IMPACT OF THE INTERNATIONAL SECTOR ON GENEVA AND THE LAKE GENEVA REGION

THE OBSERVATORY OF THE FONDATION POUR GENÈVE
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Fondation pour Genève

UNIVERSITÉ DE GENÈVE

EPFL
ÉCOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE

THE GRADUATE INSTITUTE | GENEVA
INSTITUT DE HAUTES ÉTUDES INTERNATIONALES ET DU DÉVELOPPEMENT
GRADUATE INSTITUTE OF INTERNATIONAL AND DEVELOPMENT STUDIES

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A JOINT ACADEMIC STUDY CONDUCTED BY

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Summary

PREFACE

Preface

Give and take… This is one of the basic principles of the "Geneva Spirit" which has governed - and continues to govern - our city's destiny. This is one of the reasons why, in the space of a century, Geneva has become the world's biggest centre for international cooperation.

A city of refuge, a stop-over for the world's leading intellectuals, the hub of humanist thinking, this "small world-class city" has always taken an interest in the fate of mankind. Its humanitarian, diplomatic, arbitral and ethical spirit has attracted not only international governmental and non-governmental organizations but also multinational companies. A host of qualities that make Geneva a flagship city for Switzerland's influence in the world. Consequently, our canton is heavily dependent on the success of its delicate mission, on which the best part of its prosperity depends!

It is in the same spirit that the Fondation pour Genève concerns itself with the fate of "International Geneva". In the past decade our city has had to face painful issues regarding housing, mobility and security. The climate has become strained. This was all it took for some of the population and political classes to point a finger at Geneva's international residents. The most worrying rumours start to circulate. Alas, they are not limited to bar room philosophy. They are often spread by influential people who fail to weigh up the possible consequences of their actions.

Certainly, there is no need to panic! Nevertheless, the alarm bells are ringing, compelling us to take the issue seriously and tackle it head on. Is Geneva and its region still a beneficial haven for internationals, or not? Where does Geneva stand among the cities competing to attract the international organizations and multinational companies? As for the internationals, how integrated do they feel in Geneva, how do they think the Genevans feel about them?

To get to the bottom of this, only facts, figures and statistics can provide the answers. Never before has an academic study been conducted to answer these questions. By bringing in the universities of Geneva and Lausanne, the Federal Institute of Technology Lausanne (EPFL) and the Graduate Institute of International and Development Studies (IHEID), the Fondation pour Genève aims to give the most accurate picture of the situation as it stands today.

This booklet on the subject of "Impact" is the first in a series of six and offers an objective picture of the situation. Its findings scientifically prove the overwhelming importance of the international sector on our soil. It is up to the population and politicians to find inspiration in it, for the well-being of both the international and local residents.

This study, which was conducted over a two-year period, allows us to finally see how the fate of "International Geneva" is greater than its own: it has a major impact on that of the world itself. It's up to us to plan for the future.

Ivan Pictet
Chairman, Fondation pour Genève

FOREWORD

An original approach

The study you are holding in your hands (five more will follow) is original. Doubly so. Not only because of its methodology and results, but because of its origins and dynamics. One could even say that it's a first.

Since 1998, when Ivan Pictet became its chairman, the Fondation pour Genève has continually fought for Geneva to be influential, open to the world as a centre for international cooperation. It initiates studies, formulates strategic proposals to maintain this "small world-class city's" position as a front runner among international cities. The Fondation participates in various think tanks that are backed by the federal, cantonal and municipal authorities and is involved in a number of projects to promote the Lake Geneva region's global competency centres. Finally, it acts as a mouthpiece for the stakeholders in the international sector.

As time goes by, its chairman, Ivan Pictet, and his team have seen how tough the battle is to maintain the long-standing tradition of a city that plays a leading role when it comes to international decision making.

In the 1990s it became obvious that the world was changing. Geneva, the indisputable headquarters for international organizations, could no longer rely solely on its international fame and reputation for "good offices". Other capitals were jostling to offer theirs, although they lacked the same experience. So, the Fondation pour Genève pulled out all the stops to reinforce the Lake Geneva region's international position, improve relations between the international and local communities, help the international community to integrate and to develop ideas that favour dialogue and an exchange of ideas.

This fight, carried out in conjunction with the authorities, was successful. After the WTO opened its headquarters, many other organizations and a variety of multinationals followed suit, establishing themselves in Geneva. At one point it looked as if we had won. The crisis, which was beginning to emerge, was to change the sentiment, as well as several other phenomena that began to impact the "city at the end of the lake".

In recent years Geneva, like the rest of the lakeside region, has been facing visible problems related to a lack of housing, increased road congestion and a rising cost of living. The opening of the bilateral negotiations in 2002, which made it easier for foreigners to find employment on our soil, has also contributed to making city life more complicated.

Such circumstances could only harm relations between the local and international communities. Unsettled by the economic crisis and the rise in unemployment, a certain number of Genevans, joined by a few politicians, have harshly criticized the internationals and regularly denounce their privileges. As for the latter, the Fondation pour Genève is well placed to note a new feeling of unease among them. When the Fondation approached them for a financial contribution to its efforts, it received many signs, accounts and complaints from them, expressing their growing sensation of being despised.

So, we find ourselves faced with an unusual paradox: while many internationals are truly integrated in Geneva - having lived here for many years - they are increasingly poorly perceived by a fringe of the local population. Even worse, while this same fringe is worried about Geneva's economic future, they are blind to the considerable economic contributions made by the international organizations and multinational companies, here in Geneva. It is euphemistic to say that there is a sense of unease developing between the two populations.

Too many numbers from multiple sources, too many subjective and partisan viewpoints have fuelled rumours on the subject. Ivan Pictet decided that only a scientific academic study would be able to provide an objective account of the everyday reality of the internationals in our region and their economic and sociological impact.

The Fondation pour Genève's proposal was simple: to entrust the Lake Geneva region's academia with the task of measuring - with the rigour required for this kind of work - the impact of the so-called international sector on the Lake Geneva region. This "impact" would have to be measured from every angle using an interdisciplinary approach. The idea immediately took off. It appealed as much to the academics as to the Fondation pour Genève's benefactors. Without further delay, a working group was formed with representatives from several disciplines and from four different institutions: professors Yves Flückiger (University of Geneva), Jacques Lévy (EPFL), Délia Nilles (University of Lausanne) and Cédric Dupont (IHEID). It was their job to refine the scope of the mandate and put together a team of researchers to carry out the initial research. A year later the first findings emerged. They were presented at a press conference in November 2012 and are the subject of this first booklet.

Serge Bimpage
Journalist

OBJECTIVES AND METHODOLOGY

Before presenting the bulk of this first Cahier dedicated to the international sector's impact on Geneva and the Lake Geneva region, one should look again at the study's originality, review its objectives and provide a clearer outline of its scope.

Originality

Firstly, this study is original because it is a joint research project carried out by four of the Lake Geneva region's universities. It is indeed a first in this field, and will continue during the next stages of this study.

This study is also original inasmuch as it is multidisciplinary. Jacques Lévy lectures in geography and town planning at the EPFL. Cédric Dupont lectures in political science at the Geneva Institute (IHEID). Délia Nilles is an economist at the University of Lausanne (UNIL) and works in particularly on macroeconomic analyses of the benefits from International Geneva and Yves Flückiger is a micro-economist at the University of Geneva (UNIGE). This truly multidisciplinary approach will enable us to study International Geneva from different angles and perspectives.

Thirdly, this study combines data which is already available (but approached differently since a distinction is drawn between multinational and national companies) with data gathered from extensive surveys carried out in the international organizations and INGOs. These questionnaires allow us to make some very original analyses on a number of aspects on which the official statistics are unable to shed light.

Finally, this study envisages a time frame punctuated by several press conferences, approximately twice a year:

1. The next will present the analysis of the results of the individual questionnaires from the IGOs and the multinational companies in order to take a fresh look at these international workers and their profiles but also their needs in terms of housing, education, healthcare and mobility.
2. The second press conference will be focused on the international sector and the region in order to examine the issues and challenges regarding mobility and housing.
3. The third will focus on the notion of 'clusters', concentrating on the type and density of links between International Geneva's different protagonists.
4. A fourth conference will focus not only on how the international sector is seen by the population but also on the impact this sector has on local businesses as a whole, with a survey of Geneva's small and medium-sized enterprises.
5. The last press conference will focus on the future: a prospective analysis which will bring to light the elements and challenges facing International Geneva's development.

Main objectives of the study

- To carry out a study of the economic impact of the international sector on the canton of Geneva and more generally on the Lake Geneva region.
- To provide the political decision-makers and economic stakeholders with scientifically sound analysis that may be used to inform policies and strategies.
- To offer recommendations for a strategy to develop the international sector in the Lake Geneva region.

Definitions and scope of the study

If the term "International Geneva" is often used in public debates and political discussions, it should be noted that the definition of this term varies a great deal from one study to another - which is undoubtedly one of the main reasons for the misunderstandings on this subject. For some, International Geneva is limited to just the international governmental and non-governmental organizations. For others, it also encompasses the foreign multinational companies and still others include the Swiss multinationals. Given these semantic discrepancies, it is hardly surprising to note that the figures published differ, especially as the very definition of "multinational" is not obvious and can itself be up for debate. The analysis is carried out on three levels. Firstly, there is the international sector. As this is at the heart of the demands on the cantonal or regional economy, it is consequently the source of the impact study. The next level concerns areas and sectors where these effects will be felt. They benefit from the international sector's presence but, as the case may be, they can also prove restrictive for its establishment or development. In this respect they can influence the attractiveness of the region. Finally, there is the region under scrutiny. All three areas are detailed below.

1. Definition of the International Sector

To clearly identify the scope of the analysis, one must first define what is meant by "international sector". This definition is all the more important as it helps to better comprehend the results which may appear contradictory but are simply due to semantic inconsistencies.

Moreover, it is imperative that the definition of the international sector used here be based on clear criteria and devoid of any ambiguity. The international sector referred to in our impact study includes all multinational corporations, international governmental and non-governmental organizations located in the canton of Geneva. Before looking at what this includes, the categories should be defined.

Although there is no straightforward, precise and commonly accepted definition for a multinational corporation (MNC), in statistical terms, it is considered to be a corporation or group of companies (herein referred to as "multinational company") with operations - which it controls completely or in part - in several countries (at least three) and whose management and administration are centralized. Holding companies, investment companies and finance companies are not included because of their organizational structures. The use of this definition for so-called multinational companies has the advantage of being used by the Cantonal Office of Statistics (OCSTAT) for the production of its own statistics. Accordingly, it was possible to use the data collected by this office for our study. We also had access to the multinational companies list used by OCSTAT. This definition makes no distinction with regard to the establishment's origin. It therefore includes both the Swiss multinational companies with headquarters in Switzerland and the multinationals which are headquartered elsewhere in the world. Given that the official statistics do not make this distinction, albeit an interesting one in certain cases, recourse to specific surveys may prove essential to complete the analysis of this sector.

Intergovernmental organizations (IGOs), also known as international governmental organizations, result from an intergovernmental agreement between at least three sovereign states. Intergovernmental organizations are regularly constituted, sustainable institutions which bring together representatives of the member states to fulfil functions of international interest.

International non-governmental organizations (INGOs) are non-profit organizations, they operate internationally and are independent from governments. Government delegates can be members of INGOs as long as their presence does not interfere with the organization in question and does not hinder its freedom of expression.

To these three main stakeholders in the international sector, we have added the permanent missions which are constituted by a group of people representing their country in the UN system or other organizations based in Geneva.

In our definition of the international sector, we do not include companies which are only involved in export activities, however large they may be. If such an approach were to be adopted, it would become exceedingly difficult, if not impossible - also because of a lack of pertinent data - to distinguish between the companies belonging to the international sector and those that are strictly linked to the domestic market. Moreover, in view of the openness of the canton's economy and most of the local companies, such a definition would place all companies in the international sector. This does not mean that these very extroverted companies, which do not meet the above mentioned criteria, are excluded from the analysis. They are included in the study through the multiplier effects generated by the multinational companies' activities within the local economic fabric, notably through their purchase of goods and services.

In the light of these remarks, the following companies are included in the international sector:
- all international governmental and intergovernmental organizations with a headquarters or tax agreement with Switzerland;
- the so-called international non-governmental organizations;
- permanent missions to the UNOG, the WTO and the Conference on Disarmament;
- the consulates;
- Swiss and foreign multinational companies with subsidiaries in at least three other countries. While this definition is to be used as the main thread throughout the analysis, we will expand on it further, especially when we treat the social, cultural and political questions. We shall also point out systematically throughout the study - especially in this booklet - any deviation from the main definition, when it would seem appropriate to provide the reader with additional insight.

2. Definition of the sectors and areas of impact.

Having defined what we mean by "international sector", we need to delimit the different fields or sectors which are significantly affected by the presence of these companies, notably with respect to the direct or indirect demands that they generate. The absence of some sectors (e.g. agriculture) in the following list does not mean than they are not affected by the presence of these companies as, through the multiplier effects, all economic sectors are concerned, one way or another, by the international sector. This absence only points to the fact that the effects are marginal or not significant enough to have part of this study devoted to them.

