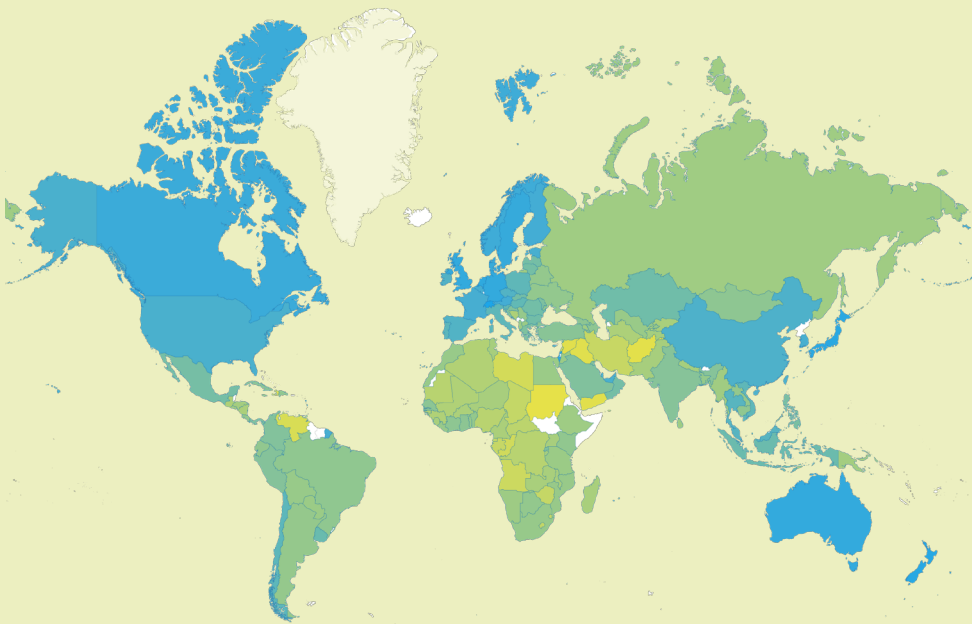**ELITE QUALITY INDEX**
EQx2023

This PDF includes a contribution from the following book:

ELITE QUALITY
REPORT 2023

Guatemala: A powerful elite with ample room to grow the pie for all rather than just a few slices for those at the top

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Guatemala: A powerful elite with ample room to grow the pie for all rather than just a few slices for those at the top

As with many low- and middle-income countries, Guatemala's scores in the EQx2023 are among the lowest (rank # 125). These results, however, should be examined carefully because the political and economic Indicators included in the EQx2023 suggest varying perspectives on how to characterize Guatemala's elite quality and the role of elites in driving inclusive and Sustainable Value Creation.

The Guatemalan elites perform slightly higher in terms of Value (rank # 113) than of Power (rank # 123). The literature on Guatemala's elites supports these findings. For instance, Guatemala's economic elites are viewed as being among the most rapacious in Latin America and the Caribbean. It is generally acknowledged that the political economy has elites that push society to maximum possible inequality levels by extracting the entire economic surplus (GIL, i.1, rank # 122). In line with the literature, the State of Elites Framework suggests that Guatemala's elites could fall into the quadrant of being 'rentier elites'. Power is then used to consolidate value extracting business models.

Although Guatemala has a dominant elite, the drivers of economic value suggest that there is room to grow the overall pie rather than just a few slices for those at the top. When looking at the results across the EQx2023 Economic Power Indicators (ii, rank # 118), a diversity of findings emerge. The level of *Billionaire's creative destruction* (BCD, ii.6, rank # 50) is high and relevant because according to the World Bank, the top 1% in Guatemala's income distribution account for 20% of the national income. On the other hand, the number of *SMEs per 1,000 people* (SME, ii.5, rank # 55) is modest. This also matters because small businesses account for 40% of the gross domestic product and 80% of all jobs in Guatemala (Minsteria de Economica, Guatemala, 2017). *Entrepreneurship* (ENT, ii.6, rank # 96) is also vital to Guatemala's economy. However, the EQx Indicator does not fully capture generalized new business development, especially the emergence of micro enterprises not designed to scale, while the Global Entrepreneurship Monitor does: this report sees Guatemala, out of 49 economies assessed annually, with the highest total early-stage entrepreneurial activity rate, indicating that three out of ten Guatemalans are starting or running a business.

With Guatemala scoring higher in the EQx2023 Economic Value indicators (iv, rank # 88), the country's elites could seize favorable market conditions to develop Sustainable Value Creation business models. According to the International Monetary Fund, Guatemala has a prudent macroeconomic policy record that enables the economy to be *Open for business* (OFB, iv.10, rank # 46) and mitigate *inflation* (DOI, iv.11, rank # 49) driven by the tightening of global financial conditions. Despite these conditions, more than two thirds of Guatemalans live below the national poverty line. A lack of economic opportunities, and high levels of crime, violence, and corruption have all been factors pushing over 200,000 Guatemalans to emigrate illegally to North America in recent years (BRN, iv.12, rank # 120).

