The results of Mercer’s recent survey are as follows:

- European cities continue to dominate the top of the ranking; Vienna remains at the top, Baghdad at the bottom.
- London and Birmingham are the top-ranked UK cities for overall Quality of Living.
- London ranked 6 in world for quality of city infrastructure with Birmingham and Glasgow ranked 44 Singapore ranks highest for city infrastructure, Port-au-Prince the lowest.
- Vienna retains the top spot as the city with the world’s best quality of living, according to the Mercer 2012 Quality of Living Survey. Zurich and Auckland follow in second and third place, respectively, and Munich is in fourth place, followed by Vancouver, which ranked fifth. Düsseldorf dropped one spot to rank sixth followed by Frankfurt in seventh, Geneva in eighth, Copenhagen in ninth, and Bern and Sydney tied for tenth place.

In the United Kingdom, London (38), Birmingham (52) and Glasgow (55) are the cities ranked highest for quality of life, followed by Aberdeen (56) and Belfast (64). London was ranked number 6 in the world for the quality of the city’s infrastructure. Glasgow and Birmingham were both ranked 44th while Aberdeen and Belfast were ranked 69. Globally, the cities with the lowest quality of living are Khartoum, Sudan (217); N’Djamena, Chad (218); Port-au-Prince, Haiti (219); and Bangui, Central African Republic (220). Baghdad, Iraq (221) ranks last.

Mercer conducts this survey annually to help multinational companies and other organisations compensate employees fairly when placing them on international assignments. Mercer’s Quality of Living reports provide valuable information and hardship premium recommendations for many cities throughout the world. Mercer’s Quality of Living index list covers 221 cities, ranked against New York as the base city.

This year’s ranking separately identifies the cities with the best infrastructure based on electricity supply, water availability, telephone and mail services, public transportation, traffic congestion and the range of international flights from local airports. Singapore is at the top of this index, followed by Frankfurt and Munich in second place. Copenhagen (4) and Dusseldorf (5) fill the next two slots, while Hong Kong and London share sixth place. Port-au-Prince (221) ranks at the bottom of the list.

‘In order for multinational companies to ensure their expatriates are compensated appropriately and an adequate hardship allowance is included in compensation packages, they must be aware of current events and local circumstances’, said Slagin Parakatil, Senior Researcher. ‘Factors such as internal stability, law enforcement effectiveness, crime levels and medical facilities are important to consider when deciding on an international assignment, and the impact on daily life that could be encountered by the expatriate in overseas placements.’

Mr. Parakatil continued, ‘Infrastructure has a significant effect on the quality of living that expatriates experience. While often taken for granted when functioning to a high standard, a city’s infrastructure can generate severe hardship when it is deficient. Companies need to provide adequate allowances to compensate their international workers for these and other hardships’.

Europe
Europe has 15 cities among the world’s top 25 cities for quality of living. Vienna retains the highest-ranking for both the region and globally. The rest of the top 10 for Europe are dominated by German and Swiss cities, with three cities each in the top 10. Zurich (2) is followed by Munich (4), Dusseldorf (6), Frankfurt (7), Geneva (8), Copenhagen (9) and Bern (10). The lowest-ranking Western European cities are Athens (83) and Belfast (64).

Other European cities among the top 25 include Amsterdam (12), Berlin (16), Hamburg (17), Luxembourg (19), Stockholm (20), Brussels (22) Nürnberg (24) and Stuttgart (27). Paris ranks 29 and is followed by Helsinki (32), Oslo (32) and London (38). Dublin dropped nine places from last year to rank 35, mostly due to a combination of serious flooding and an increase in crime rates. Lisbon ranks 44 followed by Madrid (49) and Rome (52). Prague, Czech Republic (69) is the highest-ranking Eastern European city followed by Budapest, Hungary (74); Ljubljana, Slovenia (75); Vilnius, Lithuania (79); and Warsaw, Poland (84). The lowest-ranking European city is Tbilisi, Georgia (213).