The study is therefore focused on the sectors or fields identified in the mandate on which the presence of the international sector has an impact in terms of both the volume and composition of the demand. The aim of this sectoral analysis will not only be to measure the international sector's impact on the demand within these sectors/fields, but also to isolate the possible bottlenecks or constraining factors which could affect the attractiveness of Geneva. This sectoral approach will complete the macroeconomic study of the international sector's economic and fiscal contribution, the initial results of which are presented in this booklet. The sectors or fields which have been, or will be, included in our research are the following:

- Urban environment and especially infrastructure
- Housing
- Healthcare
- Education
- Vocational training
- Environment
- 'Living together'
- Geneva and the Lake Geneva region's position (brand, know-how, influence, international renown).

3. Geographic scope

From a territorial point of view our study focuses on international sector companies and organizations located in the canton of Geneva. This limitation is essential not only in order to have access to official statistics that are collected according to this geographical division but also to limit the scope of the study.

Once again, this does not mean that the impact analysis will be limited to the cantonal territory alone. Firstly, because the impact analysis will cover the whole of the Lake Geneva region, including the French border areas. Moreover, where possible, we shall try to distinguish between the effects on Geneva, the canton of Vaud and the French border areas. Finally, because the analysis of some of the latter areas, particularly with regard to Geneva's position on the international scene, will require an extension of our study to the Lake Geneva region as a whole, or even Switzerland, in order to grasp the cluster phenomenon. This is an important factor in understanding the choices made by international sector companies when selecting a location.

With these definitions and the scope of our study put into perspective, we can quickly get to the heart of the matter, and formulate hypotheses that we shall try to prove.

Problems and assumptions

By international standards, Geneva is a 'small world-class city' confronted with both local and global problems. Furthermore, Geneva's 'globalness' is not limited to its diplomatic and UN component. We have therefore chosen to study in tandem the productive and social, local and global processes which cannot be dissociated. The urban area needs to be viewed as a whole in order to measure International Geneva's impact on it as correctly and as comprehensively as possible.

Defining Geneva's 'globalness'

Firstly, Geneva is a global city, connected to the worldwide networks. In fact, its 'globalness' cannot be summed up in an "International Geneva" reduced to multinational companies, IGOs, INGOs and diplomatic missions. It is made up of a flux of people, investments and ideas on different planes, from the leading global financial networks to the cross-border commuters. Thus, behind the simplistic expression "International Geneva" lies a protean reality.

Besides, existing data and studies do not tell us what the international sector really is - its socio-cultural composition, the length of stay of the people who make up this sector, the national origins of employees and investments - nor does it tell us how its different components (multinationals, IGOs INGOs and diplomatic missions) work together (the existence of a dozen clusters has not led to any in-depth studies) or even how it fits into Geneva's socio-economic fabric and environment. On this basis we will attempt to:

- localize the international sector precisely and systematically by coordinating its spatial dimensions with the socio-demographic characteristics of the Greater Geneva municipalities:
  - location of the multinationals, IGOs, INGOs and diplomatic missions using available data; create a comprehensive data base and a thematic map based on these data;
  - through questionnaires distributed to employees, an understanding of housing strategies, international sector employees' mobility preferences, where they educate their children, health practices, etc.
  - from questionnaires we sent to the international organizations and multinational companies, information on their recruitment and investment strategies in the Geneva metropolitan area. Based on these questionnaires and the data available from the 2010 Swiss Salary Survey, assessment of the skill level of local workers to meet the needs of the international organizations and corporations. This was done by comparing the characteristics of the staff employed with those of the local population.
  - measuring the breadth of housing and education subsidies and to evaluate their effects on the local marketplace.

- Measure the international sector's impact. If the population clearly attributes some of the congestion and overload to the presence of the international sector, it assesses poorly or not at all the economic impact and knock-on effect for the whole region. The aim is to estimate the multiplier effect of the activities of these corporations, companies and organizations, i.e. increasing the value added and creating and maintaining related jobs. The impact is sectoral, in the fields of education, health and housing in particular, but also, and perhaps even more so at a macroeconomic level. It is, moreover, linked to companies or organizations which are part of various clusters whose impact could be measured using the same analytical approach as above. Diagrammatically, three impact areas will be analysed:

- direct impact measures direct wealth creation (mainly value added and taxes) through the activities of the international corporations, companies and organizations in Geneva;
- indirect impact measures the excess added value injected into the local economy (Geneva and its region) from spending by the international corporations, companies, organizations and their employees.
- induced impact measures the ripple effect through successive spending resulting from the direct and indirect impact.

- The analysis of salary levels in multinational companies compared with other employers in the canton to determine whether there are distinct salary practices.

- Using questionnaires distributed to the employees to assess the degree of integration and satisfaction of international sector employees, while highlighting and questioning this population about the dividing lines. Using these questionnaires and data available from OCSTAT to evaluate possible deficiencies in areas like healthcare, housing, education (mainly availability of places in private schools and the overall level of satisfaction with the education system) which could be an obstacle to their settling in the canton.

- To estimate, using all available data, including the questionnaire, the evolution of the international population's needs in terms of education, housing and other infrastructure. To identify areas where investment would be required.

- To estimate, using the same approach including the costs and financing of the healthcare system, the international population's health expenditure by type of service and thus deduce the share of Geneva's healthcare system used by the international population.

- Through interviews with heads of associations, political leaders and various economic stakeholders, evaluate the Genevans' view of the foreign population.

- Based on the questionnaires and a series of in-depth interviews with a sample of these same stakeholders, assess the structures and nature of interactions within the international sector, highlighting Geneva's particularities in contrast with the rest of the world.

These different research methods suggest three hypotheses:

- The international sector's spatial dimension (accommodation, mobility, places they go to, etc.) is an essential component of the current problems that the Lake Geneva region faces and is germane to all of the sectors or fields touched upon in the study (housing, education, urban environment, 'living together'.

- The employees of the international sector cannot be viewed as a monolithic reality ("the expatriates") and the study must underscore the diverse situations of so many sub-groups.

- The international sector is made up of different interacting networks whose logic and structures vary a great deal. The aim of the study is to highlight their relative strengths and weaknesses.

Consider the urban area as a whole

Geographers and city planners have shown that urban life today bears no resemblance to the traditional model of a concentric structure with an easily identifiable centre, but is more of a sprawling centre with ill-defined boundaries.

Geneva's situation cannot therefore be understood without reference to the developments in the urban area as a whole: the centrality of the city - main headquarters for jobs and the region's productivity - must not detract from thinking of the cross-border region as a complex unit in which each part plays an active role.

Our working hypothesis, which turns the border into a productive reality rather than a dividing line, is supported by the number of foreign workers employed in Geneva. It implies:

- An in-depth study of the data available for mobility ("commuting distance" survey, transport section of the Federal Statistical Office's (FSO) structural survey, micro-census 2010, the 2011 Franco-Genevois Regional Committee(CRFG) survey of cross-border mobility).

- Rewording the initial analysis to include the outskirts of the built-up area, within and beyond the cantonal and national borders: the aim of the study must be to think of the development opportunities for the Geneva metropolis offered by the spaces, seen today as peripheral but which could be virtual hosts for alternative centres (residential attraction also for the Swiss population, an alternative location for new organizations and businesses, etc.).

We must also go beyond the dichotomy between increased productivity on the one hand and prosperity of the population and respect for the quality of life on the other: growth or wealth creation - in terms of GDP - and development - prosperity and quality of life - are not synonymous. The researchers' diagnosis requires that these two aspects be attended to simultaneously and, more importantly, be reconciled.

Databases

The impact study is based on an academic approach, not only with regard to the methods used but also with regard to the objectivity of the observations made and the proposed solutions. This objectivity is guaranteed, firstly, by the data used to carry out the research. For this, we have chosen to use, wherever possible, official statistical data for purposes of reliability and despite the drawback is that these are not always the most up-to-date. At this stage and without presuming to know the needs that could arise during the mandate, we intend to use the following databases:

- The most recent Federal population census available: this information will of course be particularly useful to identify the characteristics of the active population, according to the economic sectors being studied. We use this information as a point of reference and for comparison with personnel employed in the international sector.

- The micro-census on mobility and transport carried out in 2010, the data from which became available in 2012.

- The 2008 Federal Business Census: the data from this helps us assess the demand for labour recorded in the different sectors under review, in particular the degree of openness of the businesses and the composition of their workforces.

- The 2010 Swiss Labour Force Survey (SLFS): this survey is particularly useful because it provides annual data on a wide range of variables, making it possible to sketch a more detailed profile of the labour supply than if we just used Federal population censuses.

- The 2010 Swiss Earnings Structure Survey (SESS), better known as the Lohnstruktur-erhebung (LSE): this survey has been carried out every two years since 1994 and provides a very broad sample of the salaried population employed in the private sector. In particular, it provides us with the median salaries by sector and activity as well as wage levels by region.

- The OCSTAT survey on the salaries paid by governmental and non-governmental organizations and their expenditure breakdown according to the employees' place of residence.

Although we systematically use the most recent available data, we also take advantage of historical data in order to understand the major trends that have developed over the past few decades.

Moreover, we are aware of the limits imposed by these official sources as they do not provide us with all the information we need in the areas and sectors under review and are not necessarily the most up-to-date. Consequently, we decided to supplement this statistical information with questionnaires targeting international businesses and organizations.

This questionnaire for businesses and organizations was complemented by a second, individual questionnaire distributed to people working in international companies and organizations.

Finally specific questionnaires, addressed to companies active in one of the eight chosen sectors or fields or one-to-one interviews with management representatives of these companies or organizations ,will be carried out at a later stage in the study.

Presentation of the surveys

While the various data supplied by the official statistics enable us to answer numerous questions concerning International Geneva, they do not, however, shed light on certain important aspects of the study. This is why together the four universities involved in the project designed several questionnaires in order to carry out deeper analyses, particularly on the subjects of the companies' recruitment strategies, the attractiveness of Geneva, housing, education and mobility.

This led to the creation of three different questionnaires. The first is designed for the management teams of the various 'International Geneva' organizations and companies, the second for their employees, and the third for the canton's 'local' SMEs.

The first type of questionnaire was sent to the management level of international governmental and non-governmental organizations, to the permanent missions, multinational companies belonging to the Groupement des Entreprises Multinationales (GEM) and to the banks that are members of the Geneva Financial Center Foundation. Although there are slight differences in these questionnaires in order to meet the specificities of each kind of establishment, they all tackle the following themes with the objectives outlined below:

- general information on the establishment;
- value added and employment: evaluating investment and recruitment strategies;
- housing: assessing the extent of subsidies for staff accommodation;
- urban environment and living together: evaluating staff policies to encourage integration;
- healthcare: assessing the extent of subsidies for staff health insurance;
- education: evaluating the extent of subsidies for the education of their staff's children;
- Geneva's attractiveness: evaluating the attractiveness of Geneva as well as the structures and coherence between International Geneva's different components.

Distributed in 2012, the different questionnaires were returned with a total of 112 fully completed as at December 31st 2012.

Questionnaire addressed to management	Complete responses	Potential (~)	Response rate (~)
Permanent missions	9	215	4%
International government organizations	21	46	45%
International non-governmental organizations	46	310	15%
Banks	18	127	14%
Multinational members of the GEM	18	77 (total multinationals without the banks)	23% (2%)
Total	112	775 (1498)	14% (7%)

The second type of questionnaire targets the staff employed by the International Geneva organizations and corporations, of which there are four variations: one for the staff of the international organizations (governmental and non-governmental) and the permanent missions, one specifically designed for those working at CERN who do not figure on the organization's staff list but who are in Geneva for periods that vary between a few weeks and several years, one for bank employees, and one for the staff of multinational companies. Once again, although modified to meet the specificities of the different establishments, these questionnaires touch on the following themes with the objectives listed below:

- general information about the employee: building up a profile of International Geneva employees (nationality, family situation, profession, etc.);
- housing: defining the type of accommodation occupied (rented or not, size, rent bracket, etc.);
- healthcare: evaluating Geneva's healthcare system and how it is used;
- education: evaluating Geneva's educational system and how it is used;
- mobility and environment: evaluating transportation habits;
- living together: evaluating the integration of employees in Geneva.

Distributed in 2012, 3,918 fully completed questionnaires had been returned by December 31st 2012.

Questionnaire addressed to staff	**Complete responses**	**Potential (~)**	**Response rate (~)**
International organizations and permanent missions	1693	28'000	6%
Users of CERN	325	-	-
Banks	1008	19'000	5%
Multinational members of the GEM	892	Total staff of multinationals without the banks: 58'000	(1,5%)
Total	3918	(105'000)	(3,7%)

The last questionnaire was addressed to "local" companies and SMEs in the canton of Geneva, i.e. companies not having a multinational status. The purpose is to evaluate the impact of the international organizations and multinational companies on their business.

Distributed at the end of 2012, by December 31st 2012 335 fully completed replies to this short questionnaire had been returned.

Questionnaire addressed to management	Complete responses	Potential (~)	Response (~)
Businesses and 'local' SMEs	335	(List of members of the CCIG 1987)	(17 %)

These questionnaires were managed online using the questionnaire tool "LimeSurvey". The first type of questionnaire, for management, was sent to the relevant people, accompanied by a letter from the Swiss Permanent Mission to the United Nations for the international organizations and the permanent missions and a letter from GEM and the Fondation pour Genève for the multinational companies (GEM members), and by a letter from the Geneva Financial Center Foundation and the Fondation pour Genève for the banks.

