergenerational equity. This includes legal decisions such as the German Federal Constitutional Court’s ruling which instructed the federal government to implement the German Climate Protection Act in a way that balances current freedoms with the personal liberties of future generations—and has led to more ambitious policy targets. Likewise, at the UN level, the Secretary General’s ‘Our Common Agenda’ foresees the creation of a UN Envoy for Future Generations and a Summit of the Future to be held in September 2024. The NextGen Value Creation Barometer seeks to provide a conceptual and analytical framework to assess the status quo and identify areas that require action to accelerate this shift towards Sustainable Value Creation with the next generation in mind.

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Visual 1.6: NextGen Value Creation Barometer, 5 categories and 33 component Indicators

