



National Competitiveness Commission  
*"Enhancing Zimbabwe's Global Competitiveness"*

WORLD  
ECONOMIC  
FORUM

**THE NEXUS BETWEEN  
ECONOMIC FREEDOM AND  
BUSINESS COMPETITIVENESS**

## Introduction

The degree of Economic freedom<sup>1</sup> in a country is important in the creation of an environment that support entrepreneurial development, and promotion of industry growth and competitiveness, which is necessary for economic growth. Most countries especially in Africa, including Zimbabwe, have low economic freedom rankings as per the Heritage Foundation's Index<sup>2</sup>.

The World Economic forum defines competitiveness as “the set of institutions, policies and factors that determine the level of productivity of a nation. The Heritage Foundation's Index of Economic Freedom assesses the political-economic institutional aspect of an economy, which is therefore key in determining the competitiveness. Economic freedom indexes are motivated by the observation that economies that are more free market-based tend to be more competitive and experience greater levels of investment, more rapid growth and higher average incomes.



---

<sup>1</sup> Economic freedom refers to the fundamental right of every economic agent to control his or her own labor and property.

<sup>2</sup> The Heritage Foundation's Index is categorized into Free (100-80), Moderately Free (79,9-70), Mostly Unfree (59,9-50), Repressed (49,9-0).

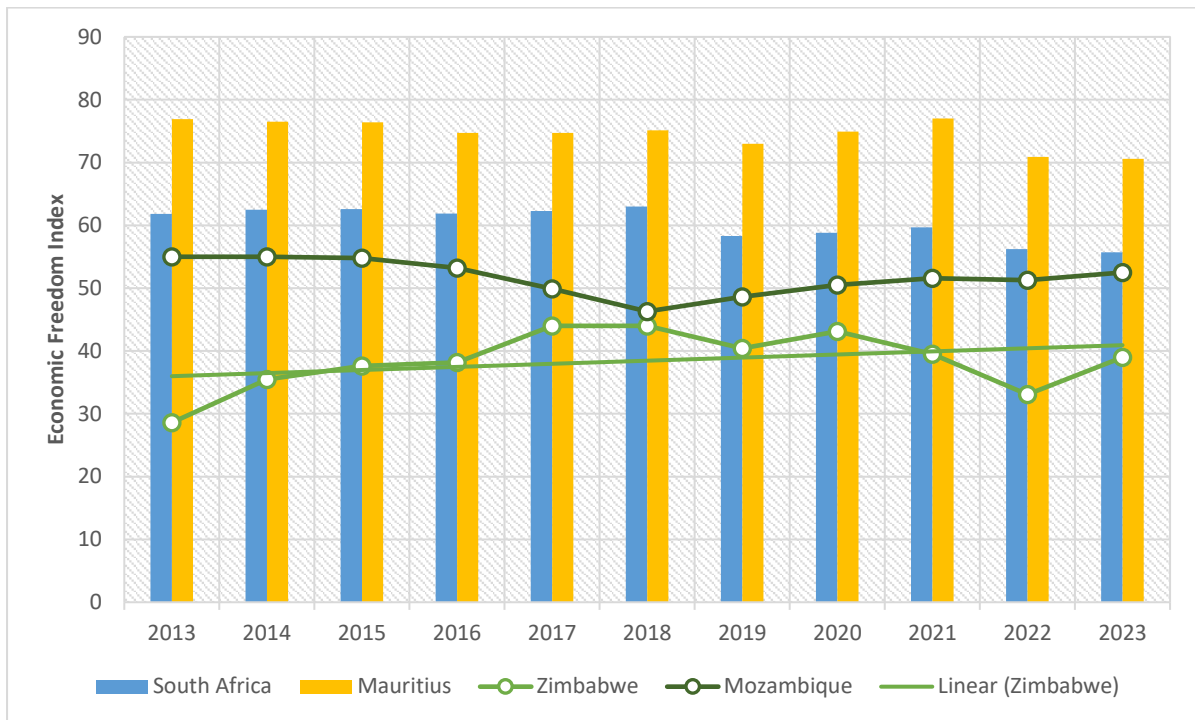
To this end, Economic freedom scores have been linked to country performances on the level of investments, business growth and competitiveness in the world. Poor Economic freedom scores correlate with low investments, business growth and poor economic competitiveness position with the opposite being true for high economic freedom scores.

## **The Nexus between Economic Freedom and Business Competitiveness in Zimbabwe**

Zimbabwe has made positive strides towards improvement on its economic freedom ranking over the past decade from 2013 to 2023. Figure 1 depicts the Economic Freedom Index for Zimbabwe against comparator countries in the SADC region.



