JOB MARKET IN SWITZERLAND

AT A GLANCE
Switzerland is attractive to employers, as it has some of the most liberal labor legislation in the world. Companies can employ and dismiss staff at short notice and with no difficulty, depending on their commercial requirements. The incidental wage costs are also comparatively low in Switzerland and the number of strikes that took place in the last ten years is lower than in any other European country. Switzerland is also very appealing to highly qualified employees, as it offers a very high quality of life and salaries are appropriate.

Number of Strike Days
European rankings (per 1,000 workers and year, 2010 – 2017)

<table>
<thead>
<tr>
<th>Country</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>13</td>
</tr>
<tr>
<td>Ireland</td>
<td>17</td>
</tr>
<tr>
<td>Germany</td>
<td>17</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20</td>
</tr>
<tr>
<td>Finland</td>
<td>40</td>
</tr>
<tr>
<td>Spain</td>
<td>50</td>
</tr>
<tr>
<td>Denmark</td>
<td>54</td>
</tr>
<tr>
<td>Norway</td>
<td>66</td>
</tr>
<tr>
<td>France</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: European Trade Union Institute, 2019

Attractiveness as a Location for Talent
Level of attractiveness for recruiting talent to a country, 2019

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td>2</td>
</tr>
<tr>
<td>USA</td>
<td>3</td>
</tr>
<tr>
<td>Norway</td>
<td>4</td>
</tr>
<tr>
<td>Denmark</td>
<td>5</td>
</tr>
<tr>
<td>Finland</td>
<td>6</td>
</tr>
<tr>
<td>Sweden</td>
<td>7</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: INSEAD Global Talent Competitiveness Index, 2019

KEY FIGURES

1st place – Attractiveness for highly qualified workers

2.6 percent unemployment 2018

2nd place – Flexibility in recruitment/dismissal of workers

2nd place – Average purchasing power of employees

Sources: BFS/WEF/GfK Kaufkraft Europa, 2018; Deloitte, 2019
BENEFITS FOR EMPLOYERS

• As a result of the high quality of life and excellent working conditions, Switzerland is highly attractive for foreign qualified staff and managers. According to a survey conducted among “expatriates”, Switzerland is considered the most attractive destination for talented foreign workers.

• Switzerland is notable for its high level of productivity. This is particularly high in comparison with other countries in the pharmaceutical, insurance and financial sectors, as well as the mechanical and electrical engineering industries.

• The Swiss labor market is considered extremely flexible as a result of the liberal legislation. Companies can easily employ and dismiss employees according to their commercial requirements.

• A liberal attitude towards work is firmly rooted in Swiss culture – and this is repeatedly confirmed by its population. In the last decade, most initiatives and referendums calling for stronger regulation of the labor market have failed. This was also true of an initiative calling for a universal six weeks of holidays (2012).

• In addition to the gross salary, employers also incur costs for social security when they take on an employee. These social security costs are low for employees in Switzerland. With the same gross salary, an employer in Switzerland incurs the third lowest cost compared to other European countries.

Comparison of effective employer costs across Europe
for an employee with a gross salary of 75,000 Euro

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>CH</td>
<td>1</td>
</tr>
<tr>
<td>PL</td>
<td>2</td>
</tr>
<tr>
<td>IE</td>
<td>3</td>
</tr>
<tr>
<td>NL</td>
<td>4</td>
</tr>
<tr>
<td>GB</td>
<td>5</td>
</tr>
<tr>
<td>DE</td>
<td>6</td>
</tr>
<tr>
<td>BE</td>
<td>7</td>
</tr>
<tr>
<td>FR</td>
<td>8</td>
</tr>
<tr>
<td>NL</td>
<td>9</td>
</tr>
<tr>
<td>DE</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Deloitte, 2019

• The Swiss education system is characterized by its high practical relevance, which is ensured by the dual education system together with strong universities of applied sciences (see factsheet Vocational Training in Switzerland at www.s-ge.com/education). The World Economic Forum (WEF) has awarded Switzerland top marks in an international comparison of continuing education and retraining of employees and also with regard to the level of education of its university graduates.

Flexibility of Companies in Hiring and Firing Employees
Switzerland compared to other countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2</td>
</tr>
<tr>
<td>USA</td>
<td>3</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td>Iceland</td>
<td>5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6</td>
</tr>
<tr>
<td>UAE</td>
<td>7</td>
</tr>
<tr>
<td>Denmark</td>
<td>8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>9</td>
</tr>
<tr>
<td>Qatar</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: WEF Global Competitiveness Report, 2018
• Switzerland boasts an effective social partnership, with few conflicts between employees and employers, and virtually no strikes. The level of cooperation between employers and employees is unequaled in any other country.