The questionnaires addressed to the NGOs were sent directly through the Geneva State Chancery's NGO service. As for the employee surveys, the management of the organizations concerned were asked to circulate the link to the appropriate questionnaire to their staff.

The thoroughness of these questionnaires and the large number of replies received will allow for very detailed analyses. These will be shared at the next press conference.

FIRST RESULTS OF THE STUDY AND INTERVIEWS WITH THE RESEARCHERS

The question put to the scientists was to find out if the palpable tension surrounding traffic, housing and violence was likely to undermine local policy toward multinational companies and the international governmental and non-governmental organizations.

The goal was therefore to assess the consequences of Geneva's persistent attractiveness, notably in terms of infrastructure, employment, demand for services linked to the presence of the international sector and cantonal, municipal and regional public policies.

By studying the possible clusters (synergies) which bring together, within the Geneva region, the multinational companies, local businesses and international governmental or non-governmental organizations, this analysis should allow us to highlight the assets which the region should leverage in order to maintain its position. But there is also the question of congestion which, over time, could become an obstacle to the development of the international sector.

The first part of the study focused on mapping out the populations living in the Geneva region by examining the demographic growth in the municipalities (communes).

REGIONAL CONTEXT: GENEVA AS A "SMALL WORLD-CLASS CITY"

As the setting for the study, it is appropriate to start by addressing the area, the geography and the territory as actors in their own right.

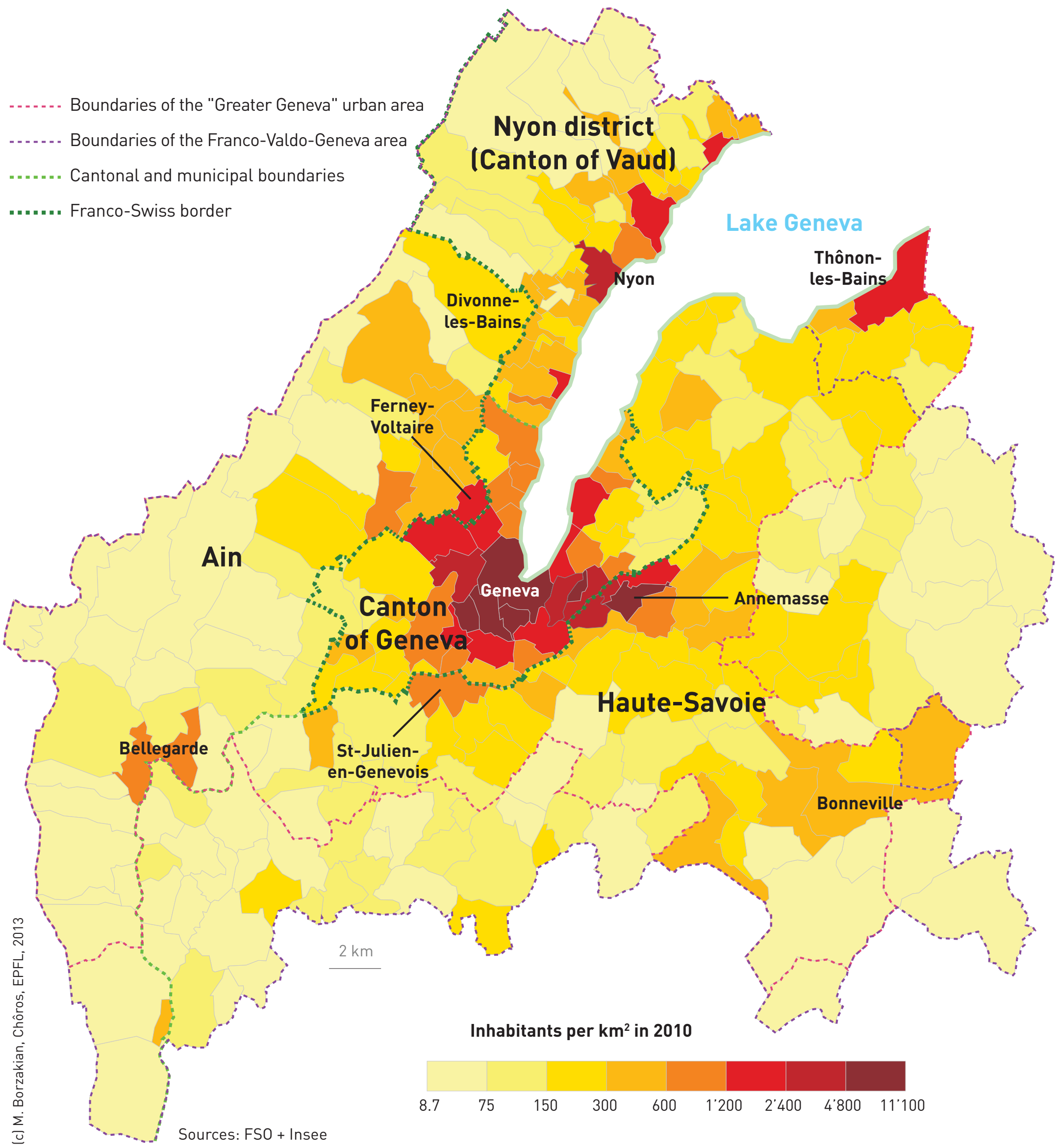
1. A sprawling, cross-border metropolitan area

Let us start with fairly simple facts, but ones that should be recalled because the scale of the debate can be forgotten by remaining at the Geneva or Swiss level. The Geneva metropolitan area (not just one city and not only "Greater Geneva") is an area which includes other centres like Lausanne. It is a cross-border area which, if we wanted to take a serious look at it, would require the availability of data relating to the canton of Vaud and neighbouring France which, unfortunately, is not always possible.

Therefore, from the point of view of data, we have started with the easiest: demography, taking a look at the area in question and including, in particular, a large part of the French departments of Haute-Savoie and Ain. The analysis of the demographic data, collected from the federal censuses of the population, shows strong demographic growth, supported by net international migration in the centre and overspill of the surplus into the outskirts (Nyon and France). The overall growth of jobs also attracts an increasing number of cross-border workers recruited from further away.

Nevertheless, as real as this expansion may be, its scale is limited: we are dealing with an area that is spread out, with a relatively sparse population, as shown on the map below. The density of the municipality of Geneva is below the European average and, above all, the density recorded for the whole built-up area is lower still, approximately 300 inhabitants/km^2, which is not much for an urban area.

The whole built-up area, including the French part, has fewer than 1 million inhabitants, more than 1 million if one includes the canton of Vaud. This territory is interesting because, in some respects, it can be considered larger than the French-speaking area of Switzerland. If we take into account the outer limits of the metropolis (by including Lausanne and its suburbs), it is even larger than Zurich, Switzerland's biggest metropolitan area.

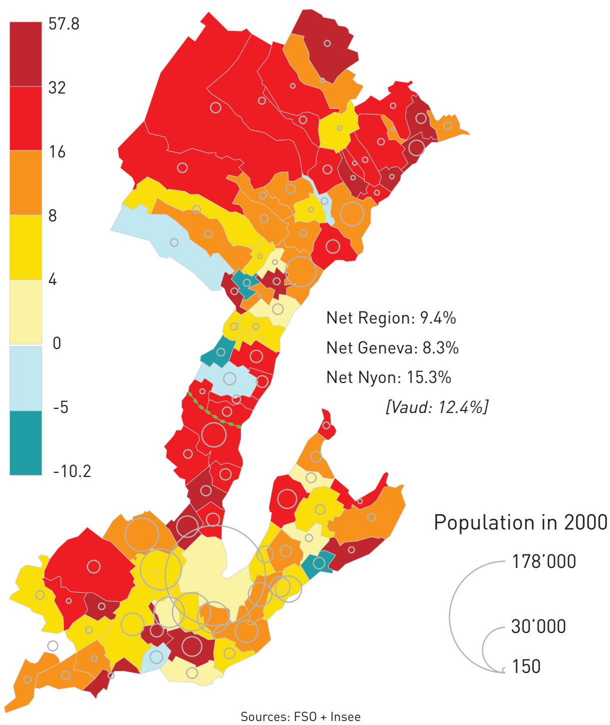

Boundaries of the "Greater Geneva" urban area
Boundaries of the Franco-Valdo-Geneva area
Cantonal and municipal boundaries
Franco-Swiss border
Nyon district
(Canton of Vaud)
Lake Geneva
Thônon-
les-Bains
Nyon
Divonne-
les-Bains
Ferney-
Voltaire
Ain
Canton
of Geneva
Geneva
Annemasse
Haute-Savoie
Bellegarde
St-Julien-
en-Genevois
Bonneville
2 km
Inhabitants per km² in 2010
8.7
75
150
300
600
1'200
2'400
4'800
11'100
Sources: FSO + Insee

2. Attraction, overspill

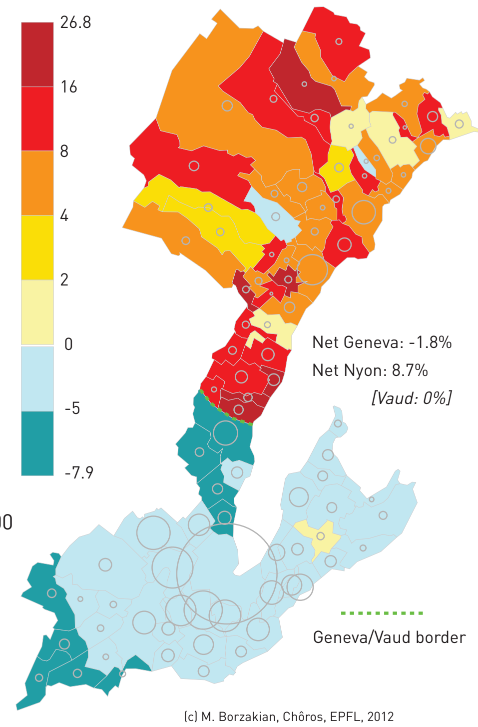
The difference between the Swiss and non-Swiss parts affects salaries and the cost of land, and creates an almost mechanical flux which is a very strong characteristic of this area. Typical of the fluxes generated is a double movement of attraction and rejection, like a pressure and suction pump.

As the first map below shows (indicating net migration by municipality, i.e. the number of inhabitants settling in the municipality minus those who left during the period under review), the canton is quite attractive for migrants in general. However, the second map reveals a movement of overspill towards the canton of Vaud (and into neighbouring France, not represented on the map due to a lack of comparable data). The phenomenon is even more marked when net international migration is considered: the centre of Geneva is attractive to migrants but it cannot keep them and finally drives them out of the canton, also into neighbouring France. This movement affects both foreigners and Swiss citizens: it is a known fact that one third of cross-border workers from France are Swiss. This situation is caused by the housing shortage in particular. The construction of dwellings in Geneva obviously does not meet the demand, particularly because the agricultural zoning makes building close to the centre impossible which reinforces the 'pressure pump' action, pushing the population further out.

Net migration



Intercantonal net migration



3. An original form of cosmopolitanism...

The figure below, on cosmopolitanism, presents a typology of the municipalities based on the census of foreign residents: the graph accompanying the map shows the logic behind this typology and the national segmentation that was calculated beforehand. It can be seen that for the French-speaking part of Switzerland, Geneva is unique because of its very large array of nationalities, notably linked to Geneva's diplomatic community. We have a very broad range - quite rare on a global scale - which is no doubt one of Geneva's strengths. However, it remains to be seen how we can make full use of this asset.

Seven classes, three municipality groupings:

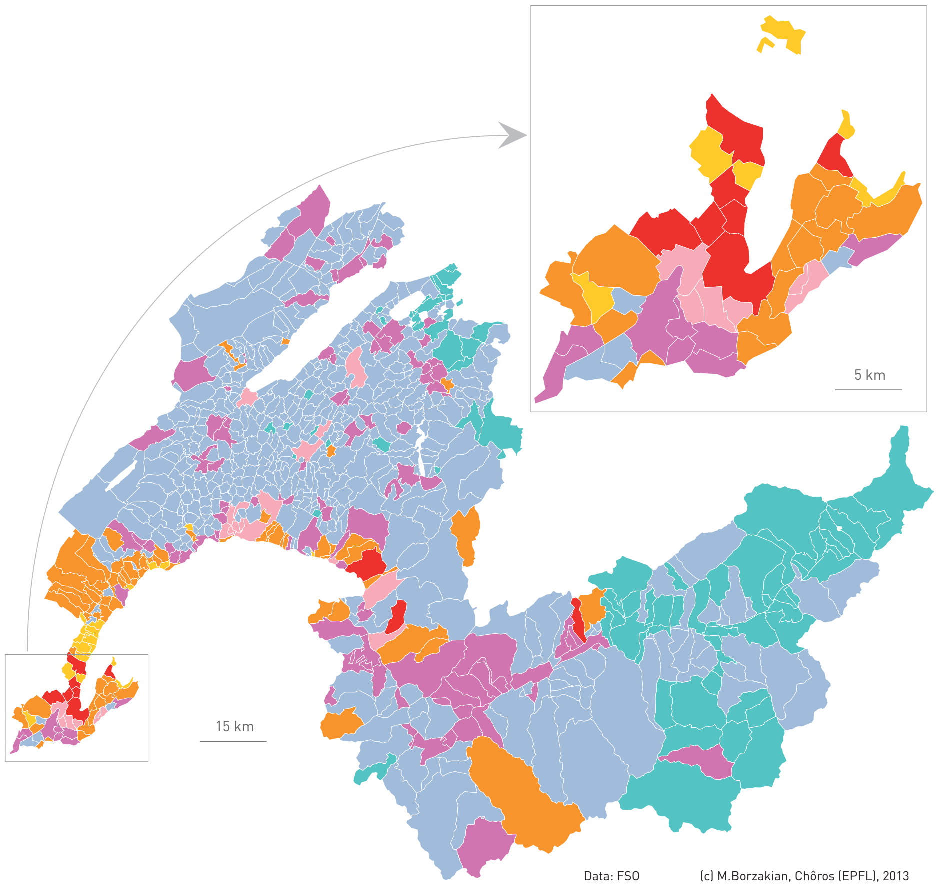
1) Globalization of economic elite (classes 1.1.1 to 1.2):
clear over-representation of foreign population with domination of 'rare' nationalities (Russia, Japan) and rich-country nationals (USA, UK, etc.).

