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FSO News

3 Employment and income

Neuchâtel, July 2008

Labour market indicators for 2008

Comments on findings for the period 2002–2008

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Summary

"Labour market indicators 2008"

The publication "Labour market indicators 2008" (available in German and French) presents the main highlights among the vast range of employment data. The information is arranged to provide an overview of the Swiss labour market, along with the relevant statistics. Some of the areas dealt with include employment, working hours, unemployment, vacancies, dynamic aspects of the labour market, as well as salary structure and trends.

The first part of this publication is devoted to comments on the findings for the period 2002–2008. It then looks at the definitions of the main labour market indicators. There is then a specific chapter describing the methodological aspects of the various statistical sources. The final part of this publication includes almost sixty tables presenting in detail the results of the various labour market statistics.

The publication will be available in August 2008.

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2002–2007: Main labour market trends

As a result of the events of 11th September 2001, persistent geopolitical instability and the crisis in the financial markets, there was no increase in employment at the beginning of the period under review. The number of unemployed rose sharply, making 2003 a gloomy year for the Swiss labour market. Between June 2003 and June 2005, despite the return of moderate economic growth, the number of employed persons only increased slightly. It was not until the end of 2005 and the return of strong economic growth that significant employment growth was seen again, accompanied by a drop in unemployment. In spite of further increases in part-time work, the volume of hours worked continued to grow. As far as wages are concerned, there was an increase in real terms of 2.8% over the whole period 2002–2007, which represents an average annual rise of 0.5%.

Employment increased sharply between June 2002 and June 2007: according to household surveys, the labour market registered an increase of some 229,000 employed persons in five years which represents a progression of 5.5%. Information gathered from secondary and tertiary sector businesses indicates an increase in these sectors of 169,000 jobs (+4.6%). However, this positive development does not concern the whole period: up until the first half of 2003, the economic downturn remains significant with even a slight decrease in the number of employed persons (-13,000 between June 2002 and June 2003; jobs -10,000). In the same period, strong labour immigration boosted the labour supply, generating a clear surplus (net migration in 2002: +37,000 economically active persons; 2003: +36,000). The number of unemployed persons (unemployed according to the definition of the International Labour Bureau) rose again, the percentage of unemployed in the active population rising from 2.9% in June 2002 to 4.1% in June 2003, a level close to the peaks observed at the beginning of 1997.

From the 2nd quarter of 2003, a recovery was observed, but without immediate effect on the labour market. Between June 2003 and June 2005, both the number of employed persons and the number of jobs only rose slightly (both with +0.9% in the space of two years). Migration pressure continued with surpluses of 26,000 active persons in 2004 and 29,000 in 2005. The unemployment rate rose slightly (4.4% in June 2005).

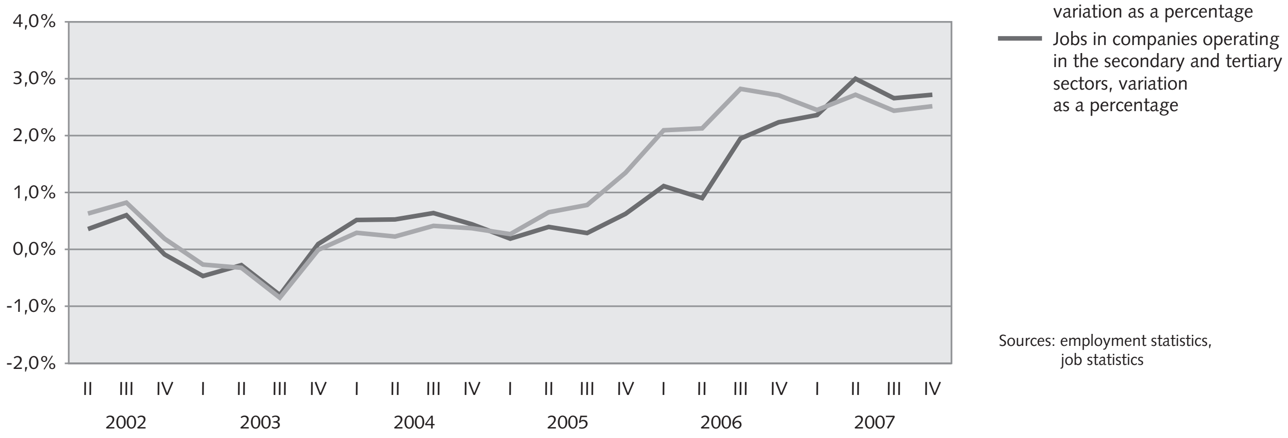
The labour market finally benefited from the acceleration of economic growth from the 2nd quarter 2005. As a result, between the 2nd quarter 2005 and the 2nd quarter 2007, the number of employed persons increased by 4.9% and the number of jobs in secondary and tertiary sector businesses increased 3.9%. At the same time, the unemployment rate recorded a drop of almost 1 point in the space of two years (-0.8 of a point between June 2005 and June 2007). This positive labour market trend continued to the end of 2007.

On a structural level, the period 2002–2007 is again characterised by a marked increase in part-time employment: in June 2007, 1.389 million persons were employed on a part time basis, representing about one third of the working population. This figure marks an increase of 11.3% compared to June 2002 (1.249 million). The number of persons in full-time employment also showed an important increase (+3.0% to 3.010 million in June 2007). This shift towards part-time employment did not prevent a rise in the total amount of actual hours worked between 2002 and 2006 (+4.6%). This increase in the actual hours worked can mainly be explained by the increase in the number of jobs, as well as by an increase in the amount of overtime hours worked (+5.5%) and by a fall in the amount of hours of absence (-6.4%).

