PwC’s Business Climate Heatmap: From National Assessment to International Benchmarking

PwC has developed a structured approach to assessing the attractiveness of countries for business and investment. In the Netherlands, this approach is reflected in the PwC Business Climate Heatmap, which evaluates the strengths and weaknesses of the Dutch business environment across a broad range of economic, institutional and social indicators. PwC has also developed an international version of this approach, although it is important to distinguish between the Dutch Business Climate Heatmap and PwC’s international benchmarking exercises.

The international PwC framework is known as the **EMEA Private Business Attractiveness Index**. Unlike the Dutch heatmap, it is primarily designed as a cross-country comparison rather than as a detailed longitudinal assessment of one national business climate. The index covers countries and jurisdictions across Europe, the Middle East and Africa. It therefore provides an international benchmark, but it should not be described as a genuinely global business-climate map.

The methodology is based on a large number of objective indicators. In its current form, PwC assesses 33 EMEA jurisdictions using 64 indicators derived from 32 different sources. These indicators are grouped into nine broad categories. They cover areas such as macroeconomic conditions, the business environment, taxation and regulation, environmental and social factors, public health, education and skills, technology and infrastructure, and the startup ecosystem.

This methodology reflects an important insight: business attractiveness cannot be adequately measured by looking only at GDP growth, corporate taxation or labour costs. Companies make investment decisions within a much broader institutional environment. Access to skilled workers, the quality of infrastructure, technological capabilities, regulatory predictability, public health, entrepreneurship and the availability of capital can all influence the attractiveness of a country.

PwC's methodology therefore attempts to transform these different dimensions into a comparable framework. Raw data are collected for each indicator and countries are ranked or scored relative to one another. The individual indicators are subsequently aggregated into category scores. Weights are applied to the different components before the results are combined into an overall score. Countries can then be classified into broader groups such as *Emerging, Developing, Advancing* and *Leading*.

The strength of such an approach lies in its multidimensional character. A country may, for example, have relatively high labour costs but compensate for this through excellent infrastructure, a highly educated workforce and strong institutions. Conversely, a country with low taxes may still be unattractive if companies face severe regulatory uncertainty, poor infrastructure or a shortage of skilled labour. A heatmap makes these trade-offs more visible than a single economic indicator would.

There is nevertheless an important methodological distinction between the Dutch and international approaches. The Dutch Business Climate Heatmap is particularly useful for examining how the Dutch business environment develops over time. It can reveal whether the country's competitive position is strengthening or deteriorating and which structural factors are responsible. The EMEA index, by contrast, is primarily a comparative instrument. Its main purpose is to establish how attractive one jurisdiction is relative to other jurisdictions.

This distinction matters when interpreting the results. A country can improve its own performance while simultaneously becoming less competitive internationally if other countries improve faster. Conversely, a country's relative ranking may deteriorate even when some of its absolute economic indicators remain strong. International competitiveness is therefore fundamentally a relative concept.

The PwC framework also illustrates why the concept of a "business climate" should be treated as a composite rather than a single variable. Business climate is the result of interactions between economic performance, government policy, institutions, human capital, infrastructure, technology and social conditions. The usefulness of a heatmap lies precisely in making these different dimensions visible at the same time.

However, the methodology also raises questions about weighting and aggregation. Any composite index inevitably involves methodological choices. The selection of indicators determines what is measured, while the weighting determines how much importance is assigned to each dimension. Two countries can therefore receive similar overall scores while having fundamentally different strengths and weaknesses. An overall ranking should consequently not be interpreted without examining the underlying indicators.

Another limitation concerns the geographic scope of the international PwC index. The EMEA framework is extensive, but it is not a worldwide business-climate map. It does not provide a single PwC methodology covering all major economies in Europe, North America, Asia-Pacific and Latin America. For genuinely global comparisons, other international indices may therefore be required.

This does not diminish the value of the PwC approach. On the contrary, the methodology provides a useful foundation for understanding business attractiveness as a multidimensional phenomenon. Its greatest value may lie not in the overall ranking, but in the underlying profile of each country: where it performs well, where it is losing competitiveness and which structural conditions require improvement.

For the Netherlands, this perspective is particularly relevant. A country can retain substantial structural advantages — such as a highly educated population, strong international connectivity and sophisticated infrastructure — while simultaneously experiencing deterioration in other components of its business climate. The central policy question is therefore not simply whether the Netherlands remains an attractive place to do business, but whether it is improving or deteriorating relative to the countries competing for the same companies, investment, talent and entrepreneurial activity.

PwC's Business Climate Heatmap and its EMEA Private Business Attractiveness Index provide tools for addressing precisely that question. Together, they demonstrate the value of moving beyond isolated economic indicators towards a systematic, multidimensional assessment of national competitiveness. At the same time, their different purposes show why careful attention must be paid to methodology, geographical scope, indicator selection and weighting before conclusions are drawn from an international business-climate ranking.