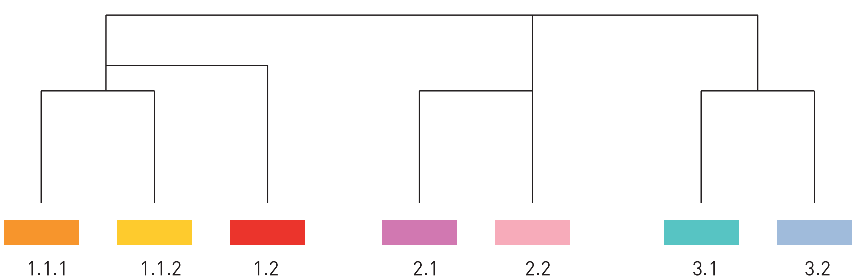
The 1.2 class is the most distinct, the 1.1.1 is closer to the third group.

2) Economic immigration (2.1 and 2.2):
clear over-representation of foreign population, especially in the 'secondary labour' sectors: Portugal, ex-Yugoslavia, African countries, etc.

The 2.2 class has the most marked profile

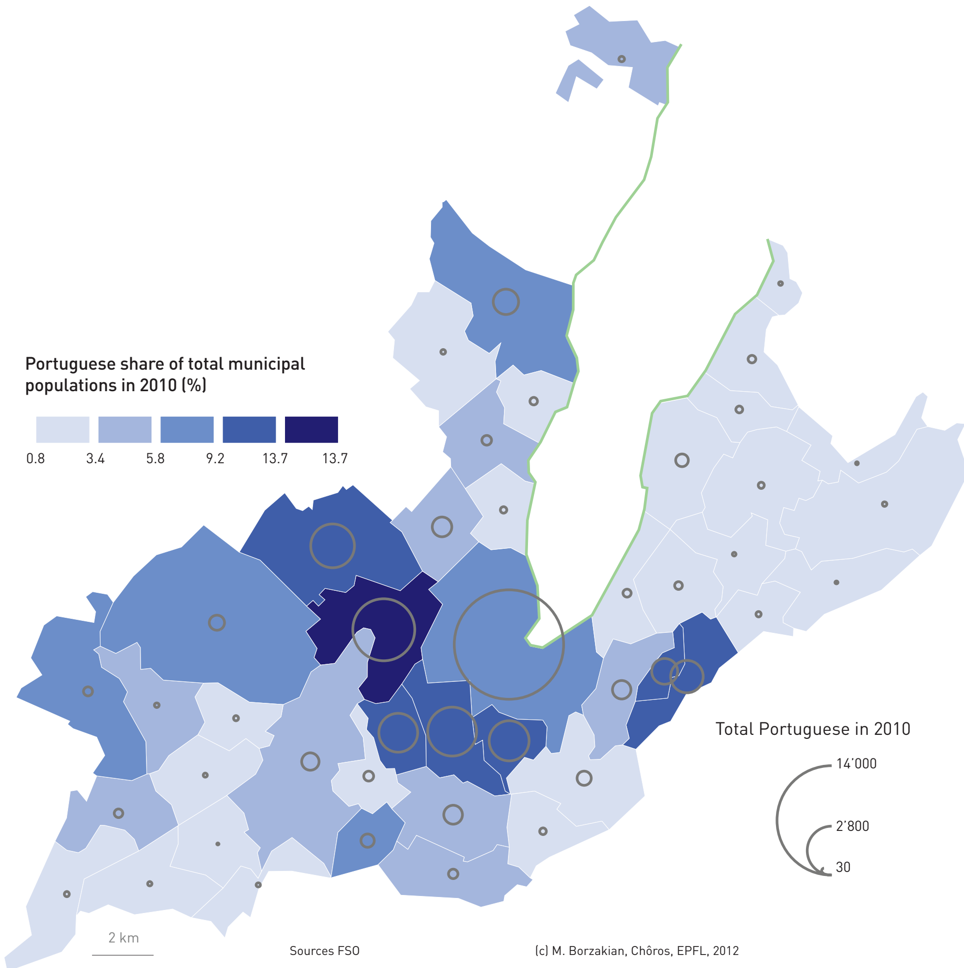
3) Switzerland 'Swiss' (3.1 and 3.2):
smaller representation of foreigners, with predominance of German-speakers for type 3.1.

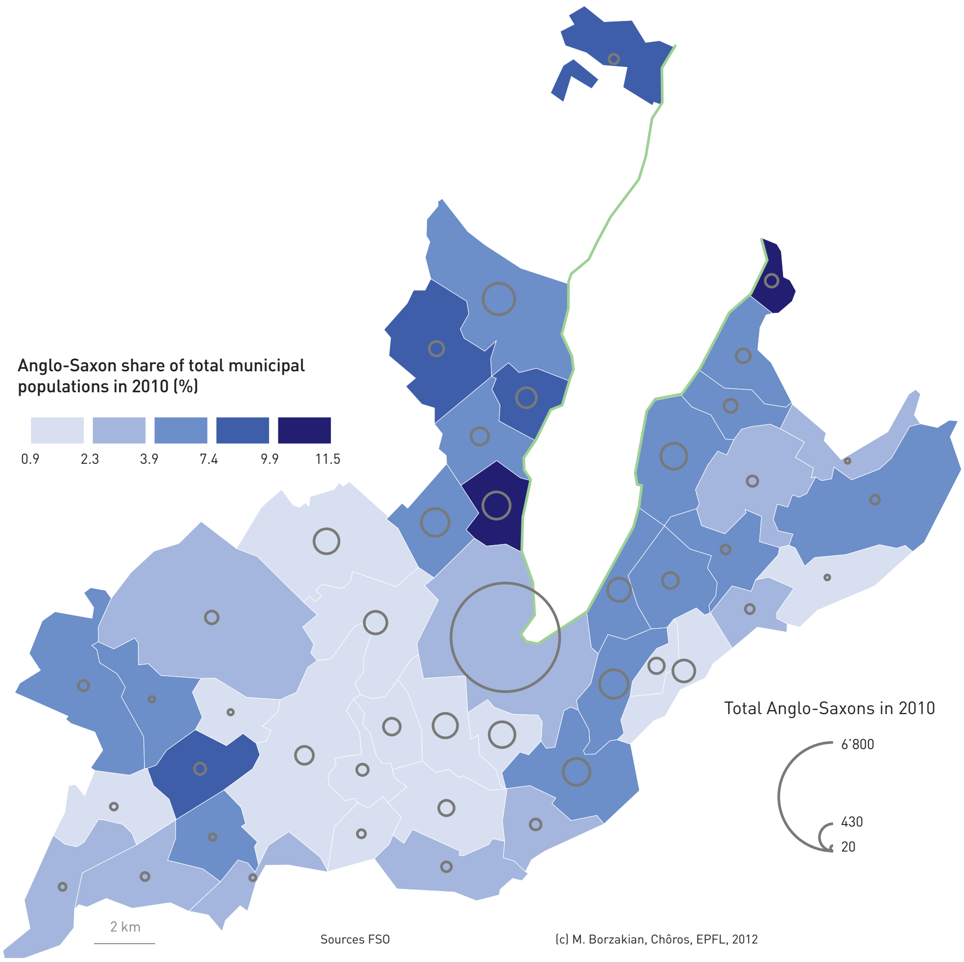




4. ... but difficult to master.

It is not obvious because at the same time Geneva's cosmopolitanism is poorly managed: yes, the different populations of various origins do live together but they interact very little with each other. The data need to be refined, but the residential location indicator comparing two particularly recognizable groups from a geographical point of view - the Portuguese and Anglo-Saxons - (see map below), show that these two communities do not inhabit the same Geneva. As could be expected, there is a purely socio-economic dimension to this: the Anglo-Saxons are on average better off, producing on one side a more bourgeois map and on the other a more popular one.





However, in an international and cosmopolitan city, this is particularly significant. The fact that there are geographic distinctions according to group of origin can raise problems. The case of the anglophone expatriates is often mentioned. They are concentrated in the same places, more often with a tendency towards economic capital rather than cultural capital, less interested in urban life than others who, with equal incomes, would have a greater cultural capital. This category of Anglo-Saxons corresponds to well-off company executives who are not concerned by the relocation cost and tend to live in middle-class areas, renting or purchasing houses, but relatively uninterested in the centre. If we were to caricature the problem, in short, each group would organize its bit of the city, living separately from the others.

5. *An all-purpose world-class city*

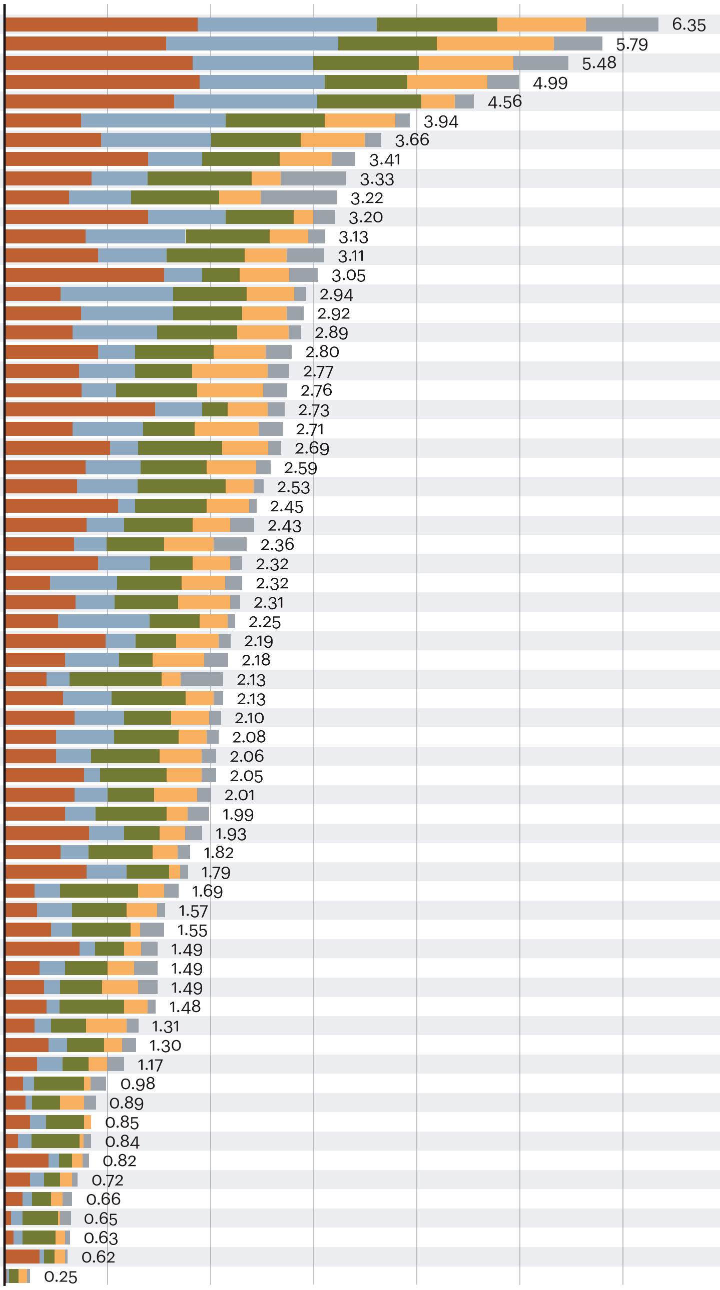
The last point came to light in the recent list published by the international consultants A.T. Kearney. This “Global Cities Index” is interesting because it is a composite index which takes into account not just the GDP and economic indicators. The cities are ranked according to five indicators expressing their worldwide interest but without being limited to the presence of multinational company headquarters or the concentration of business services, two criteria often used by economists but which are simplistic ones.