The growth rate of real wages fell gradually between 2002 and 2004 (+1.1% in 2002, +0.8% in 2003 and +0.1% in 2004) reaching a negative value in 2005 (-0.2%). In 2006, taking into account inflation which was increasing at an almost identical rate to that of nominal wages, the purchasing power of wages stagnated at 0.1%. In 2007, real wages showed an increase of 0.9% due to the conjugated effect of a nominal rise of 1.6% and relatively low inflation at 0.7%.

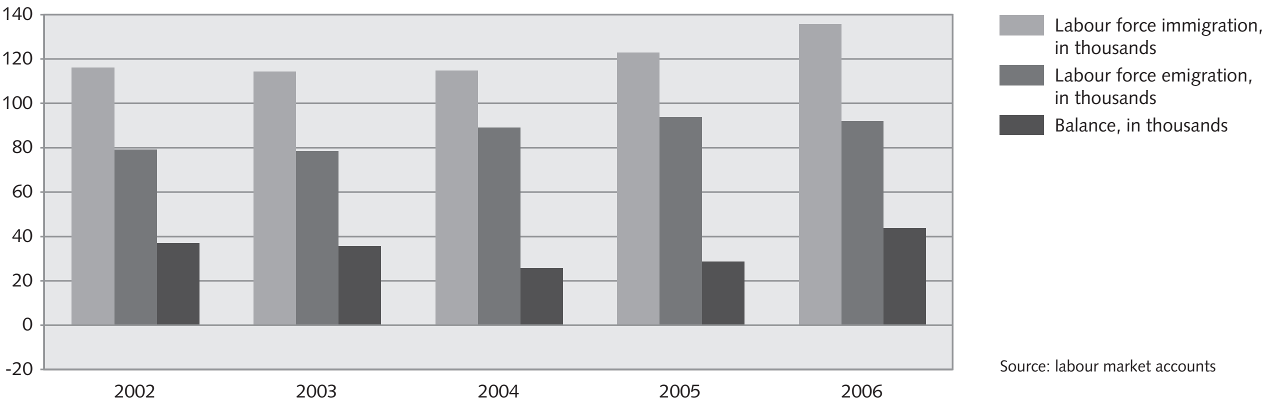
2002–2007: Main labour market trends

Variation in the number of employed persons and number of jobs in relation to the corresponding quarter in the previous year, as a percentage, June 2002–December 2007



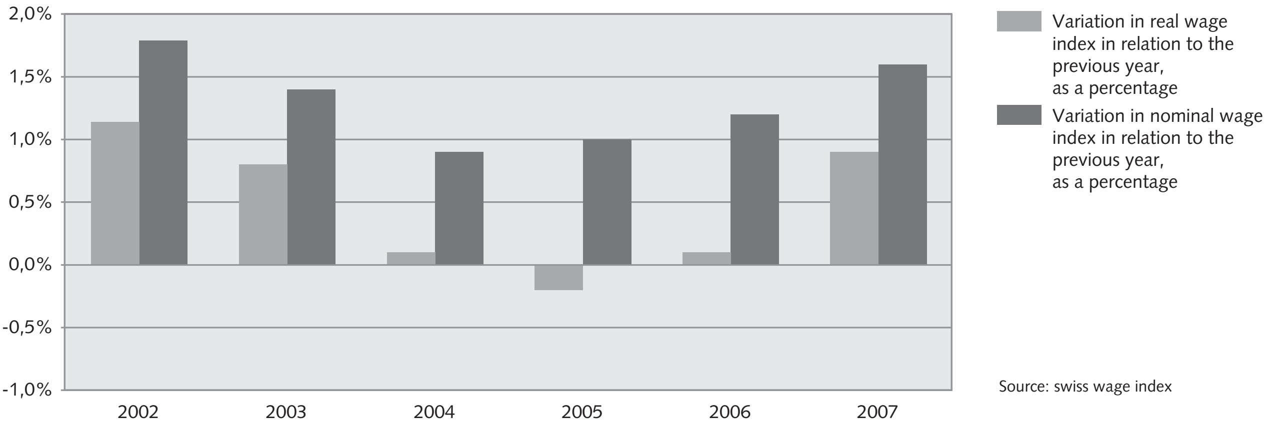
Sources: employment statistics, job statistics

Workforce migration, in thousands, 2002–2006



Source: labour market accounts

Variation in nominal wage index and real wage index in relation to the previous year, as a percentage, 2002–2007



Source: swiss wage index

2002–2007: Labour market imbalances

The sudden slowdown in the economy which began in the second half of 2001 brought with it a change in direction for most labour market indicators, with 2002 and 2003 marking the return to high levels of unemployment. The slightly increased growth rate in the economy from mid-2003 did not have any immediate significant impact on labour demand. Up until 2005 the level of employment only rose slightly, while the number of unemployed remained high. The trend was only reversed when the growth rate started picking up from the end of 2005. Companies increased their workforce leading to a significant fall in unemployment.