National initiatives such as 'Guatemala Emprende' and 'Guatemala No se Detiene' could serve elites as useful platforms to redirect their traditional objectives and collaborate better with societal actors to address the longstanding impediments to sustainable business Value Creation models. To enable new business opportunities and improve the socio-economic living conditions for the majority of the Guatemalan populace, elites could play smart by working to expand the entrepreneurial base, spurring innovation across all sectors, and funneling social and human capital investments into underserved societal segments.

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Guatemala

EQx2023 Country Scorecard

Population	**17.1 million**
GDP (nominal)	**86 billion USD**
GDP per capita	**5'026 USD**

Level 1 – Index

EQx Rank / 151	EQx Score	NextGen VCB Rank	
125	**42.0**	Rank	**121**

Middle Quality Elites

Level 2 – Sub-Indices & Index Areas

EQx Sub-Indices

	Power	Value
Rank / 151	123	113
Score	34.9	45.5

EQx Index Areas

	Political Power (i)	Economic Power (ii)	Political Value (iii)	Economic Value (iv)
Rank / 151	121	118	143	88
Score	36.8	33.9	41.5	47.6

Level 3 – Pillars

Pillar	Rank / 151	Score
State Capture	131	33.2
Regulatory Capture	119	31.3
Human Capture	66	54.1
Coalition Dominance	95	46.6
Firm Dominance	94	47.4
Creative Destruction	118	23.7
Giving Income	127	39.1
Taking Income	142	39.0
Unearned Income	88	48.0
Producer Value	84	48.0
Capital Value	115	43.6
Labor Value	81	50.8

EQx2023 Average — Guatemala (radar chart)
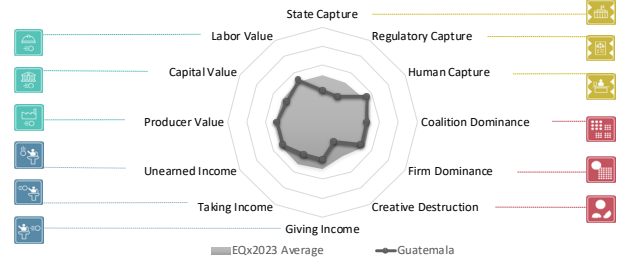
Level 4 – EQx Indicators

	Code	Indicator	Rank / 151	Score
State Capture (i.1)	COR	Political corruption	111	27.9
	COC	Control of corruption	131	24.5
	OPG	Open government	58	48.6
	RTC	Government's responsiveness to change	123	14.8
	EPR	E-Participation Index	99	34.5
	PFD	Press freedom	103	35.4
	NJK	Nr. of journalists killed per 1 million people (2yrs avg.)	72	29.4
	PDE	Political decentralization	103	31.9
	ADE	Administrative decentralization	74	46.0
	PGL	Political globalization	61	56.7
	WPI	Women's Power Index	126	26.1
	MOB	Social mobility (upward) (dev. fm optimum)	114	16.2
	INE	Top 10% share of pre-tax national income	114	28.5
	GWL	Gini coefficient on net national wealth dist. - level	81	57.3
	GWC	Gini coefficient on net national wealth dist. - 3-year growth	91	51.6
	GIL	Gini coefficient on income dist. - level	122	15.9
	GIC	Gini coefficient on income dist. - 1-year growth rate		
Regulatory Capture (i.2)	ECR	Ease of challenging regulations	114	21.4
	CGP	Constraints on government power	62	45.3
	REQ	Regulatory quality	82	43.7
	REN	Regulatory enforcement	101	30.3
	PRI	Property rights	99	35.6
	CRO	Crony capitalism		
	INO	Informal output as a % of GDP	133	14.3
Human Capture (i.3)	GSI	Global Slavery Index	55	61.9
	FDP	Forcibly displaced population as % of population	120	52.7
	HRI	Human Rights Index	105	32.9
	AFI	Academic Freedom Index	83	45.7
	GRI	Religion - Government Restriction Index	35	71.6
	LIN	LGBT+ inclusiveness	82	41.0
	WSB	Women self made billionaires		
	WBL	Women, business and the law	109	40.4
	WMA	Proportion of women in senior and middle mgmt positions (	25	71.1
Coalition Dominance (ii.4)	IEE	Top 3 industries exports as % of exports	51	60.7
	IEO	Top 1 industry exports as % of exports	9	77.0
	IVA	Top 3 industries as % of VA	61	45.6
	HHI	Domestic market diversification	101	49.6
	ECI	Economic Complexity Index	78	41.5
	PUE	Public employees as % of total employment	26	71.2
	MIL	Military expenses as % of GDP (dev. fm optimum)	120	36.7
	UNI	Unionization rate (dev. fm optimum)	59	59.1
	BSN	Barriers in service & network sectors		
	CRA	Criminal actors	125	21.3
Firm Dominance (ii.5)	SME	SMEs per 1,000 people	55	42.7
	FAM	Family business revenues as percentage of GDP		
	BIW	Billionaires' wealth as % of GDP	1	61.6
	FKG	Top 10 firms market cap as % of GDP		
	FRG	Top 3 firms revenues as % of GDP		
	FRR	Top 30 firms revenues as % of GDP		
Creative Destruction (ii.6)	ENT	Entrepreneurship	96	31.1
	GSE	Governmental support to entrepreneurship	73	32.1
	VCK	Venture capital finance	69	0.0
	VCA	Venture capital availability	64	48.6
	RND	R&D as a % of GDP	125	0.0
	EXR	Firm exit ratio		
	BCD	Billionaire's creative destruction	50	34.4
	IWE	Index of Women Entrepreneurs		
Giving Income (iii.7)	LEW	Life expectancy women	93	46.5
	LEM	Life expectancy men	96	42.4
	VAX	COVID-19 vaccination rate	44	51.5
	COM	COVID-19 mortality rate, age-adjusted	132	16.5
	COF	COVID-19 fatality rate, age-adjusted	100	51.9
	COV	COVID-19 excess deaths, age-adjusted	76	22.3
	CLS	COVID-19 lost schooldays	134	16.4
	SCI	UHC Service coverage index	82	38.1
	PTR	Pupil-teacher ratio	72	57.7