A.T. Kearney Global Cities Index, 2012

Ranking

Values calculated on a 0 to 10 scale

2012	2010	2008		
1	1	1	New York	6.35
2	2	2	London	5.79
3	4	3	Paris	5.48
4	3	4	Tokyo	4.99
5	5	5	Hong Kong	4.56
6	7	6	Los Angeles	3.94
7	6	8	Chicago	3.66
8	10	9	Seoul	3.41
9	11	13	Brussels	3.33
10	13	11	Washington, D.C.	3.22
11	8	7	Singapore	3.20
12	9	16	Sydney	3.13
13	18	18	Vienna	3.11
14	15	12	Beijing	3.05
15	19	29	Boston	2.94
16	14	10	Toronto	2.92
17	12	15	San Francisco	2.89
18	17	14	Madrid	2.80
19	25	19	Moscow	2.77
20	16	17	Berlin	2.76
21	21	20	Shanghai	2.73
22	22	33	Buenos Aires	2.71
23	20	21	Frankfurt	2.69
24	26	NA	Barcelona	2.59
25	24	26	Zurich	2.53
26	29	23	Amsterdam	2.45
27	23	24	Stockholm	2.43
28	28	30	Rome	2.36
29	27	27	Dubai	2.32
30	31	NA	Montreal	2.32
31	33	35	Munich	2.31
32	NA	NA	Melbourne	2.25
33	35	31	São Paulo	2.19
34	30	25	Mexico City	2.18
35	32	NA	Geneva	2.13
36	34	32	Miami	2.13
37	41	28	Istanbul	2.10
38	38	NA	Houston	2.08
39	40	37	Atlanta	2.06
40	39	34	Taipei	2.05
41	42	39	Milan	2.01
42	37	36	Copenhagen	1.99
43	36	22	Bangkok	1.93
44	44	44	Dublin	1.82
45	46	49	Mumbai	1.79
46	50	42	Tel Aviv	1.69
47	47	45	Osaka	1.57
48	45	41	New Delhi	1.55
49	48	40	Kuala Lumpur	1.49
50	43	38	Cairo	1.49
51	51	46	Manila	1.49
52	52	50	Johannesburg	1.48
53	49	47	Rio de Janeiro	1.31
54	53	48	Jakarta	1.30
55	54	43	Bogota	1.17
56	56	NA	Nairobi	0.98
57	55	51	Caracas	0.89
58	58	58	Bangalore	0.85
59	59	53	Lagos	0.84
60	57	52	Guangzhou	0.82
61	61	55	Ho Chi Minh City	0.72
62	60	57	Karachi	0.66
63	64	56	Dhaka	0.65
64	63	60	Kolkata	0.63
65	62	54	Shenzhen	0.62
66	65	59	Chongqing	0.25



Business activity (30%)
Human capital (30%)
Information exchange (15%)
Cultural experience (15%)
Political engagement (10%)

Source: 2012 Global Cities Index and Emerging Market Outlook study by A.T. Kearney and The Chicago Council on Global Affairs

New York, London, Paris and Tokyo come out on top. Geneva finds itself in 35th place and is by far the smallest of all these cities. One sees that all the cities in the top part of the chart have relatively balanced profiles, with a mixture of business activity, information exchange, human capital, international political engagement and cultural experience, proving that a world-class city is not simply a number of clusters. The ''clusters' issue is an interesting one as it raises the question of whether International Geneva is a sector which can be isolated or a cross-sectional component of urban life as a whole. The feedback from this chart shows us that 'global' is a cross-sectional dimension. Nearly all sectors contribute to 'globalness', have something to 'sell' to the rest of the world.

It shows that, while Geneva is quite good in terms of political engagement and as an information exchange platform, it suffers from a shortage of human capital. This situation is mainly due to the relatively small number of university graduates in Switzerland and Geneva. Geneva's weaknesses appear to stem from imbalances between the components of its 'globalness' and not because the dominant sector lacks strength.

Main conclusions

1. Geneva is growing but is not about to explode and remains a small metropolis.

2. Geneva's extraordinary cosmopolitanism is fed by the strong international attraction of the city centre.

3. There is a risk of disconnection between 'top-down' globalization (socio-cultural elite) and 'bottom-up' (secondary labour).

4. From a productive point of view, Geneva's 'globalness' is integrated but tends to lead to increased segmentation of the urban area.

INTERVIEW

Manouk Borzakian: "Geneva is the smallest world-class city" *

According to your findings, Geneva is characterized by an "extraordinary cosmopolitanism"...

Geneva's population is composed of 41% foreigners compared with 24% in Switzerland and 10% in France. This is, therefore, considerable. Proportionally, even the least represented nationalities come in greater numbers than elsewhere. Above all, they come from every continent.

You mention a risk for Geneva of disconnection between "top-down" and "bottom-up" globalization.

Yes, although this point is not specifically related to Geneva. Since the 1970s there has been a new international distribution of labour: the high value-added service industry is increasingly concentrated in a few dozen metropolitan areas, attracting highly qualified western populations or, more recently, from the Global South. This concentration leads to the development of a large domestic economy recruiting its personnel notably from the Global South. This creates the following difficulty: for the city to remain a real city, the various cultures must meet and interact. You cannot have on the one side a fashionable centre attracting an international intelligentsia and on the other a secondary population, with no interaction between the two.

You are worried about the possibility of Geneva becoming gentrified...

Take a city like Liverpool. The regeneration of its dockland saw the re-appropriation of the city by a wealthy and highly cultured population, pushing the poorest people out. For the moment, we are not yet seeing this in Geneva but the data for the past ten years permit the tentative assumption that there will be an evolution towards this, with the progressive re-appropriation of the city centre by the upper classes - the upshot being that the most vulnerable populations are expelled.

Geneva is still a small metropolitan area. This does not stop you from seeing its "globalization" as a growing segmentation of the urban area.

The presence of IGOs, INGOs and PMs (Permanent Missions) is not an 'offshore' reality that functions independently. Their existence is entirely dependent on the rest. Geneva's strength therefore lies in not being specialized in the "international sector" alone. The financial centre, the multinational activities but also the city's more local ones are of crucial importance to the international community and vice versa. So there is a double danger: the one explained above where there is a disconnection between the globalized elite and the others, and Geneva's specialization being limited to one or a few economic sectors which would fly in the face of the reasoning displayed in the A. T. Kearney ranking and would constitute a significant long-term risk.

How do you think this study is useful?

It makes the Genevans face the reality of living in a city which is very small relative to its global influence. We see that they are possessed by an irrational fear of growth, a fear that could be very damaging to the future of the metropolitan area. The city's growth is not straightforward, there are difficulties... but it can also be an opportunity.

* Scientific collaborator (post grad.), Laboratoire Chôres, Swiss Institute of Science and Technology Lausanne (EPFL).

THE DIRECT IMPACT OF THE MULTINATIONAL CORPORATIONS ESTABLISHED IN THE CANTON OF GENEVA ON THE LOCAL ECONOMY

Although the aim of this section is to study foreign multinational companies, we shall present here the combined results for all the multinationals: the foreign multinationals as well as the Swiss multinationals established in the canton. Accordingly, we must first define the different types of multinational companies.

OCSTAT has provided us with large amounts of data for this study and we use their definitions. Needless to say, in order to make comparisons and draw conclusions, we require definitions, figures and data banks agreed upon by the four research groups. It should also be pointed out that the figures presented here are from 2008, and come from the Federal Business Census (figures for 2010 should be available in 2013). But this is of little consequence in this context, as we reason in terms of relative weight (e.g. weight of a sector in the same sector at the cantonal level, etc.).

1. Multinational companies

In total, there are 931 multinational companies established in the canton of Geneva of which 754 are foreign and 177 Swiss, as shown in the table below.

Multinational corporations represent a total of 76,177 jobs of which 60.5% are provided by foreign multinationals and 39.5% by Swiss multinationals.

Companies and jobs

	MULTINATIONALS				
	Total	**Foreign**		**Swiss**	
Establishments	931	754	81,0(%)	177	19,0(%)
Jobs	76'177	46'096	60,5(%)	30'081	39,5(%)

Percentage share in Geneva

	MULTINATIONALS		
	Total	**Foreign**	**Swiss**
Establishments	3.9	3,1	0,7
Jobs	27.8	16,8	11,0

With regard to Geneva's economy as a whole, the multinationals represent almost 4% of all the companies in Geneva's economy, with foreign multinationals representing 3.1% and Swiss multinationals 0.7%.

In terms of employment the impact is greater, as the multinationals represent almost 28% of the total jobs in Geneva's economy (secondary and service sectors, excluding international organizations).

2. Distribution of jobs

The table below divides the multinationals' jobs according to the main branches of economic activity. It gives a picture of the multinationals' activities.

Distribution of jobs (%)

	MULTINATIONALS		
	Total	Foreign	Swiss
Secondary sector	**14,1**	**9,9**	**20,6**
Manufacturing industries	11,9	7,9	18,1
Construction	2,2	2,0	2,5
Tertiary sector	**85,9**	**90,1**	**79,4**
Retail trade and repairs	12,1	7,0	19,9
Wholesaling (including trading)	13,3	21,0	1,6
Transport and warehousing	2,2	2,6	1,7
Accommodation and food	3,9	5,9	0,9
Information and communication	4,5	4,7	4,2
Financial and insurance activities	27,8	22,5	36,0
Real estate activities	0,5	0,3	0,7
Specialized, scientific and technical activities	13,6	17,2	8,1
Administrative services and support activities	4,4	3,3	6,1
Other branches of the tertiary sector	3,4	5,7	0,0
Total	**100,0**	**100,0**	**100,0**

This table shows that, in terms of jobs, the multinationals are mainly active in services (85.9%). The foreign multinationals more so than the Swiss (90.1% vs 79.4%).

With regard to the foreign multinationals, their jobs are mainly in three areas:

- wholesale business (21%) - this includes trading, which for the time being cannot be dealt with separately because of the difficulty involved in obtaining specific figures;
- finance and insurance (22.5%) - which also includes fund management;
- specialized scientific and technical business (17.2%) - including R&D and specialized business services like legal advice, tax advice, business management and the management of holding companies.

Accordingly, 60% of the multinationals' jobs are divided between just these three branches, the rest of the jobs being distributed between the other secondary and service industries.

However, there is a notable difference between the foreign and Swiss multinationals. On the one side, the latter are more active than the foreign multinationals in the secondary sector, mainly in the chemical industry. On the other hand, in the service industry, 36% of the Swiss multinationals' jobs are in finance and insurance (versus 22.5% for the foreign multinationals), which is also reflected in the pull of their value added.

3. The multinational companies' value added

The value added represents the increased value of products resulting from the production process. It corresponds to the difference between the production value and the value of goods and service used in production (intermediate consumption).
The following table gives the multinationals' percentage share of value added by branch within the total branch's value added for the canton of Geneva.

Share of canton's added value (%)

	MULTINATIONALS		
	Total	**Foreign**	**Swiss**
Secondary sector	**30,8**	**11,6**	**19,3**
Manufacturing industries	36,0	13,0	23,0
Construction	11,3	6,2	5,1
Tertiary sector	**40,1**	**23,7**	**16,3**
Trade	51,3	35,3	16,0
Transport and warehousing	25,6	17,6	8,0
Accommodation and food	19,4	17,6	1,8
Information and communication	39,2	24,8	14,4
Financial and insurance activities	76,7	38,3	38,4
Real estate activities	12,7	5,4	7,3
Specialized, scientific and technical activities	30,5	23,3	7,3
Administrative services and support activities	48,4	22,5	25,9
Other branches of the tertiary sector	2,5	2,5	0,0
Total	**38,4**	**21,6**	**16,9**

In all, the multinationals contribute 38.4% to the value added of Geneva's total economy: 21.6% comes from the foreign multinationals and 16.9% from the Swiss multinationals.

By branch, one again sees the above-mentioned differences between foreign and Swiss multinationals.

Foreign multinationals
- The foreign multinationals contribute little to the value added of the manufacturing industries (13%).
- The value added of foreign multinationals in trade represents 35.3% of the value added in the whole sector at the cantonal level.
- The value added in finance and insurance represents 38.3% of the value added in the whole sector at the cantonal level.

Swiss multinationals
- The value added is higher than that of the foreign multinationals in the manufacturing industries (23% vs 13%).
- The value added in trade is 16% of the value added in the same branch at the Geneva level which is lower than that of the foreign multinationals (35.3%).
- The value added in finance and insurance represents 38.4% of the value added in the same branch at the Geneva level. Accordingly, for trade as a whole, the total slice of the value added from the multinationals represents more than 50% of the value added for the whole sector at the cantonal level and, in the case of finance and insurance, it even exceeds 76%. The multinationals therefore contribute three-quarters of the financial branch's value added in Geneva, hence the importance of the multinationals not just for this sector, but also for Geneva's economy as a whole.

4. Value added by job in full-time equivalence

The following table shows the value added by job in full-time equivalence (e.g. 2 part-time jobs = 1 full-time job), which corresponds to a measurement of productivity. For the foreign multinationals, the value added by job is about CHF 200,600 and for the Swiss multinationals it is about CHF 245,500.

The differences illustrated in the table can be explained by the multinationals' different distribution by branch. We have seen that, proportionally, multinationals have a greater presence and are more active in the high value-added sectors (finance, specialized services, trade) than the businesses making up Geneva's economy as a whole. Accordingly, in total, the value added by job in full-time equivalence is higher for multinationals than for Geneva's economy as a whole. It should also be noted that for the latter, the value added by job in full-time equivalence is also higher than that of the Swiss economy as a whole.

Value added by job in full-time equivalence (CHF)

	MULTINATIONALS			ECONOMY	
	Total	**Foreign**	**Swiss**	**Genevan**	**Swiss**
Secondary sector	208'327	185'724	224'775	166'922	142'308
Tertiary sector	219'868	202'387	251'404	167'162	142'505
Total	**218'148**	**200'674**	**245'511**	**167'119**	**142'446**

5. Taxes from foreign multinational companies

Given the fact that there are no currently available figures on taxes paid by the multinationals in question (for reasons of tax privacy), we have tried to evaluate the amount of these taxes, but the assessment still needs to be honed.