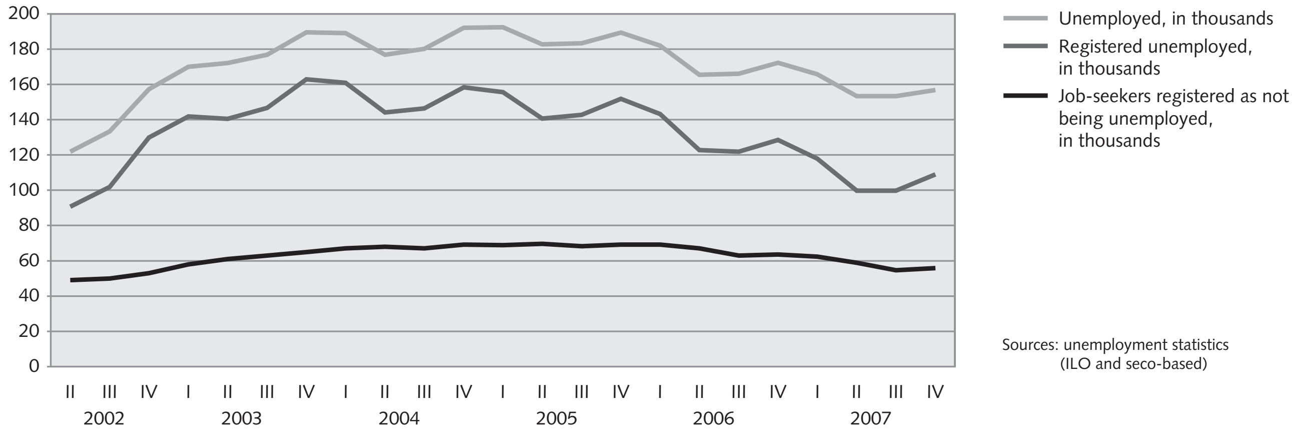
At the beginning of the period under review, labour demand experienced a new phase of decline from 144 points in June 2002, the index of vacancies fell to 100 points in June 2003, then to 81 points in December 2003, its lowest ever level. In addition to this, the indicators of labour shortage were considerably reduced for all levels of qualification (in June 2003, the proportion of establishments announcing a shortage in skilled, semi-skilled and non-skilled staff was only 16.5%, 3.1% and 1.8% respectively, compared with 25.0%, 4.7% and 2.5% a year earlier. The number of unemployed persons increased by 50,000 in the space of a year (June 2003: 172,000). The decline in labour demand is also reflected in the change in volume of overtime hours which fell to 169 million in 2002. This volume represents the equivalent of some 89,000 hours in terms of full-time jobs or an extra hour of work per week and per job. However it would be wrong to conclude that unemployment could have been absorbed by a better distribution of labour. In fact overtime is often temporary in nature and the qualifications of those persons without employment do not always coincide with those sought by businesses.

The return of moderate growth from the 2nd quarter 2003 did not have any immediate impact on the labour market: between the 3rd quarter 2003 and the 3rd quarter 2005; the vacancy index remained within a range between 80 and 120 points, while the employment outlook indicator never went above 1.02 points. This lack of dynamic activity was also reflected in the unemployment data, which showed no decline; on the contrary the rate of unemployed (4.4%) was slightly higher in June 2005 than it had been in June 2003 (4.1%). The increase in the volume of overtime hours to 174 million hours in 2003, then to 176 million in 2005 is a sign that during this period, businesses preferred to use existing capacity to the full rather than increase the number of staff. Between 2003 and 2005 the net creation of jobs per year was no higher than 34,000.

The economic growth perceptible since the beginning of 2006 finally brought about a change in the direction of all labour market indicators. There was an appreciable reduction in unemployment, although it remained at a higher level than during the previous period of growth (1998–2001). Between June 2005 and June 2007, the number of unemployed persons fell from 183,000 to 153,000 and for the first time in nearly 5 years the number of registered unemployed persons fell temporarily below the 100,000 mark. After reaching a peak of 70,000 persons in June 2005, the number of registered non-unemployed jobseekers (persons with an intermediate income and persons following temporary employment programmes or retraining and development programmes) fell two years later to 59,000. At the same time labour demand increased. The vacancy index increased gradually, reaching its highest level for 6 years (213 points) in June 2007. However this was still quite a long way from the record level of 284 points reached in the middle of 2000. The employment outlook indicator with 1.08 points reached its highest level since its introduction in the first quarter of 2004.

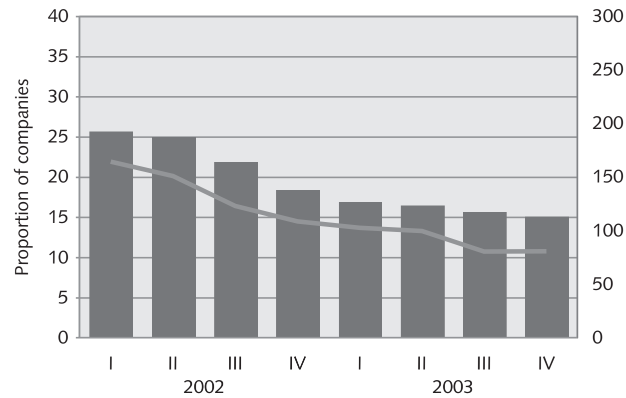
2002–2007: Labour market imbalances

Unemployed, registered unemployed and job-seekers registered as not being unemployed, in thousands, June 2002–December 2007



Sources: unemployment statistics (ILO and seco-based)

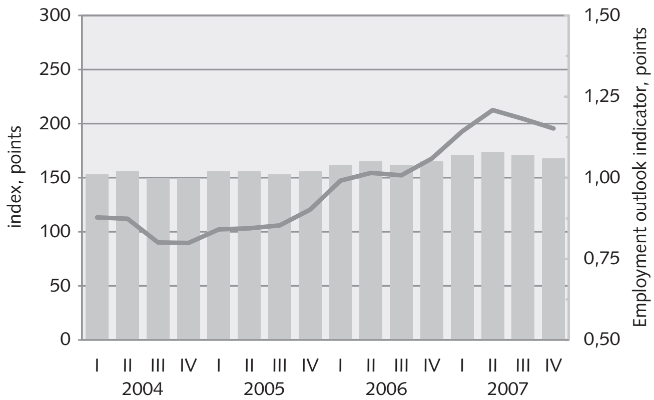
Job vacancy index (points) and proportion of companies facing skilled labour shortage* (as a percentage), March 2002–December 2003



Job vacancy index, points (June 2003 = 100), right-hand axis

Proportion of companies (weighted by number of jobs) that consider they have a skilled labour shortage, as a percentage, left-hand axis