Overall, European cities continue to have high quality of living as a result of a combination of increased stability, rising living standards and advanced city infrastructures, said Mr. Parakatil. ‘But economic turmoil, political tension and high unemployment in some European countries and high levels of unemployment have continued to be problematic in the region.’

With six cities in the top 10, European cities also fare well in the city infrastructure ranking. Frankfurt and Munich rank the highest at second place, followed by Copenhagen (4) and Dusseldorf (5). London (6) and Hamburg (9) are followed by Paris which ranks 12. Budapest (67) is the highest-ranking for city infrastructure in Eastern Europe followed by Vilnius (74) and Prague (75), whereas Yerevan (189) and Tbilisi (201) rank lowest.

Infrastructure in German and Danish cities is among the best in the world, in part due to their first-class airport facilities, international and local connectivity, and a high standard of public services, said Mr. Parakatil. London’s high ranking in the infrastructure index reflects a combination of high level of public services offered, with its extensive public transportation system including airports, the London Underground buses and rail-road services.

Americas
Canadian cities still dominate the top of the index for this region, with Vancouver (5) retaining the top regional spot, followed by Ottawa (14), Toronto (15) and Montreal (23). Calgary ranks 32 on the overall quality of living ranking. Overall, there was almost no movement in rankings among Canadian cities from 2011 to 2012, with Calgary advancing one position, Montreal retreating one position, and the other cities remaining unchanged.

Honolulu (28) is the city in the United States with the highest quality of living,
followed by San Francisco (29) and Boston (35). Chicago is at 42 and Washington, DC ranks 43. New York the base city ranks 44. In Central and South America, Pointe-à-Pitre, Guadeloupe ranks the highest for quality of living at 63. San Juan, Puerto Rico follows at 72 and Mon-tevideo, Uruguay at 77. Port-au-Prince, Haiti (219) ranks lowest in the region.

Mr. Parakatil said, "Overall, there has been little change in the rankings for North American cities. A number of South and Central American countries have experienced positive change, essentially due to some modest infrastructural and recreational improvement. Nevertheless, political and security issues, along with natural disasters, continue to hamper the quality of living in South and Central American cities. High crime levels also remain a major problem."

In terms of city infrastructure, Vancouver (9) tops the ranking for the region with Atlanta and Montreal following at 13. Other Canadian cities that ranked highly were Toronto (16) and Ottawa (25). In the United States, Dallas ranked 15, followed by Washington, DC (22), Chicago (28) and New York (30). Buenos Aires, Argentina (83) has the best city infrastructure in Central and South America, whereas Port-au-Prince is the lowest ranking at 221.

Asia Pacific

Auckland (3) retains its position as the highest-ranking city for quality of living in the region. Sydney follows at 10, Wellington at 13, Melbourne at 17 and Perth at 21. Singapore remains the highest-ranking Asian city at 25 followed by Japanese cities Tokyo (44), Kobe (48), Yokohama (49) and Osaka (57). Hong Kong (70), Seoul (75), Kuala Lumpur (80), Taipei (85) and Shanghai (95) are other major Asian cities ranked in the top 100. The region's lowest-ranking cities are Dhaka, Bangladesh (203); Bishkek, Kyrgyzstan (204); and Dushanbe, Tajikistan (207).

For city infrastructure, Singapore has the highest ranking worldwide followed by Hong Kong (6), Sydney (8), Perth (29), Tokyo (32) and Melbourne (34). Adelaide and Brisbane both ranked 37. Nagoya (41), Auckland (43), Kobe (44), Wellington (48), Seoul (50) and Osaka (51) are the next highest-ranking cities in this region. The region's lowest-ranking city for city infrastructure is Dhaka, Bangladesh (205).

A noticeable gap can be seen among Asia Pacific cities where several cities have improved in the region partly because they have been investing massively in infrastructure and public services, said Mr. Parakatil. Competition among municipalities has been continuously increasing in order to attract multinationals, foreigners, expatriates and tourists. Yet a considerable number of Asian cities rank in the bottom quartile, mainly due to high political volatility, poor infrastructure and obsolete public services.