- According to the first estimates, the tax revenue (profit, capital and DFT - Direct Federal Tax) from the foreign multinationals' activities represents approximately 26% of taxes from joint-stock companies and cooperatives. After taking into account the canton's share to be paid to the DFT (17%), approximately CHF 430 million are due to the canton and municipalities in the form of taxes.

- As for the individuals working in foreign multinational companies, the amount of tax revenue for the canton and municipalities is estimated to be CHF 930 million, i.e. approximately 27% of the state's income tax. This estimate is based on the foreign multinationals' wage bill, which represents approximately 24% of Geneva's total payroll expenditure.

Main conclusions for the foreign multinational companies

1. The direct value added created by the foreign multinational companies comes to a total of CHF 8.6 billion, which represents 22% of Geneva's total value added.

2. They provide 46,096 jobs, representing 17% of Geneva's total jobs.

3. The amount of taxes paid by foreign multinational companies due to the canton and municipalities is estimated at CHF 430 million, representing 26% of the total taxes on joint-stock companies and cooperatives.

4. Individuals employed by foreign multinationals pay a total of CHF 930 million, representing 27% of income tax levied by the state.

5. The total wage bill paid by the foreign multinational companies is CHF 5.5 billion which represents 24% of Geneva's total wages.

INTERVIEW

Délia Nilles:
"The productivity of the foreign multinationals is higher than that of Geneva's economy as a whole" *

Foreign multinational companies represent 3.1% of the total number of establishments in Geneva's economy and 16.8% of the total number of jobs. We would have expected higher figures...

Indeed, 750 foreign multinational companies seems very small compared to the 24,000 companies that exist in the city of Geneva, but this figure must be put into perspective as a company can be made up of just one person. Above all, one must not forget that, come what may, foreign multinational companies account for 17% of jobs in Geneva and contribute substantially to Geneva's economy in terms of value added.

The elements for your calculation of the foreign multinationals' value added...

By removing the value of what they have to inject in the production process, one obtains the value added. The value added of the foreign multinational firms (remember: 3.1% of companies and 17% of jobs) represents nearly 22% of the canton's total value added. Their contribution to Geneva's total value added is more than one-fifth. This is because these multinationals operate especially in high value-added branches.

The taxes levied on foreign multinational firms come to CHF 430 million, which represents 26% of the total taxes for joint-stock companies and cooperatives. Here again, it is a lot.

Unquestionably, even if we still need to hone our results, it is interesting to note that the foreign multinational companies pay one quarter of Geneva's taxes (for joint-stock companies and cooperatives)! Not counting the taxes paid by their 46,000 or so employees and the money these people spend living in Geneva.

How do you think this study is useful?

In this first part, we have tried to paint a picture of the economic reality of the multinational companies in Geneva. This is already one step forward as much of the relevant data did not exist. Soon, we will be in a position to make assumptions regarding the future development of Geneva's economy.

As things stand, your data make it possible to overturn a number of preconceived notions...

For example, few people are aware that on average one foreign multinational job brings in more, proportionally, that one job elsewhere in Geneva's economy. Our table shows that, per job, the value added of multinational companies is higher than that of Geneva's economy as a whole, because they operate in high value added sectors. And, once again, I repeat that these jobs in turn generate other jobs and consumer spending on Geneva's soil.

* Head of Education and Research, University of Lausanne.

THE PERSONNEL EMPLOYED BY THE MULTINATIONALS AND THE SALARIES PAID

Even though the Swiss or foreign multinational companies based in the canton of Geneva currently employ more than 70,000 people within the cantonal borders or in branches outside Geneva, little is known about this working population and it falls prey to inaccurate stereotypes. It is often claimed that these people are mostly foreign nationals, holding annual permits and living in Geneva for only a very short time.

The aim of the third part of this analysis was to gather a better understanding of the international sector through the people it employs and their integration in the region. To achieve this, we have used the official statistical data from the Swiss Earnings Structure Survey (SESS), to describe, in the first place, the personnel working for the Swiss and foreign multinational companies by comparison to local businesses. In the second phase, we analysed the multinational companies' wage practices to determine whether they differed significantly from those of local companies and, if so, what parameters bring out these differences.

1. Data

The analysis presented in the third part of the study was carried out with the help of the Cantonal Statistics Office (OCSTAT), which provided us with the SESS for 2010, separating, in a perfectly anonymous way, the Swiss and foreign multinational companies from the so-called "national" ones, distinguishing one from the other by a binary variable which takes the value of 1 for the former and 0 for the latter. These data from the SESS were used for the very first time to compare the multinationals with the rest of Geneva's economy.

Although the data used in this context make it possible to establish a profile of the multinationals' personnel and explain the wage practices of these firms, they do not answer all the questions that are raised by the population. This is why we decided to complement this analysis, based on official data, with the results of our own questionnaire that will give us additional information concerning these people. This will be the subject of a future publication.

Since it was introduced in 1994, the SESS has been carried out in October every other year. It provides very detailed information on salaries and the profiles of a representative sample of over 1.9 million people employed by 49,000 companies established in Switzerland. For the canton of Geneva alone, for the year 2010, we have 77,233 individual comments from people working in 2,917 firms located within the canton's borders. In this respect, it is interesting to note that Geneva is one of the few Swiss cantons which have chosen to finance an extension to the national survey carried out among companies established on their territory in order to have a representative sample for the canton. The data for 2012 will be available shortly. This will enable us to update the information obtained from the 2010 survey and used in this study.

The SESS was carried out using a written questionnaire addressed to companies (or their headquarters for those with several offices). They were to provide, among other data, information on salaries, individual characteristics, the professions and jobs of their employees as well as information on the company itself. The advantages of this survey were considerable. In particular, as they had to complete a written survey, the information was collected from the employers on an individual basis. The reliability of the data collected in this way was quite remarkable. In addition, this survey provided a lot of information on the employees, which enabled the researchers to study the salary structure in Switzerland or Geneva; by identifying on the one hand the individual characteristics of a person and his job and, on the other, assessing the "price" of these characteristics. Using the SESS, one can find explanations for the differences in the standardized gross monthly salaries by taking into account the individual profiles of the persons studied (in particular education, experience and length of service) and also their work status (type of permit), position occupied within the company (working hours - part or full time, hierarchical position, field of activity), the employer (business sector, size of the company, etc.) and coverage or not by a collective agreement (CBA) through an association or the company (versus private law contract).

With regard to salaries, the companies were asked not to indicate the salary brackets but the effective amounts paid to the employees based on the company's "normal" working week and the working week agreed upon individually. The amounts communicated were converted into standardized monthly salaries, i.e. they were recalculated based on an equivalent full time of 4 1/3 weeks, with a 40-hour working week.

Thanks to this survey, we have been able to come up with a profile of people employed by Swiss or foreign multinational companies, compared to those working in local firms. This was achieved by putting the accent primarily on the job structures segmented according to the type of work permit of the incumbent.

2. Jobs according to type of permit

We first examined the structure of the jobs the multinational and national companies were offering and concentrated on the share of Swiss and C permits in the total workforce in each economic sector as well as the share of B and L permit holders; these being short-term permits, less than 12 months for the latter category.

Within the multinational companies, the Swiss are particularly well represented in manufacturing industries (47.4%), finance and insurance (58.6%), real estate (63.9%) and administrative and support services (50%). Among the sectors where the Swiss multinationals are dominant, only the manufacturing industries employ more Swiss citizens than the rest of Geneva's economy. However, among the sectors where the foreign multinationals dominate, there are fewer Swiss in the wholesale and repairs sectors (30.7% versus 40.1% for the rest of the economy) and in specialized, scientific and technical businesses (32.8% versus 57%).

The following chart compares these two groups of companies by aggregating on the one hand the Swiss and C-permit holders who, by definition, represent the stable workforce, and the B and L permit holders whose permits are valid for a limited time, less than 12 months in the case of L permits.

Employees by economic sector and residence permit

	PORTION SWISS AND PERMIT C		PORTION PERMIT B/ L	
	Nationals	Multinationals	Nationals	Multinationals
Secondary sector	51,8%	52,4%	7,5%	5,6%
Manufacturing industries	52,4%	54,0%	3,9%	5,7%
Tertiary sector	62,7%	59,5%	11,5%	15,0%
Wholesaling and repairs	54,8%	49,6%	7,0%	26,8%
Financial and insurance activities	78,2%	74,1%	10,3%	12,3%
Real estate activities	77,7%	69,4%	3,3%	5,5%
Scientific and technical activities	68,2%	49,4%	7,7%	25,0%
Administrative and support services	57,7%	59,8%	26,5%	2,7%
Average Geneva	**60,2%**	**58,6%**	**10,6%**	**13,8%**

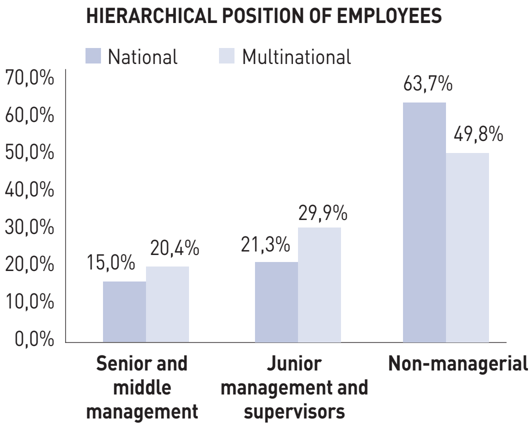
What clearly stands out from the analysis of this data and shatters a widely accepted notion with regard to the employment structure of the multinational companies, is the fact that both the Swiss and foreign multinationals employ more long-term residents (Swiss and C permit, approximately 58.6%), than the "national" companies (60.2%). This fact persists if one just takes the working population of Swiss origin. Indeed, they represent 43.6% of the total number of people employed by the (Swiss and foreign) multinational companies versus 42.1% for the rest of Geneva's economy. Conversely, "national" companies rely more on newly established workers (Permits B and L).

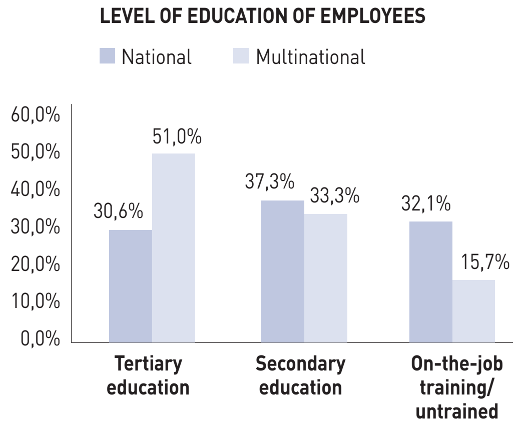
These initial results reveal interesting structures and characteristics of the multinational companies which differ from what one often imagines.

3. Hierarchical position, level of education, job requirements

The multinational companies show a very strong demand for highly qualified personnel (tertiary education): in this case, as the figures below show, 51% of the personnel in multinational companies have a post-secondary education. This figure is much higher than in the so-called "national" companies (30.6%).

When looking at the personnel structure in terms of hierarchy, other results which are just as striking can be found if we group together senior and middle management. This analysis shows that there is a quite noticeable difference between the multinational companies, in which 20.4% of the personnel belong to senior or middle management compared with 15% for the remainder of the economy. This same difference can be found if we look at the junior management and supervisor positions.





This analysis shows that, given their activities in Geneva (especially because they develop management and governance activities here), multinational companies have a strong demand for qualified personnel and offer a relatively large number of senior and middle management positions. Unsurprisingly, this has a knock-on effect in terms of the salaries Swiss and foreign multinational companies offer. Furthermore, it appears that to fill positions of responsibility, the multinationals turn more frequently to foreign staff recently settled in Switzerland. Thus, in these companies a smaller number of Swiss hold senior management positions (6.8% for all economic sectors) than in Geneva's economy as a whole (11.7%) but more hold middle and junior management positions. A greater proportion of foreigners (C or B permit holders) hold senior management positions (8.6% compared to 4%).

In terms of education level and job requirements, Swiss employees working in multinational or non-multinational companies have a similar profile. However, foreigners working in multinational companies are better educated than foreigners working in the remainder of the economy.

Thus, more than 60% of foreigners in multinational companies benefit from a higher education (university or vocational training) compared with 20% in the rest of the economy. Similarly, foreigners hold more of the most demanding jobs in the multinationals. These results confirm the shortage of qualified personnel that plagues Geneva's economy and Switzerland's economy in general, forcing companies, in particular multinationals, to recruit their personnel from abroad.

4. Salary differentials

After describing the personnel employed by the multinational companies compared with local firms, we attempted to discover if, given identical employee and job profiles, multinationals offered higher salaries than other companies. To achieve this we used the so-called wage equation method by which each employee's level of pay can be explained by individuals' comments regarding their salaries and all the relative variables that significantly influence earnings. Details of this analysis are presented in a scientific publication that interested readers can find (in French) on the Fondation pour Genève's website as well as on that of the Observatoire universitaire de l'emploi de l'Université de Genève (www.unige.ch/ses/lea/oue).