Job vacancy index and employment outlook indicator, as points, March 2004–December 2007



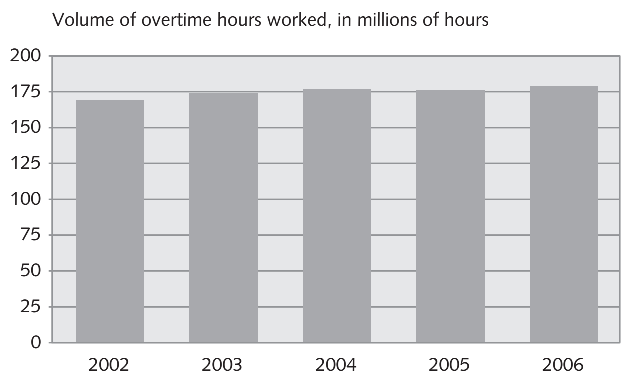
Job vacancy index, points (June 2003 = 100), left-hand axis

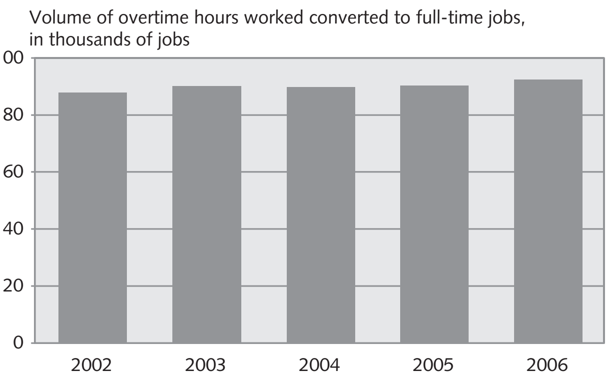
Employment outlook indicator, points, right-hand axis

* The proportion of companies facing a labour shortage is no longer calculated from the 1st Qtr 2004.

Source: job statistics

Volume of overtime hours worked, in millions of hours and their full-time equivalents*, 2002–2006





* The full-time equivalent is obtained by dividing the number of overtime hours worked by the actual hours worked in the full-time jobs

Source: work volume statistics

2002–2007: The situation of men and women in the labour market

The number of women in employment continued to rise between 2002 and 2007, with women accounting for most of the increase in the labour force. The expansion of the tertiary sector in the economy and the increase in part-time work certainly contributed to this trend. In fact, five working women out of six are employed in the services sector and more than one working woman in two is employed part-time. Although nowadays most men work in the tertiary sector too, the industrial sector still accounts for a third of men's jobs. Men in particular, therefore, benefited from the positive economic conditions in this sector during the second half of the period under review. Women, in spite of their increased presence in the labour market, continue to be faced with conditions less favourable than those for men as far as unemployment and wages are concerned.

Between June 2002 and June 2007, the number of active men (either in employment or unemployed) rose by 5.3% (2.513 million in June 2007) whereas the number of women present in the labour market increased by 7.0% (2.039 million active women in June 2007). The proportion of women in the working population, therefore, grew from 44.4% to 44.8% in 5 years. While men certainly benefited from the healthy economic conditions in the secondary sector during the second half of the period under review, women continued the steady progress observed since the beginning of the nineties. In addition to the favourable economic conditions, this development can be explained by the fact that more and more women were combining career and family.

The increasing importance of part-time work in our society contributed to the increase in female employment (and vice-versa). In June 2007, 56.6% of women worked part-time, compared with 54.9% in June 2002. There was hardly any change in the number of men working part-time, which remains limited since it only concerned just over one man in ten in 2007 (11.6%; 2002: 10.1%). The very unequal distribution of part-time work means that women account for only a little more than a third of the total volume of actual hours worked (36.4% in 2006).

The increase in the tertiary sector of the economy is another factor favouring the rapid increase in the number of women at work. In fact more than five working women in six are employed in the tertiary sector, equivalent to 85.6% in June 2007. Only 11.6% of women are employed in the secondary sector and 2.8% in the primary sector. While the majority of men also worked in the services sector (61.6%) compared to women their presence is still strong in the secondary sector (33.5%). Lastly, 4.9% of men are employed in the primary sector.

