

The Principle of Being Better Than Average

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Switzerland repeatedly features at the very top of the global league table when it comes to competitiveness, quality, innovation, productivity, and security. Why is that the case? What lies behind the better-than-average rating of this alpine nation, which lies at the very heart of Europe? Ranking lists tell us little about the secret of Switzerland's success. That's because the answer lies in a framework that has built up over many years and a financial policy shaped by Swiss citizens themselves through their system of direct democracy. The Swiss population's virtue of using resources on a sustainable, economic basis is carried over into business and made a reality across the Swiss economy – just as it is in the public sector.

The latest developments on the international financial markets as well as the high levels of debt in countries in Europe and the US have resulted in a shift in ratings and exchange rates in favour of the Swiss franc – in some cases massively. Although this represents a vote of confidence in Switzerland by the markets, it also results in additional costs. Just as Switzerland has repeatedly understood the need to adapt to changing circumstances in global competition, this challenge is being tackled as follows: rationalisation, on the one hand, and innovation, on the other, are compensating for the disadvantages of a highly valued currency.

Intellect and Finance as Location Factors

Switzerland is a small country, in which people speak four languages: German, French, Italian, and Romansch. English is spoken and understood in all parts of the country. This attitude towards intercultural skills is another typical feature of Switzerland as a location. It involves being open to learning and using other international languages, and to communicating on an inclusive basis with foreign professionals and visitors to Switzerland. By way of example, the

proportion of foreign students at Swiss universities is growing constantly. The fact is, the potential pool of skilled employees and the ability to promote their talents rank among the most important factors in the global competition between different locations.

A country without raw materials will focus primarily on education, research, and services. That requires considerable financial resources. In Switzerland, the average public-sector investment in universities and research is on a par with that of the country's neighbours. However, businesses and institutions also make a massive contribution – and that is what makes the difference. This helps to push Switzerland towards the top of the international league table in various disciplines such as nano-, bio-, medical and clean-technology, as well as management. With its machine industry, precision engineering and watch industry, for example, Switzerland also occupies a significant global position as technology centre.

Proximity to the Swiss Federal Institute of Technology, universities and universities of applied sciences helps boost R&D competencies and speeds up the rate of innovation. New areas of the "new economy" are following this success trajectory and capturing additional business areas for Switzerland as a venue for production and innovation. Here too, things are looking good for Switzerland.

The lack of natural resources requires a greater effort in terms of service culture and the training of talented individuals, whether in management or specialist skills. The development of a strong Swiss financial sector is also attributable to this factor. The industrial and financial sectors are mutually beneficial.

The success achieved by the banking industry over the decades constitutes a unique advantage for Switzerland as a centre for manufacturing and services: favourable financing, close links, and the deep commitment and expertise of the sectors – both nationally and internationally. These are important factors in retaining and attracting holding companies and other businesses.

“Combine the locational appeal of Switzerland, its competitive economy and the strong Swiss financial centre and you get the perfect place to anchor a company’s public listing – namely on SIX Swiss Exchange.”

*Marco Estermann,
Head Issuer Relations,
SIX Swiss Exchange AG*

The picture is rounded off by attractive tax rates for companies and private individuals, although this is hardly the number one factor. What really matters is a liberal attitude towards business and social welfare, lasting corporate success, and the quality of life for the population. This helps engender stability, security and visibility. It is upon these attributes that Switzerland’s above-average capacity to innovate and the location factors of intellect and finance have been based.

Security and Accessibility as Location Factors

Swiss civil liberties and the legal framework ensure legal security, security of ownership and reliability, thus providing an ideal platform for investors and companies.

A major emphasis is placed on the personal responsibility of the Swiss population and visitors. Switzerland is far from being a “Big Brother” society. When the interests of the country’s citizens are set to be affected by plans and changes, the population comes together to arrive at a democratic decision – whether nationally, regionally, or locally. This helps boost competition between different locations, which is the best guarantee of continuity and competitiveness in global terms and also ensures the country remains future-proof for businesses, organisations and individuals.

“SIX Swiss Exchange is a highly regarded listing venue by both domestic as well as international investors, allowing issuers to attract a broadly diversified shareholder base and research coverage.”

*Mark Hammarskjold,
Head Equity Capital Markets Switzerland,
Credit Suisse AG*

“The Swiss economy is one of the most liberal and competitive in the world. Sustained purchasing power stability, low inflation, low capital costs and a good investment climate ensure prosperity.”

*Daniel Küng,
CEO, Switzerland Global Enterprise*

“A Swiss presence enhances the corporate profile in Western Europe and significantly increases investor demand and visibility and consequently also trading volumes.”

*Thorsten Pauli,
Managing Director and Head Equity
Capital Markets Switzerland,
UBS AG*

With its three major airports – in particular Zurich – Switzerland is a global hub. This ensures businesses have above-average access to markets and partner firms throughout the world. The advantage of centrality is further enhanced by outstanding links with the Swiss and European rail and highway systems, along with state-of-the-art infrastructure. This creates time savings and guarantees various travel and communication options. This easy accessibility is important not least when seeking to attract international professionals to Switzerland.

Finally, it is also the basis for steadily increasing visitor numbers in Switzerland, which enjoys a high level of prestige and positive PR around the world with distinct brands like St Moritz and Zermatt, Lugano, Lucerne, Geneva, and Zurich – not just as a tourist destination, but also as a place to live and do business.

Consequently, accessibility and proximity are important arguments for many international firms when opting for Switzerland as a location. This includes proximity to innovative businesses and talent, but also to the research capabilities of Swiss universities across all parts of the country and linguistic regions. Switzerland is a country of close links – an attribute that is increasingly becoming a location factor and constitutes a key USP in relation to other economic centres around the world. Here, as in all areas, it's about the Swiss principle of being better than average.