Middle East and Africa

Dubai (73) and Abu Dhabi (78) in the United Arab Emirates are the region's cities with the best quality of living. Port
Alberta, Canada (98), and Victoria in the Seychelles (96) and Tel Aviv (99), are the region’s only other cities in the top 100. This region has 15 cities in the bottom 20, including Lagos, Nigeria (202); Bamako, Mali (209); Khartoum, Sudan (217); and N Djamena, Chad (218). Baghdad, Iraq (221) is the lowest-ranking city both regionally and globally.

In the city infrastructure index, most of the region’s cities rank below 100. The exceptions are Dubai (34), which ranks the highest in the region for city infrastructure, Tel Aviv (58), Abu Dhabi (72), Port Louis (91), Muscat (94), Cairo (95) and Cape Town (97). Port Louis, Cairo and Cape Town are the only African cities in the top 100. Elsewhere in the region, Doha, Qatar is at 102, Tunis, Tunisia, ranks 103 and Manama, Bahrain is at 110. In terms of city infrastructure, Baghdad, Iraq (220) is the lowest-ranking city regionally, along with Sana a, Yemen (219); Brazzaville, Congo (218); Kigali, Rwanda (217); and Abuja, Nigeria (215).

The ongoing turmoil in many countries across North Africa and the Middle East has led to serious security issues for locals and expatriates, said Mr. Parakatil. Many countries continue to experience violence through political demonstrations that have sometimes developed into massive uprisings and led to serious instability within the region. Countries such as Syria and Mali have seen their quality of living levels drop substantially. Employers should continually monitor the situation in these countries, as circumstances can degrade rapidly. Companies need to be able to proactively implement mitigation plans, such as emergency repatriation, or adjust expatriate compensation packages accordingly.

**Expatriates in difficult locations: Determining appropriate allowances and incentives**

Companies need to be able to determine their expatriate compensation packages rationally, consistently and systematically. Providing incentives to reward and recognise the efforts that employees and their families make when taking on international assignments remains a typical practice, particularly for difficult locations. Two common incentives include a quality-of-living allowance and a mobility premium.

* Quality-of-living or hardship allowances compensate expatriates for decreases in the quality of living between their home and host locations.
* By contrast, a mobility premium simply compensates for the inconvenience of being uprooted and having to work in another country.

A quality-of-living allowance is typically location-related while a mobility premium is usually independent of the host location. Some multinational companies combine these premiums, but the vast majority provides them separately.

**Quality of Living: City Benchmarking**

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factors that can improve their quality-of-living rankings. In a global environment, employers have many choices of where to deploy their mobile employees and set up new business. Thus, a city’s quality-of-living standards can be an important variable for employers to consider.

Leaders in many cities want to understand the specific factors that affect their residents quality of living and address those issues that affect their city’s overall quality-of-living ranking. Mercer advises municipalities through a holistic approach that addresses their goals of progressing towards excellence and attracting multinational companies and globally mobile talent by improving the elements that get measured in our Quality of Living metrics.

**Mercer hardship allowance recommendations**
Mercer evaluates local living conditions in more than 460 cities it surveys worldwide. We analyse living conditions according to 39 factors, grouped in 10 categories:

- Political and social environment (political stability, crime, law enforcement)
- Economic environment (currency exchange regulations, banking services)
- Socio-cultural environment (censorship, limitations on personal freedom)
- Medical and health considerations (medical supplies and services, infectious diseases, sewage, waste disposal, air pollution, etc.)
- Schools and education (standard and availability of international schools)
- Public services and transportation (electricity, water, public transportation, traffic congestion, etc.)
- Recreation (restaurants, theatres, movie theatres, sports and leisure, etc.)
- Consumer goods (availability of food/daily consumption items, cars, etc.)
- Housing (rental housing, household appliances, furniture, maintenance services)
- Natural environment (climate, record of natural disasters).

The scores attributed to each factor allow for city-to-city comparisons. The result is a quality-of-living index that compares relative differences between any two locations that we evaluate. For the indices to be used effectively, Mercer has created a grid that allows users to link the resulting index to a quality-of-living allowance amount by recommending a percentage value in relation to the index.

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