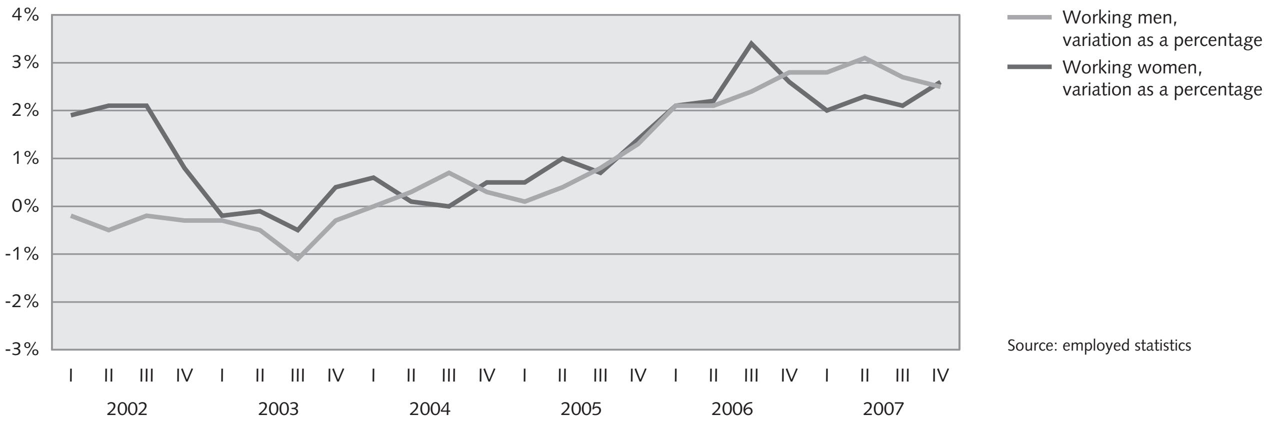
The sudden economic slowdown from the 2nd quarter 2001 considerably reduced the gap between the rate of unemployed men (2.8% in June 2002) and unemployed women (3.1%). These rates were to remain high for 3 years, peaking in 2004 for men (4.0% annual average) and in 2005 for women (5.1% on average). The return of moderate growth from the end of 2003 which really picked up from the end of 2005 was more favourable to men: the rate of unemployed men was only 2.8% in June 2007 compared with a rate of 4.4% for women. For a better understanding of the difference in unemployment rates between men and women, it is useful to distinguish between frictional, structural and cyclical unemployment. Frictional unemployment (resulting from the time required for a person to find a job after a period of unemployment or after losing their job unexpectedly) remains high among women; there are more women than men returning to the labour market after a break in their professional career to look after their family. As far as structural unemployment is concerned (resulting from discrepancies between the skills offered and those in demand, as well as from the lack of geographical mobility among the unemployed), women also appear to be worse off than men; they are on average less well-qualified than men, they sometimes have difficulty in selling their skills after a career break to look after their family and are often tied to the region where their partner works. On the other hand, because of their strong presence in the secondary sector (industry and construction), men are worse off in terms of cyclical unemployment (resulting from the development of the economic cycle). In fact the secondary sector reacts more quickly to cyclical slowdowns (as at the beginning of the period under review) than the services sector. However it is generally the first to revive during periods of economic recovery.

With a median standardised gross wage of 6076 francs per month in 2006, men remain distinctly better paid than women. The median wage for women was 4926, i.e.18.9% less. The difference is however gradually getting smaller: it was 22.9% in 1996, 21.5% in 1998, 21.3% in 2000, 20.7% in 2002 and 19.7% in 2004. Given the continuing improvement in the level of women's qualifications and their ever increasing appointment to positions of responsibility, this wage gap should continue to narrow.

The continued increase in women's wages follows a long-term trend observed since the mid-1960's. Over the period 2002 to 2007, the annual average increase in real wages amounts to 0.7% for women and 0.4% for men.

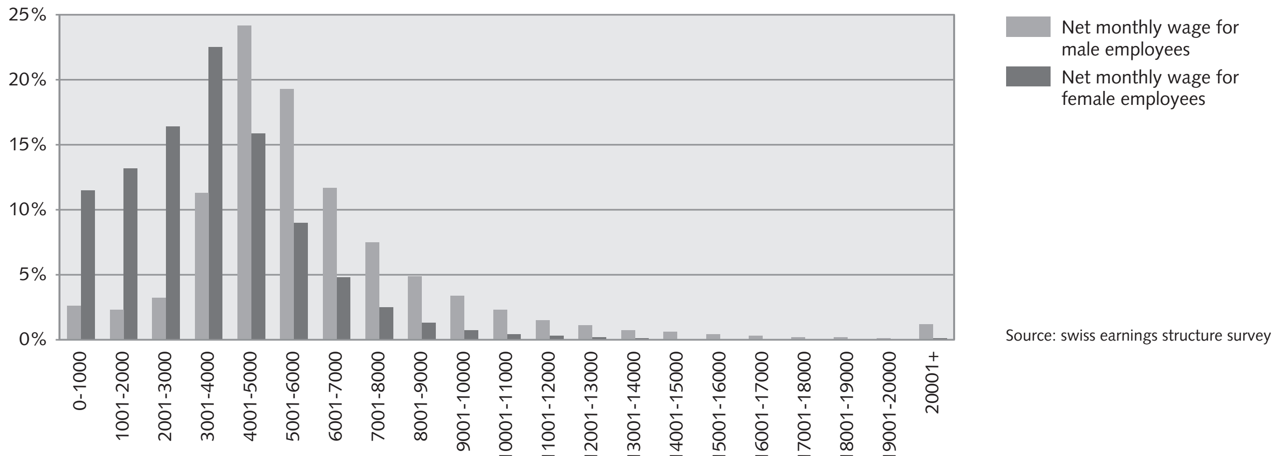
2002–2007: The situation of men and women in the labour market

Variation in the number of employed persons according to gender compared with the corresponding quarter in the previous year, as a percentage, March 2002– December 2007



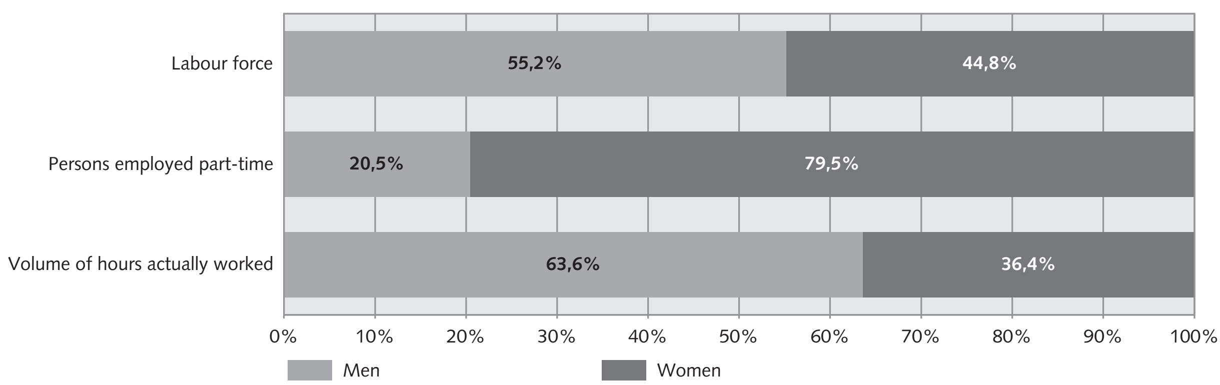
Source: employed statistics

Breakdown of non-standardised net monthly wages, by gender, as a percentage, 2006