The analysis of the multinational and national wage policies proved to be extremely fruitful. Only a few of the results appear in this publication. One particularly interesting aspect was linked to the multinational companies' wage practices compared with those of "national" companies. We made this comparison by controlling all the elements that make up the salary of each person employed by one or other of the companies.

Below is the list of variables that we controlled to see if, given an identical profile, the multinationals pay more or less than their national equivalents.

With similar profiles (same hierarchical position, same number of years' experience, etc.) an employee working in a multinational company will earn 14.3% more than someone employed by a "national" company in Geneva's economy.

This difference is due to the fact that multinationals tend to pay more for certain profiles. In the table below, you will find the reasons for these differences. In particular, in the first line we can see that the premium paid by national companies for a university or institute of technology education is 19.6% while for the multinational companies it is 23%. This result obviously reflects the multinational companies' very strong demand for highly qualified people.

SALARY DIFFERENTIALS

Type of organization	
Nationale	Reference
Multinationale	14,3%
Control variables	
Education/training	Yes
Job requirements	Yes
Position in hierarchy	Yes
Experience	Yes
Gender	Yes
Length of service	Yes
Residence permit	Yes
Size of the organization	Yes
Area of job activity	Yes
Branch of activity	Yes
Constant	**Yes**
Observations	**66'921**

Significant differences are also observed regarding job requirements as well as in the hierarchical positions with differentials particularly recorded for senior management positions. These amount to 43% in the multinational companies and only 26.5% in the so-called "national companies".

SALARY DIFFERENTIALS

	Nationale	**Multinationale**
Education/training		
University, EPFL	19,6%	23,0%
Apprenticeship	Reference	Reference
Without training	-0,6%	-11,7%
Job requirement		
The most difficult	14,8%	34,3%
Independent	2,4%	15,0%
Professional knowledge	Reference	Reference
Simple and repetitive	-8,9%	-10,0%
Position in hierarchy		
Senior executive	26,5%	43,0%
Middle management	20,7%	31,2%
Junior executive	9,8%	15,0%
Supervision	5,0%	10,1%
Without executive function	Reference	Reference
Observations	**44'337**	**22'584**

5. Some provisional results from the individual questionnaires

Based on the individual questionnaires returned to us and which we shall continue to use throughout this study, we are already able to present, in this first publication, some preliminary findings. As we explained in the methodology section of this publication, the questionnaires we sent to the personnel in companies or international organizations enable us to complement the information extracted from official data to obtain an even more accurate picture of the "international" population.

The first table refers to the overall integration and family situation of this population. From these responses we have been able to compile the following information:

- The average stay in Geneva of those who answered the survey is 13 years for the multinationals and 11 years for the IGOs/INGOs. This shatters the conventional wisdom that people employed by multinationals have only been in Geneva for a short time and are more likely to be looking to move on. This, however, is by no means the case as evidenced by the answers to the question: "Would you like to stay in Geneva for at least three years?" 84% answered positively.
- Of those working in the multinationals, 75% speak French at home, 43% in the IGOs/INGOs.

INFORMATION RELATED TO STAY

	Multinationale	IRO/NGO
Residence		
Average stay in Geneva	13 years	11 years
Intention to stay in Geneva (at least 3 years)	84%	80%
Household and family situation		
The language of the household is French	75%	43%
The employee is living with a partner	72%	72%
The employee has one or more children	53%	59%

The second table refers to housing, a topic that will be developed in a dedicated, forthcoming publication. It shows that a significant number of people employed in the international sector live in houses and are owner-occupiers. The percentages are certainly higher than what is on record for the total population residing in the canton of Geneva. Furthermore, over 70% of employees in the multinational companies or international organizations live in four rooms or more. This reflects the size of their family unit and also their income level. Finally, this table shows that the proportion of people living in accommodation paid by their employer is very small as far as international organizations are concerned. However, 10% of people employed by multinational companies who responded to our survey stated that their accommodation was financed by their employer. No doubt these are people holding a short-term permit (L permit). Expect a more in-depth analysis of this issue as our work progresses.

INFORMATION RELATED TO ACCOMMODATION

	Multinationale	IRO/NGO
Type of accommodation		
House	33%	37%
Apartment	67%	63%
Type of contract		
Owner	32%	41%
Tenant	58%	57%
Accommodated free	10%	1%
Size of accommodation		
1-3 rooms	26%	21%
4-5 rooms	38%	41%
6+ rooms	36%	39%

Main conclusions

- Although preliminary, these initial results upset the conventional wisdom as the composition of the workforce employed by multinationals does not differ significantly from that of companies that do not fall into this category.

- Specifically, it seems that the multinationals employ more foreigners who have recently arrived than other Genevan companies.

- The data from the Swiss Earnings Structure Survey also confirm the lack of qualified personnel that plagues both Geneva's and, more broadly, Switzerland's economy suffers. Many companies - multinationals in particular - are consequently compelled to recruit their personnel abroad.

- This situation also explains why these companies attach such importance to their staff's level of education and training and consequently why earnings are higher than in equivalent non-multinational companies. These results mesh with the conclusions drawn from the analysis of the multinational companies' impact, which revealed that the value added per person in this category was significantly higher than for other companies.

- The preliminary findings of our study demonstrate that the idea of the "expatriate", referring to the foreign population in the international sector, is somewhat of a popular misconception. On average, these employees have been in Geneva for several years (a higher turnover was expected) and most of them would like to stay here. The majority are French-speaking, although this is not quite the case for employees of international organizations. Mirroring the local population, housing tops the list of concerns that people face in the international sector. These results in no way confirm the stereotype of a population disconnected from the rest of the city and of a segmentation between International Geneva and its regional host.

INTERVIEW

Yves Flückiger:
"It was time to present a more realistic image of Geneva's international community" *

Your study demolishes a good number of generally accepted or preconceived ideas about the internationals in Geneva...

The value of this kind of study lies in the possibility of using official statistics to obtain a more realistic picture of the internationals than the caricatures sometimes conveyed on the basis of mere impressions. Even if these statistics do not provide all the information we would have liked to obtain. This is, moreover, the reason why we designed a questionnaire. To date, we have received some 4,000 responses from people working in multinationals or international organizations. These will enable us to supplement the information that we have gathered from official data. We will analyse them in detail but we have already been able to bring to light the fact that the internationals are not a transient population, nor are they mainly Anglo-Saxon. They have been living in Geneva for more than 10 years and the majority are French-speaking.

Do you think the results would have been the same 20 years ago?

No, there have been significant changes. In the last few years many companies have moved to Geneva. Moreover, the housing situation has deteriorated and immigration has increased, thereby creating more tension.

Another point that stands out in your study is the lack of qualified personnel that hampers Geneva's economy and more broadly the Swiss economy. Many companies - multinationals in particular - are consequently forced to recruit their personnel abroad.

This does not mean that our education and professional training is not as good. It is a quantitative problem. In multinational companies there is a greater proportion of foreign senior executives than Swiss ones. The local market is unable to meet the workforce demand from these companies.

For the next step, what aspects will you tackle to refine your study?

The housing problem must be addressed in more detail. What kinds of apartments do the internationals live in, what size, how much rent do they pay? There is nothing on this subject. Our questionnaire will make this information available. We know that their housing needs are not quite the same as those of the local population. The analysis should reveal if what is available on the local real estate market corresponds to their demands. The same applies to healthcare, education, etc. One important subject is integration. We developed a questionnaire that will give us much more insight into the internationals' habits. What newspapers they read, the people they spend time with and the places they frequent.

Is there a way of knowing the consumer habits of the internationals around Geneva?

That would be worthy of an in-depth study but its scope would largely exceed the framework of the current study, as there is no information currently available on the subject. For the time being, we have started to look into this question by launching a survey among the members of Geneva's chamber of commerce and industry.

At this stage, has your study revealed anything in terms of political influence?

Except for structuring university courses to meet the needs of multinational companies, particularly with regard to linguistic skills and work placements (internships), no. We must wait for more detailed results, particularly on the crucial subject of housing, in order to know what to build, where and in what proportion.

* Professor of Economics, University of Geneva

THE INTERNATIONAL GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS AND PERMANENT MISSIONS

Two questionnaires were sent to the International Governmental Organizations (IGOs), the International Non-Governmental Organizations (INGOs) and the Permanent Missions (PMs). The first was addressed to the human resources representatives and/or top management. This survey consisted of general questions about their respective organizations. The second survey was addressed to the employees of these organizations. It comprised questions on their professional life and experiences in Geneva.

The response rate differs for each group mentioned above and currently stands at 41% for the IGOs, 13.5% for the INGOs and 4% for the PMs. The response rate to the questionnaire "Personnel of the international governmental and non-governmental organizations and the permanent missions" is at 6.5%.

The first results show that for IGOs, the two most important factors relating to Geneva's attractiveness are the presence of organizations/companies important to the activities of their organizations and Switzerland's hospitality policies as a host state (system of privileges, immunity and facilities). Another important factor is the quality of life for the employees of these international organizations. The PMs echoed the IGOs as far as Geneva's most attractive features are concerned.

The INGOs also attach great importance to the presence of organizations/companies important to the activities of their organizations (this feature was chosen by the vast majority). The other factors most frequently mentioned were Switzerland's hospitality policies as a host state and the geographic location and reputation of Geneva.

With respect to relations between all these organizations, from the perspective of clusters or centres of excellence, it is interesting to note that 89% of IGOs, 79% of INGOs and 44% of PMs that answered this questionnaire admit to interacting frequently with IGOs in Geneva. Moreover, 48% of IGOs, 81% of INGOs and 33% of PMs state that they interact frequently with INGOs. These results seem to point to the existence of an 'agglomeration effect' which itself constitutes a factor of attraction for other international organizations. Conversely, this does not appear to happen between the public and private sectors which seem to have far less contact with each other. Consequently, only 18% of IGOs and 27% of INGOs stated that they interacted frequently with multinational companies.

It is also interesting to note that the vast majority of organizations that answered the questionnaire say that generally they feel accepted by the population in Geneva, the region and Switzerland.

As for the importance of Geneva compared to other locations, PMs see their presence in Geneva as essential for their states of origin. Most INGOs said that no other Swiss city or canton could have been considered to set up their offices. The INGOs and IGOs can only imagine being present in New York as an alternative to Geneva, but they very rarely mention other cities (such as Brussels, Vienna, Lausanne, etc.).

By way of conclusion, one can underline the following provisional main trends:

- Geneva seems to clearly benefit from an agglomeration effect in the field of IGOs and INGOs, which mechanically leads to the implantation of a large number of PMs;
- however, this agglomeration effect is not observable in the case of multinational companies; this is surprising insofar as public-private partnerships have become very important at the international level, particularly in the environmental and health sectors;
- moreover, the strength and specific characteristics of the agglomeration effect in the international public sector have yet to be proved;
- finally, after looking at the initial results of our survey, it is very obvious that Geneva remains an essential place and is, moreover, appreciated for international cooperation and the activities of the organizations linked to this.

INTERVIEW

Cédric Dupont:
"The internationals feel at home in Geneva" *

The main attraction for INGOs, IGOs and PMs to set up offices in Geneva is because there are other organizations that are useful for their activities.

This is perfectly clear for INGOs. They come to Geneva because the IGOs are here. But the IGOs' responses to our questionnaire are less clear-cut.

Do these organizations have close relations with the private sector?

This needs to be examined in more detail and we shall be conducting interviews to look into it. All we can say at this stage is that, in our questionnaire, the IGOs do not mention the private sector as one with which they have frequent contact.

Next comes the attractiveness of the city's hospitality policies.

Once again, at this point, we do not know whether this is a decisive factor. The strength of this incentive will need to be measured. However, it is clear that the internationals feel comfortable in Geneva. We still need to establish in detail what attracts them in particular. In any event, they are not affected by those who might be opposed to their presence.

How is this study useful?

It shows us that we do not know International Geneva well. We all have an idea about it but no systematic knowledge of its ramifications. Take, for example, the "human rights" network. One might think that the Office of the United Nations High Commissioner for Human Rights is the core of this network, but our survey indicates that a very important role is played by the Office of the High Commissioner for Refugees (HCR), an organization whose specific field of action is humanitarian. In other words, our research will allow us to go well beyond International Geneva's existing categorizations of clusters and centres of excellence.

Your first findings lead to a tautology: the international organizations are attracted by the presence of other international organizations. Therefore it is doubly important that they stay!

We should clarify this crucial point. It all depends on their interrelationship. In some sectors yes, in others no. The issue extends to their relations with the private sector. We must find out to what extent the multinationals use the international organizations.

Does this first study provide any leads for Geneva's governance?

It is reassuring to see that the majority of internationals feel comfortable in Geneva. But it is worrying to discover that there seems to be no strong integration between 'Multinational Geneva' and 'International Organizations Geneva'. This is problematic for our authorities when it comes to running 'Multinational Geneva'. We shall return to this problem in more detail later in our study.

* Professor of Political Science, The Geneva Institute (IHEID).

JOINT INTERVIEWS

Joint interviews - Questions asked by journalists at the press conference on November 26th 2012:

Is there a way of calculating the intellectual value added?

Cédric Dupont: Measuring this impact is extremely difficult. One could see it in terms of patents or standards but these are produced throughout the world, the organizations based in Geneva playing, above all, a coordinating role. Measuring Geneva's own production of ideas is therefore difficult. I would like to point out that this is not one of the aims of the study.

