

QUALITY OF LIVING SURVEY SHOWS A SECOND TIER OF DEVELOPING CITIES LOOKING TO ATTRACT MULTINATIONAL COMPANIES



Many cities rely on workers from overseas companies as much as native ones and it is common for multinational companies to relocate employees, with many paying a mobility premium to compensate them. The problem is that if the new city has poor living conditions and other factors that could be detrimental to the employee's quality of life, these companies have to pay a hefty hardship allowance. Mercer's Quality of Living Survey rates cities worldwide to advise companies on the cost of these hardship allowances and the final rankings can be crucial for the final decision and the chance of developing cities attracting these foreign workers.

The most recent report shows some interesting trends and rankings across the continents.

Starting at the lower end of the scale, with the Middle Eastern and African entrants, we find Dubai ranking the highest for the region, 73rd, and Cape Town as low as 90th. Higher up the list are some of the top Asian cities, with a clear leaning towards Japanese destinations and Singapore ranked the highest at 25th; this is followed by a number of Northern American cities, again with an interesting focus on Canada rather than the USA; and finally Europe comes out on top. European cities are the highest ranked for quality of life, with Vienna 1st, Zurich 2nd and Munich 4th, but it also worth noting that Auckland, New Zealand, slips into 3rd place and Sydney is 10th.

Many 'second-tier' cities are making improvements to attract multinational companies and their relocated workers.

While these rankings show the best and worst cities in a nice clear list to help foreign companies with their premiums, it also uncovers a 'second-tier' of cities that are clearly trying to improve and become more desirable to the foreign travellers that may be relocated there. These improvements can be anything from a general improvement in quality of life, through better housing and facilities for foreign workers and investors, to improved safety, economic security or infrastructure.

Key examples of emerging cities that are working to increase their appeal to foreign workers are Durban in South Africa, Cheonan in South Korea, Wroclaw in Poland and Manaus in Brazil. Manaus currently rates pretty poorly down at 125th but it is improving greatly thanks to the creation of the Free Economic Zone and an improved industrial centre, which is already attracting a number of foreign companies. Wroclaw is growing significantly and has the added benefit of being named European Capital of Culture for 2016 - a move that will increase foreign travel from regular tourists as well as employees. In South Korea, there are many improving cities but Cheonan stands out for its proximity to a number of top multinational, technological companies. Finally, Durban has earned its place above Cape Town because of the growth of manufacturing industries and its port.

The problems faced by low-ranking cities that are struggling to rise up.

Not all cities can make the grade and there are a number that rank poorly in this survey due to the

conditions that foreign workers would face and the large hardship allowances that would have to be paid to them by their employers. While Europe fairs pretty well on the whole, the Middle East and Africa are much further down the scale because of the comparative lack of safety and quality of living, the ongoing political and civil unrest and the poor resources and infrastructure. In Asia and the America's there are clearer signs of improvement in certain countries, such as Brazil and South Korea; however, the persistent pollution problems in China are sure to put off many foreign companies and the high crime rates and economic inequality of South American cities are big hurdles to overcome.

The cities with the best quality of life are currently on top but many more are catching up.

It is easy to over-simplify a list of cities names such as this, to say that the better a city's quality of life, the more likely a company will happily relocate employees there or to assume that Europe is so many steps ahead of Asia and South America. What this survey actually shows is that attracting foreign workers and appealing to multinational companies is a high priority for numerous cities, including some like Manaus and Cheonan that would not normally be considered, and there is a whole other 'second tier' looking to join these European capitals at the top.

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