

The international community as an asset

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The international community that a headquarters economy creates becomes an asset of the location in its own right. In 2022, nearly 30 per cent of the canton's inhabitants were foreign nationals, with the largest groups coming from Germany, Italy and the United Kingdom.¹ Their presence makes it easier for companies to recruit international staff, since a new employee who moves to Zug finds colleagues, schools, clubs and services that serve the international community. It also creates a demand for the services of lawyers, tax advisers, relocation agencies, real estate agents and private bankers that has made the canton a centre of such services. The number of licensed personnel placement agencies in the canton rose from 11 in 1985 to about 500, holding 609 permits, in 2020.² The figure illustrates the scale of the market for international recruitment that the headquarters economy has generated. The international community also shapes the language of business in the canton, which Part J examines. Its demand for housing is one of the causes of the scarcity described below.

The relationship between the international community and the long-established population is not free of tension. The international residents tend to earn high incomes, to live in the more expensive parts of the canton and to remain for a limited number of years. Their children attend international schools, while their social life often takes place in English. The long-established residents benefit from the tax revenue and the employment that the headquarters economy generates, but they also bear the costs of rising rents and crowded infrastructure. The political stability of the business location depends on the management of this relationship. For that reason, the canton's efforts to promote integration and to secure affordable housing for its long-established population are part of its economic policy as much as of its social policy.

1 Notes

1. Zuger Kantonalbank, "Der Kanton Zug in Zahlen", edition 2023: foreign residents 29.8 per cent in 2022; largest nationalities Germany, Italy and the United Kingdom. ↩
2. Zug in der Welt, "Der wichtigste Wirtschaftskcluster im Kanton Zug": personnel placement firms grew from 11 licensed companies in 1985 to approximately 500 holding 609 permits by 2020. ↩

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