Do you already have recommendations for the authorities?

Yves Flückiger: First, we would like to be able to complete the study and the analysis. We have mentioned the challenges related to housing and education (children of the internationals) that should be taken into account.

Ivan Pictet: This study must be made available for use by the political and private decision-makers - whoever they may be - for the development of International Geneva. What we want are facts, a kind of up-to-date "Ist-Zustand", but with scenarios for the future because, during the last decade, the economic and demographic growth has been much more significant in the Lake Geneva region than elsewhere in Switzerland. Then it's up to the decision-makers to draw their conclusions and make decisions.

How did the idea of this study come about?

Ivan Pictet: I had the idea a year ago. I noticed the change in Geneva's atmosphere. Moreover, it was reflected in the media. Just five years ago, when a new multinational or international organization moved to Geneva, it hit the headlines. The Geneva Economic Development Office was congratulated for its success. Conversely, in recent months there have been more and more negative reactions to the arrival of stakeholders in International Geneva. It should be remembered that there are 40% of foreign residents in Geneva and 50% who work here. This prompted us to contact the four universities in the Lake Geneva region to take stock of the situation, assess what is most at stake and the problems to be resolved without having to base our findings on outdated figures.

Who are you talking about when you mention "stereotypes"?

Yves Flückiger: When reading press articles or opinions in letters to the editor, one is sometimes confronted with a stereotyped image of the international sector which is becoming instilled in people's minds, without having a basis in reality. One of the aims of the study was to go beyond and overcome this image in order to contemplate the truths about this sector.

Jacques Lévy: International Geneva tends to be seen as something that can be isolated, an abscess one could do without. We were surprised to note the extent to which it is really immersed and involved in Geneva's social life. At this stage in our study, we have already reached a verdict by which we can say that it is evident that International Geneva is solidly anchored in Geneva's economic and social life.

How are you going to communicate this data?

Ivan Pictet: We have already begun the thought process on Geneva's future with the publication of four booklets on world governance, soft laws, etc. For each phase of this vast study, we intend to publish a new booklet which will summarize the results and conclusions of this study.

What criteria would you use to determine the value added of Geneva's cosmopolitanism?

Jacques Lévy: It's very difficult to measure as we are dealing with systemic issues. Cultural opportunities can be measured, but their effects cannot yet be assessed. As far as cosmopolitanism is concerned, we can see if the different populations live close to each other or not. But there are also encounters and interactions which are difficult to objectify. In Geneva it is difficult to designate places where everyone would go. There are few cultural venues that would allow for these kinds of encounters. In fact, the effects are felt in terms of productivity. In an innovative society, you cannot programme what is new. The cosmopolitan richness is an element of discrepancy and otherness that makes it possible to invent things that would not be as easy to invent otherwise.

Therefore the question is: can we measure the share of Greater Geneva's GDP as the result of its distinctive spatial layout? This can be done by comparison. For example, most of the world's big cities show above-average productivity per capita. This is also true for Switzerland but to a much lesser extent. It would be interesting to analyse whether Greater Geneva is making the most of its assets.

Yves Flückiger: Geneva's cosmopolitanism is an attraction. It is therefore an asset. And it is an extremely important point for Geneva when setting out to conquer the world. Today, mastering languages and culture are fundamental elements when making a bid for markets, especially the Asian ones. More and more students at college and university level are interested in Chinese. This was certainly not the case just ten years ago.

What development for Geneva? Is Geneva going to remain on a human scale or are we developing into some kind of megalopolis? Or is it shrinking?

Yves Flückiger: We shall begin with the socio-demographic characteristics of those who work for multinationals and international organizations in terms of family structure (number of children, age, etc.), to assess the demand, particularly in the field of education. We can carry out the same kind of exercise for housing, healthcare and mobility. It will require making projections on the future demand should these populations grow at a rate of x%. This would allow us to assess the requirements in infrastructure and logistics to receive these populations and to compare the demand with the current supply. This analysis will enable us to identify possible bottlenecks.

Jacques Lévy: You have asked a fundamental question. We are beginning to see that the expansion of International Geneva brings up the question of Geneva in general. This is consistent with the idea that the global dimension is central to Geneva's social productive system. Therefore, if we don't want to see the expansion of International Geneva, it is likely that we are not open to a more general development for Geneva.

Ivan Pictet: The question is not about the expansion of International Geneva but about growth versus decline. We have seen that growth is possible as the density of International Geneva is not very high and that the multinationals, with 18% of jobs, contribute 26% of the canton's tax revenues. So, the question should be asked: if we chose to reduce Geneva's scope, could we continue to live the same lifestyle? Could Geneva maintain its role, its culture and cosmopolitanism? It would require a fundamental reappraisal. As part of the mandate we gave the universities, one of the studies will determine the dynamic forces at play (growth, stability or shrinkage) and their effects. According to the initial results, the contribution of International Geneva is considerable. What is lacking in Geneva is the awareness of this importance.

There are two areas of International Geneva (multinationals/international organizations) with two different policies. Using your study, will it be possible to analyse the interdependency of these two areas?

Cédric Dupont: It is one of the questions we want to look into when we analyse the clusters. According to the first results, it would seem that the two worlds have no real inclination to describe their mutual relations. This either means that the two worlds are very separate, that they have a hard time distinguishing their mutual activities, or that they do not want these to be measured. We are already aware of the public-private partnerships in the health sector, involving the WHO and in the environmental sector. But it is more difficult to analyze the commerce and trade sectors. This will be one of the highlights of the clusters analysis.

SUMMARY

Summary

This booklet presents the initial results of a vast study of Geneva's international sector. Its aim is to better define this sector's impact on the canton and its region and to provide a better understanding of how it operates, in particular with regard to its different components. Ultimately, the study aims at providing the political decision-makers and economic stakeholders with scientifically sound analysis which can be used to develop policies and strategies to promote the sustainable development of the canton and the region in general.

Our study is the first of its kind to be carried out on International Geneva. It is more ambitious than previous surveys and aims to fill in the gaps. In particular the existing figures and data do not tell us what the international sector really is - its socio-cultural structure, the length of stay of those who compose this sector, the national origin of the employees and the investments - nor how its different components (multinationals, IGOs, INGOs and diplomatic missions) interact (the existence of a dozen clusters has never been the subject of an in-depth study) and even less so, how they fit into Geneva's socio-economic fabric and environment. Moreover, the methodology used by previous studies on the economic impact of the international sector is either somewhat opaque or questionable.

Given this state of affairs, a multidisciplinary team of researchers from the four leading academic institutions in the Lake Geneva region: University of Geneva, University of Lausanne, the Federal Institute of Technology, Lausanne (EPFL) and the Graduate Institute Geneva (IHEID) deployed a rigorous approach, combining qualitative and quantitative analyses, the novel use of existing data, particularly that of the cantonal statistics office and its federal counterpart, and launching a broad survey in order to collect a new data bank.

This first booklet contains the preliminary findings from the analysis of the various data. Firstly, we wanted to analyse the direct (creation of wealth measured by the value added and taxes) and indirect (corporate spending) impact as well as the induced effects on the Genevan and regional economy from the presence of part of the international sector, the foreign multinationals. On the basis of the OCSTAT figures and of the Federal Business Census for 2008, we arrived at the following initial conclusions:

- The direct value added created by the foreign multinational companies comes to a total of CHF 8.6 billion, which represents 22% of Geneva's total value added.
- They provide 46,096 jobs, representing 17% of Geneva's total jobs.
- Of the taxes paid by foreign multinationals, the amount collected by the canton and municipalities is estimated to be CHF 430 million, which represents 26% of the total tax income from joint-stock companies and cooperatives.
- Individuals employed by foreign multinationals pay CHF 928 million in taxes which represents 27% of the total income tax revenue collected by the state.
- The total wage bill paid by foreign multinationals is CHF 5.5 billion, which represents 24% of the total wage bill for Geneva.

This first booklet also contains the initial results of the profile analysis of the individuals working for these multinationals. Its aim is to give us a better understanding not only of the economic and fiscal dimension of the multinationals' employment opportunities but also of their far-reaching social implications. From this perspective, the study suggests that, contrary to certain stereotypes, the composition of the workforce employed by multinationals hardly differs from that of companies which do not fall into this category. Geneva's economy suffers from a lack of qualified personnel, which forces many companies, particularly multinationals, to recruit their personnel abroad. This situation no doubt explains why these companies attach so much importance to the level of education/training of their staff who, all things being equal, obtain higher salaries than employees in non-multinational companies. More generally, the preliminary findings of our study show that the stereotype of the "expatriate", applied to the foreign population in the international sector, is somewhat inaccurate. On average, these employees have been in Geneva for several years (a higher turnover was expected) and most of them would like to stay here. The majority are French-speaking, although this is less the case for employees of international organizations. Echoing the local population, housing tops the list of concerns for people in the international sector. These results in no way confirm the stereotype of a population disconnected from the rest of the city and of a segmentation between International Geneva and its regional host.

The economic dynamism of the international sector in Geneva has, over the years, led to a change in the socio-demographic make-up of the city and canton, which is at the root of significant urban challenges facing the political authorities. This first booklet of our study provides a geographic and cartographic perspective which allows for a better understanding of the nature and scope of these challenges. To start with, the spatial impact of the growth can certainly be easily identified, but Geneva is not about to explode and is still a small metropolitan area. Its exceptional cosmopolitanism is fuelled by the strong international attractiveness of its city centre. At the same time, Geneva's cosmopolitanism is not well controlled as the diverse populations may well live together, but they interact little. Furthermore, one may foresee a risk of disconnection between globalization "from the top" (sociocultural elite) and "from below" (secondary labour), which tends to lead to increased segmentation of the urban area.

The final perspective to be found in this booklet concerns the interaction at the heart of International Geneva. It is based on the first breakdown of the vast survey conducted among the stakeholders of International Geneva. From this, it emerges that Geneva seems to clearly benefit from an agglomeration effect among the IGOs and INGOs, which mechanically leads to the implantation of a large number of permanent missions from member countries of the different organizations. However, multinational companies have difficulty in understanding this agglomeration effect. This is surprising insofar as public-private partnerships have become very important at the international level, particularly in the environmental and health sectors. Moreover, the strength and specific characteristics of the agglomeration effect in the international public sector have yet to be demonstrated.

The subsequent booklets based on our research will examine in more detail - and expand upon - the initial results given here. In particular, we will study topics such as the integration of people working in the international sector, their needs in terms of housing, education, healthcare and mobility, how the local population sees the international sector and the density of clusters within the international sector.

Next steps

Please note that this booklet is the first in a series of six to be published over the next 15 to 18 months. Each one will be launched during a press conference and will deal with the following subjects:

- The results of the individual questionnaires addressed to the international organizations and multinationals (views and profiles of international employees; their needs in terms of housing, education, healthcare and mobility).
- The international sector and the region (examining the issues and challenges related to mobility and housing).
- The notion of clusters, measuring possible synergies between the different stakeholders (do international governmental and non-governmental organizations really work together or do they come to Geneva in order to work together? - In other words, is there one International Geneva or several "International Genevas"?).
- How the local population perceives the international sector and the impact of this sector on local businesses as a whole (with a survey of Geneva's SMEs).
- A prospective analysis to highlight the elements and challenges confronting the development of International Geneva.
- The forthcoming publications of this research currently stands as follows:
  - "Mobility, housing, urbanism"
  - "Education, healthcare"
  - "Clusters"
  - "Living together"
  - "Summary"

RESEARCH METHODS

The research was carried out in close collaboration with and between four esteemed partners: the Federal Institute of Technology, Lausanne (EPFL), the Graduate Institute, Geneva (IHEID), the University of Geneva and the University of Lausanne.

Each of the four partners designated a professor responsible for the supervision of the project with which their institution is entrusted. He or she organizes the work as he/she sees fit in order to carry out the mandate; he/she also assumes responsibility for the delivery and accurate execution of the work. The four professors designated by the institutions (Cédric Dupont, for IHEID, Jacques Lévy for the EPFL, Yves Flückiger for the University of Geneva and Délia Nilles for the University of Lausanne) make up the mandate's executive committee. Each of the professors will be in charge of:

- ensuring that the research timetable agreed upon by the four partner institutions is respected;
- attending the meetings that will take place at the end of the various research phases in order to present the results obtained by his/her institution and to discuss, from a critical standpoint, the work carried out by the three other partners;
- taking part in meetings to present the intermediary and final results to the principals.

Professor Yves Flückiger of the University of Geneva is responsible for the mandate as a whole and represents the principals' interests in the correct execution of the work. He is also responsible for the implementation of the mandate by the four partners and the regular meeting of its executive committee.

Composition of the work group

University of Geneva (coordination):
Yves Flückiger (Vice Rector, Professor) assisted by Tuan Nguyen, Vahan Garibian,
Didier Raboud and Julie Michaud (communication)

University of Lausanne: Délia Nilles (Assistant Manager, Institut CREA), Dyai Conde, Assistant

EPFL: Jacques Levy (Professor, Manager Laboratoire Chôros) Manouk Borzakian, Assistant

IHEID: Cédric Dupont (Professor of Political Science) Yelyzaveta Rubach, Assistant.

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Geneva's Private Bankers,

Groupement des Entreprises Multinationales,

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