Source: swiss earnings structure survey

Breakdown of men/women in the labour force (June 2007), of persons employed part-time (June 2007) and of the volume of hours actually worked (2006), as a percentage



Sources: employed statistics, unemployment statistics (ILO-based), work volume statistics

2002–2007: Swiss and foreign labour force

Switzerland has experienced a high level of foreign worker immigration since 2001. Between 2002 and 2007, the increase in the number of workers of foreign nationality was more than double the increase in the number of workers of Swiss nationality. Without naturalisation, the difference would be even bigger. Over the whole period, unemployment rates for foreigners remained two to three times higher than those for Swiss nationals. Finally, wage conditions remained more favourable for Swiss nationals.

Between June 2002 and June 2007, the increase in the number of economically active foreign persons (both in employment and unemployed) was two and a half times higher than the increase in the number of workers of Swiss nationality (+11.3% for 1.225 million compared with +4.2% for 3.327 for the Swiss). These figures reflect a sustained immigration of foreign workers: over the whole period 2002–2006, the number of workers immigrating to Switzerland exceeds by 194,000 the number of those leaving the country. The implementation of the agreement on the free movement of persons between Switzerland and the European Union in June 2002 helps to explain this strong migration movement. The migration of active Swiss citizens, however, shows a negative balance of 22,000 active persons over the five-year period.

Naturalisation plays a role in the structure of the economically active population: from 2002 to 2006, some 106,000 active foreigners obtained Swiss nationality. Were it not for these changes in nationality, one could estimate that the active Swiss population only increased by 0.9% between 2002 and 2006, whereas the number of foreign workers would have increased by more than a fifth (21.0%). In 2007, the proportion of foreigners in the active population was 26.9% compared to 25.6% five years earlier.

Among the Swiss nationals available on the employment market in June 2007, 3.241 million had a job whereas 86,000 did not. The unemployment rate for Swiss nationals was therefore 2.6%, which is higher than 5 years before (2.2%). The situation remains less favourable for foreigners: in June 2007, 1.158 million had a job, compared to 67,000 who did not. The unemployment rate for foreigners was 6.6% in June 2007, compared to 5.5% in June 2002. Foreigners have a higher risk of unemployment, partly due to their level of qualification (on average lower than that of Swiss nationals), and partly due to their strong presence in the secondary sector which is particularly sensitive to economic fluctuations. The proportion of foreigners varies in fact considerably depending on the economic sector: foreign workers are represented the most in the secondary sector, accounting for a third of workers (34.2% in June 2007) whereas in the tertiary sector, foreign workers represent only 24.6%; in the primary sector only one worker in ten is foreign (11.2%). Foreign workers are mainly salaried employees (95.6%; Swiss nationals: 85.9%). Only 4.4% are self-employed or work for a family business or company. Various factors explain this gap, including integration issues, the fact that first generation foreigners are unable to take over a family business or restrictive regulations for residence permit holders.

Between June 2002 and June 2007, the proportion of part-time workers increased for Swiss and foreign workers alike. However this form of work remained less prevalent among the latter, since in the middle of 2007, only 22.8% of foreign workers were employed part-time, compared with 34.7% of Swiss workers.

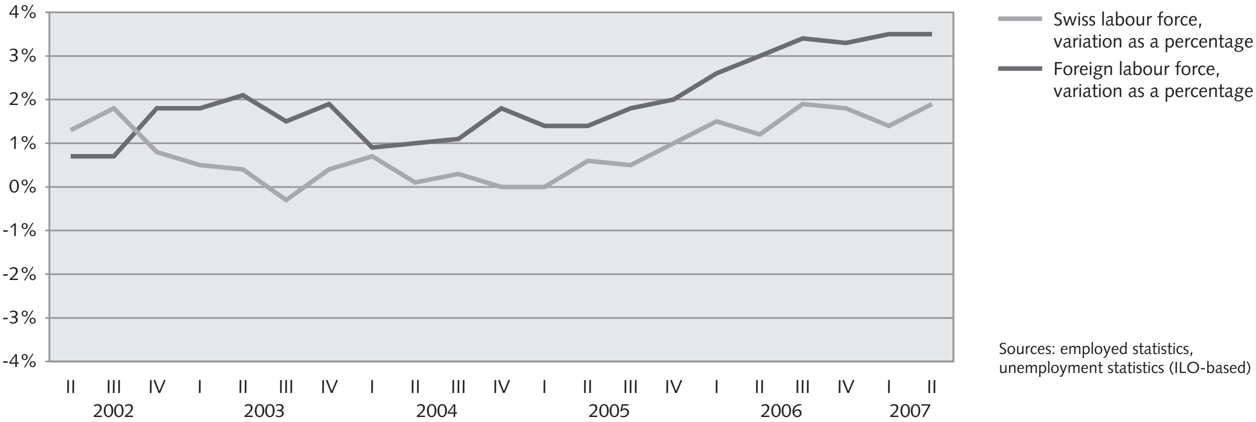
The structure of the employed population of foreign workers according to the type of permit is changing. Although in June 2007 more than half of the active working foreign population were holders of permanent residence permits (50.6%), their proportion is decreasing (58.1% in June 2002). Conversely, all others groups have increased (residence permit holders: 24.1% of the total of foreign workers in June 2007 compared with 19.7% in 2002: cross-border commuters: 17.5% compared with 15.4%; holders of short-term residence permits: 5.9% compared to 3.0% and the category "others": 1.9% compared with 1.3%). The status of seasonal worker has been discontinued since June 2002.