**BENEFITS FOR EMPLOYEES**

• Switzerland’s employment rate is second only to Iceland. At the end of 2018, 84.6% of the working age population was in paid employment, well above the OECD average of 68.6%. At the same time, the unemployment rate in Switzerland is very low at 2.6% (2018).

• Swiss employees enjoy high purchasing power. Here, Switzerland ranked first in Europe in 2018 with an average disposable income of 40,456 euros, superseding both Iceland and Luxembourg.

• Switzerland is a magnet for middle management-level staff, as wages are higher than in other countries. After the deduction of tax, obligatory payments and other fixed costs (rent, etc.), wages are by far the highest, amounting to over 100,000 euros.

• In the OECD’s “Better Life Index”, Switzerland performs very well with regard to many quality-of-life variables. It scores above average in the areas of subjective well-being, employment, income and wealth, health, social relations, environment, education, work-life balance, housing and security.

**TAXES**

**Withholding tax**

Many employees who are not Swiss nationals and who do not hold residence permits (identity document C) are subject to withholding tax in Switzerland. This is deducted directly from their wages by the employer and paid to tax authorities. If, as a non-Swiss employee with a tax domicile in Switzerland, one’s income subject to withholding tax exceeds 120,000 Swiss francs, a subsequent statutory assessment will be carried out on all income and assets.

The income of people (Swiss and non-Swiss nationals) who are not tax residents in Switzerland (cross-border commuters, people who stay during the work week, people who work on advisory boards, artists, athletes, speakers) is also subject to taxation at source if it is earned in Switzerland. No subsequent tax assessment is carried out for these people, however, even if their income reaches a certain level.
CURRENT DEVELOPMENTS

• The Swiss economy has consistently benefited from the fact that companies have been able to recruit highly qualified specialists from abroad with relative ease. For various reasons, including the significant increase in immigration figures in recent years, in 2014 the Swiss electorate accepted the popular initiative “against mass immigration”, demanding a statutory limit on immigration into Switzerland. As a result, the state government has opted for a legal regulation that is compatible with the Swiss-EU Agreement on the free movement of persons. The corresponding measures have been in force since July 1, 2018 and are mainly aimed at better exploiting the potential of the domestic workforce. The total quotas for third-country workers and EU/EFTA service providers are back at 2014 levels, thus ensuring continuity and taking account of the economy’s interests.

• On 19 May 2019, the Swiss electorate adopted the Federal Law on Tax Reform and AHV Financing (TRAF) with a majority of 66.4%. The adoption of the TRAF means that Swiss tax system has been modernized and now offers companies an attractive tax environment in line with internationally established tax practices (see factsheet “Corporate Taxation” at www.s-ge.com/corporate-taxation).

• The national government is committed to ensuring that the benefits of the dual vocational training system are better appreciated at an international level. The aims are to achieve improved recognition for vocational training qualifications and greater (international) mobility for the professionals involved. Switzerland therefore supports the EU’s Copenhagen Process, the aim of which is to enhance the efficiency, quality and appeal of vocational training.

CONTACTS AND OTHER INFORMATION

Authorities and regulators
State Secretariat for Education, Research and Innovation
www.sbfi.admin.ch
State Secretariat for Economic Affairs
www.seco.admin.ch
Deployment – Platform for employment and pay conditions in Switzerland
www.entsendung.admin.ch

Associations and networks
Employers’ association
(www.arbeitgeber.ch)
S-GE resources
Handbook for Investors
www.s-ge.com/handbookforinvestors

Publications and tools
Better Life Index OECD
www.oecdbetterlifeindex.org
Deloitte European Salary Survey 2018
www2.deloitte.com
WEF Global Competitiveness Report
www.weforum.org
National wage calculator
www.entsendung.admin.ch
KPMG Tax Rates Online
www.kpmg.com
Living and working in Switzerland 2018 - a guide for foreign nationals relocating to Switzerland
www2.deloitte.com

WE OFFER FREE CONSULTATION
Are you expanding in Europe and considering Switzerland as a business location for your company? Here, you can get free advice and support throughout the entire settlement process. We will connect you unbureaucratically with the cantonal business promotion agencies and provide you with expert contacts for matters such as taxes, real estate, etc.

Get in touch with us: www.s-ge.com/invest