Figure 1: Scores of Economic Freedom for Zimbabwe and Comparator Countries, 2013 - 2023

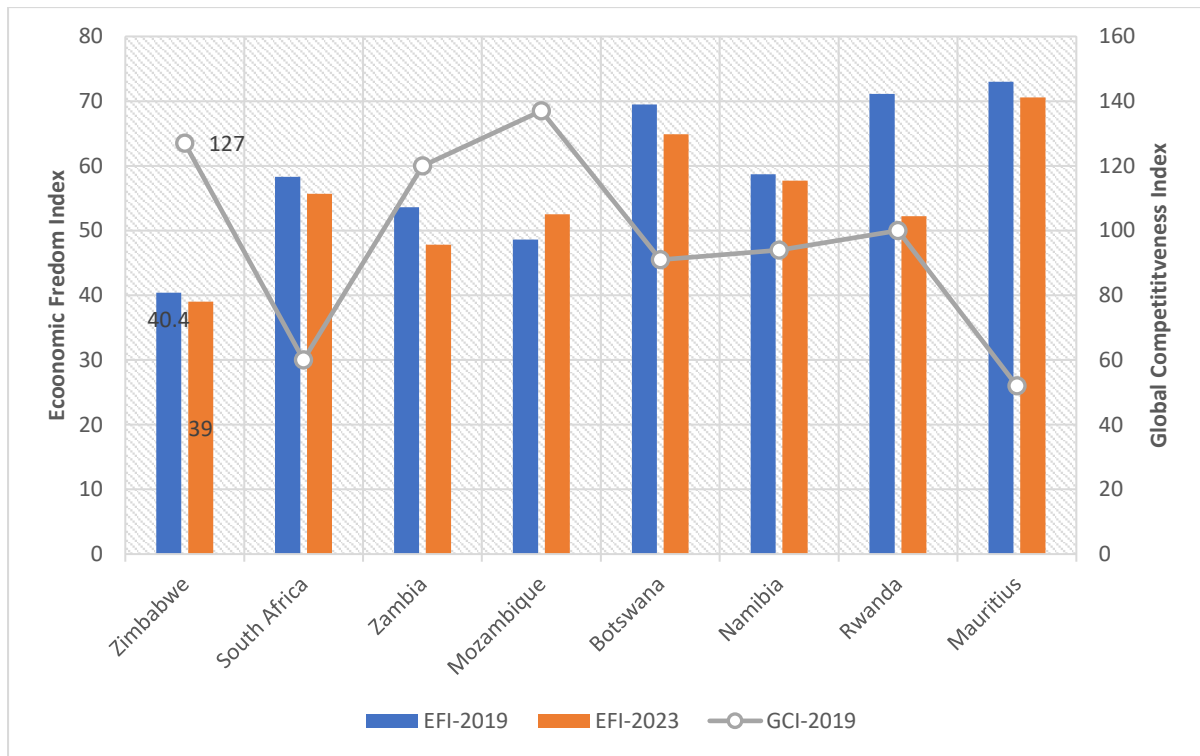


Source: The Heritage Foundation

The Economic Freedom Score for Zimbabwe was on an upward trend, rising from a minimum of 28,6 in 2013 to a maximum of 44 in 2017 and 2018, before closing at 39 in 2023. However, this positive performance was lower than all its peers in the SADC region. For instance, Mozambique is slightly above Zimbabwe and is in the repressed category while Mauritius is the best performer and in the moderately free category with a maximum of 77 in 2021 and a minimum of 70,6 in 2023.

Figure 2 below shows the relationship between economic freedom scores and the world economic forum global competitiveness index for Zimbabwe with comparator countries in 2019 and 2023.

Figure 2: Scores of Economic Freedom and Global Competitiveness Ranks for Zimbabwe and Comparator Countries: 2019 & 2023



Source: The Heritage Foundation and World Economic Forum

Low economic freedom scores are associated with a poor global competitiveness rank. Zimbabwe had the lowest economic freedom score of 40,4 and a poor global competitiveness rank of 127 in 2019. The economic freedom score for Zimbabwe further worsened to 39 in 2023, which is a major cause of concern. Mauritius had the highest economic freedom score of 73 and a competitiveness global rank of 52 in the same year. However, the economic freedom scores of all the other comparator countries also worsened from 2019 to 2023, which makes the problem to be a regional issue.

## Conclusion

The positive correlation that exists between economic freedom and global competitiveness makes it important for the Government of Zimbabwe to promote economic freedom to enhance business competitiveness and boost economic growth towards the attainment of an upper middle-income economy in line with the national Vision 2030.





National Competitiveness Commission  
*"Enhancing Zimbabwe's Global Competitiveness"*

Published By:

National Competitiveness Commission  
1 Adylinn Road, Agriculture House,  
Corner Malborough Drive & Adylinn Road,  
Malborough, Harare.

Tel: (+263) 242 313 230

Email: [info@ncc.co.zw](mailto:info@ncc.co.zw)

Website: [ncc-zim.co.zw](http://ncc-zim.co.zw)

**FOLLOW US!**



National Competitiveness Commission