In 2006, the median standardised gross wage for foreign employees was 13.6% lower than that for Swiss nationals (5140 CHF compared to 5952 CHF). However one should not conclude from these figures that an inequality of treatment exists: on one hand foreign workers are on average younger (in June 2007, 56.5% of foreign workers were less than 40 years old, compared to only 43.8% of Swiss workers). On the other hand, as already mentioned, important differences exist between Swiss nationals and foreigners in terms of qualifications and distribution among the various economic sectors.

The figures shown here should not disguise the extremely diverse nature of the foreign working population. More detailed data on the subject can be obtained in the SFSO's publication "La population étrangère en Suisse, édition 2008" (Foreign population in Switzerland, 2008 edition, to be published at the end of 2008).

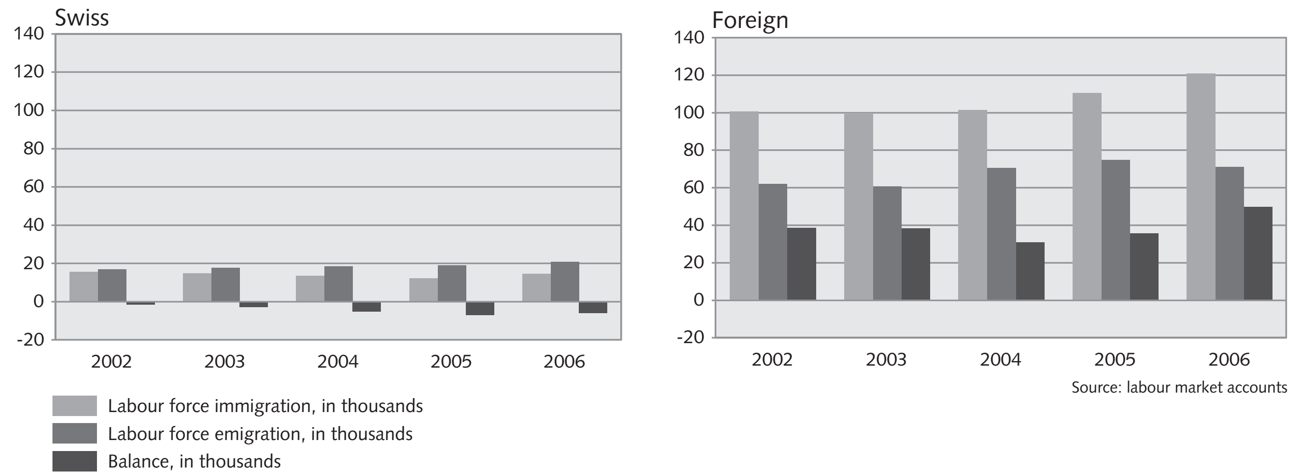
2002–2007: Swiss and foreign labour force

Variation in the labour force according to nationality compared with the corresponding quarter in the previous year, as a percentage, June 2002–June 2007



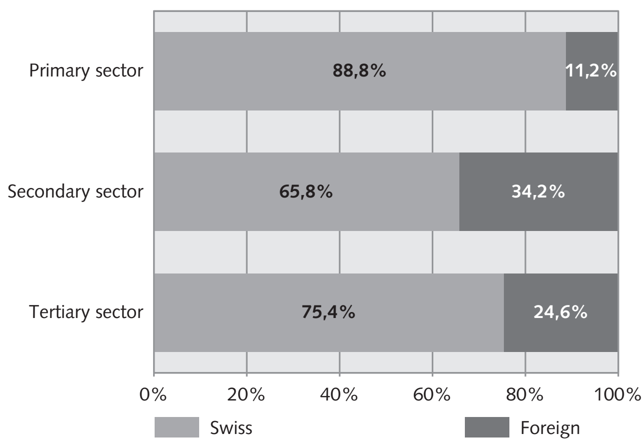
Sources: employed statistics, unemployment statistics (ILO-based)

Workforce migration, by nationality, in thousands, 2002–2006

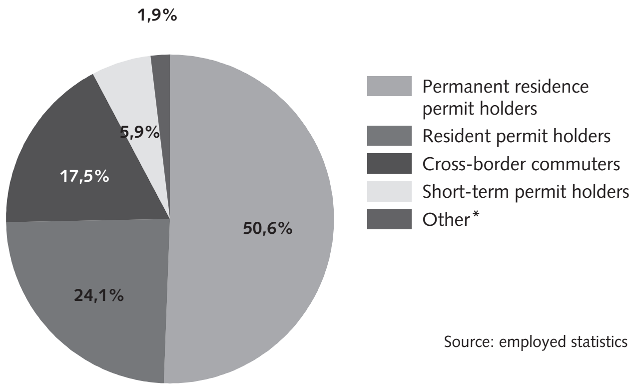


Source: labour market accounts

Breakdown of Swiss/foreign workers in the various economic sectors, as a percentage, June 2007



Breakdown of foreign employed persons, by type of residence permit, as a percentage, June 2007



Source: employed statistics

*Asylum applicants, staff of Swiss embassies and consulates and Swiss naval fleet personnel, UE/AELE citizens engaged in paid employment (not self-employed) for a Swiss employer for a maximum of 90 days per civil year.

2002–2007: Trends in the different economic sectors

Between 2002 and 2007 the labour market continued to be highlighted by the expansion of the tertiary sector. The services sector has actually been the driving force for growth and job creation. The secondary sector suffered badly from the economic downturn of 2002 and 2003. However, from the second quarter of 2004, the decline of the industrial sector came to a halt and the years 2005 and 2006 saw even more sustained growth in employment in the industrial sector than in the tertiary sector. As far as wages are concerned, the slight difference between secondary and tertiary sector wages is misleading: a distinction between genders indicates that wages are actually much higher in the services sector.