	Code	Indicator	Rank / 151	Score
Giving Income (iii.7)	EDU	School life expectancy	123	24.3
	PIS	PISA mean scores		
	UNV	Top universities		
	GEE	Government education expenditure	116	30.4
	OSI	Online Service Index	87	44.4
	NRI	Network Readiness Index	101	29.2
	INT	Internet access	95	49.3
	FSQ	Global Food Security Index - availability, quality & safety	67	44.0
	GPS	Expenditure on general public services as % of GDP (dev. fm		
	GEX	General government expenditure as % of GDP (dev. fm optim	99	18.3
	SNT	Subsidies and transfers as % of expenses	54	55.4
	REG	Regional redistribution as % of government budget	51	66.7
Taking Income (iii.8)	SUB	Death rates from substance use per 100,000 people	143	0.4
	BRD	Battle-related deaths per 100,000 people	1	54.2
	HOM	Homicide rate	127	37.0
	SUI	Suicide rate per 100,000 people	54	60.9
	DTR	Tax revenue as % of GDP (dev. fm optimum)	15	75.1
	DCT	Corporate tax rate (dev. fm optimum)	4	79.4
	DPS	Delta public vs private sector salaries	35	0.0
	FDE	Fiscal decentralization	55	32.2
	GCI	Global Cybersecurity Index	126	20.7
	GEG	Gender education gap (dev. fm optimum)		
Unearned Income (iii.9)	CRM	Criminal markets	115	28.3
	DBT	Government debt as % of GDP	15	74.0
	NRR	Natural resources rents as % of GDP	62	51.5
	GPA	Green patents	110	31.6
	EPI	Environmental Performance Index	137	21.3
	DER	Deforestation Rate	67	55.5
	FUS	Fertilizer usage kg per hectar	130	30.3
	TLP	Terrestrial land protected	58	55.5
	CDO	CO2 emissions (metric tons per capita)	49	65.5
	AIR	Air quality index	53	55.4
	HAZ	Hazardous Waste per capita	24	54.2
	WPC	Waste collected per capita		
	MWR	Municipal Waste Recycling Rate		
	FIS	Fishing consumption as % of population	20	74.2
	MET	Red meat consumption kilograms per capita	66	53.8
Producer Value (iv.10)	PAT	Nr. of patent applications per 100,000 people	97	44.1
	FBH	Financial burden of healthcare	115	30.2
	HEI	Health Efficiency Index		
	DMS	Density of medical staff	105	32.1
	FSA	Global Food Security Index - affordability	66	45.1
	FDS	Inward FDI as a % of GDP, Stock	112	42.3
	BTF	Barriers to FDI		
	OFB	Open for business	46	48.1
	EGL	Economic globalization	90	38.8
	TRF	Trade freedom	63	60.3
	IPM	Share of imports targeted by protectionist measures (flow)	48	51.1
	IPS	Share of imports targeted by protectionist measures (stock)	2	75.2
	DGI	Share of discriminatory government interventions as % of tota	99	18.7
	DGS	Share of discriminatory government interventions as % of tota	16	82.2
Capital Value (iv.11)	DOI	Inflation (dev. fm optimum)	49	57.1
	DEF	GDP deflator index growth rate (dev. fm optimum)	37	57.5
	DNI	Neutral interest rate (dev. fm optimum)		
	FMI	Financial Markets Index	107	29.0
	GFC	Gross capital formation	124	27.5
	DMA	M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum	35	53.3
	GOL	Gold demand as % of GDP		
	UNC	Unicorns per 1 million people		
	BSG	Billionaires self-made nr. per 1 million people		
	BSM	Billionaires self-made as % of total billionaires		
Labor Value (iv.12)	LPG	Labor productivity growth	96	40.8
	WLP	Delta real wage vs labor productivity increases		
	LFP	Labor force participation rate	85	48.6
	LFR	Labor force participation ratio - male vs female	131	18.7
	UEM	Unemployment rate	27	69.0
	YUN	Youth unemployment rate	23	73.1
	BRN	Human flight and brain drain	120	28.6

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