The tertiary sector continued to expand between 2002 and 2007: the number of employed persons in the services sector grew by 229,000 (+7.8%) reaching 3.178 millions in June 2007, whereas the number employed in the industrial sector remained almost the same as 5 years before (+3000 reaching 1.047 million in June 2007). The tertiary sector increased during the whole of the period under review, whereas the secondary sector shows fluctuating development: between the 2nd quarter 2002 and the 2nd quarter 2004, industrial activity suffered dramatically from the economic crisis, with a reduction of 61,000 employed persons. The return of growth enabled a rapid increase in the number of persons employed in this sector, an increase which often exceeded that observed in the services sector. In June 2007, the number of persons employed in the secondary sector returned to an almost identical level to that of June 2002. The primary sector lost only 2000 persons between 2002 and 2007 (-1.4% to 174,000).

The growing trend in part-time work certainly contributed to the growth in employment in the tertiary sector. Between June 2002 and June 2007, 146,000 part-time jobs were created in the services sector (net job creation), compared to only 3000 full-time jobs. In the tertiary sector, the proportion of part-time jobs rose from 34.7% in June 2002 to 38.1% in June 2007. In the secondary sector for the same period, the proportion of part-time jobs rose from 11.3% to 12.6%.

By mid-2007, 72.2% of active persons were employed in the tertiary sector compared to 70.7% in June 2002. In contrast to this, only 23.8% were employed in the secondary sector (25.0% five years earlier) and 4.0% in the primary sector (4.2% in 2002). The importance of the primary sector is greater in terms of the volume of hours worked (5.3% of the total volume in 2006) due to the working hours per job which are far above-average (2148 hours actually worked compared with 1722 hours in the secondary and 1470 hours in the tertiary sectors respectively).

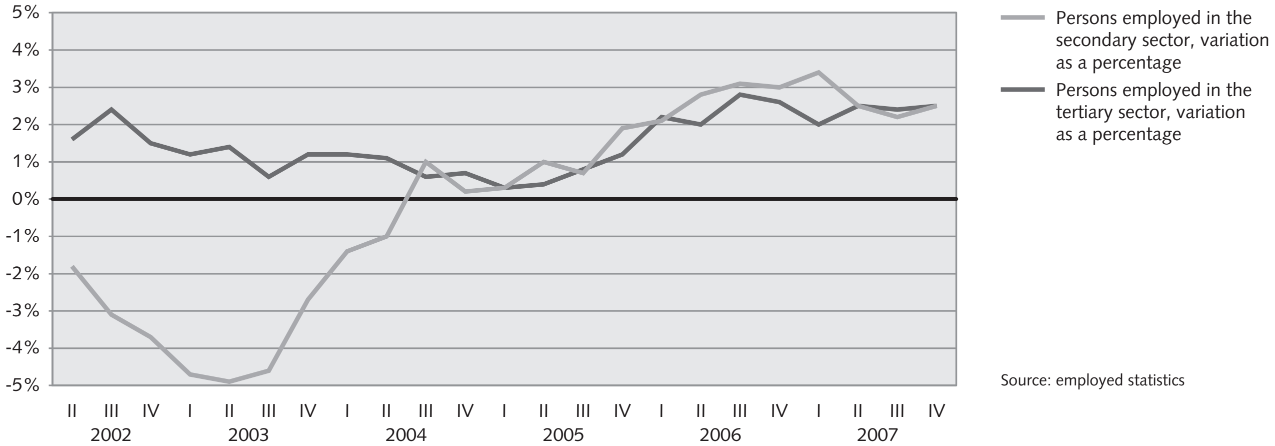
The vacancy index and unemployment data also reflect employment trends in the secondary and tertiary sectors. At the end of June 2002, the vacancy index displayed low values, in both the secondary (160 points) and tertiary (138 points) sectors. It continued to slump during the following six quarters, even falling below the 100 point mark during the second half of 2003. Between June 2004 and June 2005, the vacancy index stagnated, never rising above 120 points. Growth accelerated from the end of 2005, bringing the index of the secondary sector to 174 points in June 2006, compared with 147 points for the tertiary sector index. In June 2007 it again showed a very high level (secondary sector 223 points, tertiary sector: 208 points) without however reaching the peaks of 2000 and 2001. As far as the unemployed are concerned, the proportion of registered unemployed from the secondary sector initially increased, rising from 21.9% in June 2001 to 24.9% in June 2003, to fall in June 2007 to 20.8% (this only took into account the registered unemployed for whom information was available, which applies to roughly 85% of cases).

With a median standardised gross wage of CHF 5742 per month in 2006, employees in the secondary sector seemed, at first glance, to be better paid than those in the tertiary sector (CHF 5547). This picture is, however, misleading. In fact, when the data are broken down according to gender, wages in the tertiary sector (CHF 6241 for men and CHF 4893 for women) are in fact higher than in the industrial sector (CHF 5915 and 4846 respectively). The fact that there is a higher proportion of men working in the secondary sector offsets wage differences in the two sectors at an aggregate level (in June 2006, men accounted for 77.6% of employees in the secondary sector compared with only 47.5% of those employed in the tertiary sector).

Having reached a peak of 1.7% in 2001, the growth of real wages in the secondary sector slowed down in 2002 (+1.0%), 2003 (+0.5%) and 2004 (-0.2%). In 2005 and 2006, real wages stagnated (+0.1% for both years). The year 2007 showed an increase of 0.8%. The situation was similar in the tertiary sector. In a period of restrained wages which had begun in 2002, wages showed declining growth rates until 2006 (+1.2% in 2002, +0.9% in 2003, +0.4% in 2004, -0.3% in 2005 and +0,1% in 2006) and a relatively higher increase in 2007 (+0.9%).

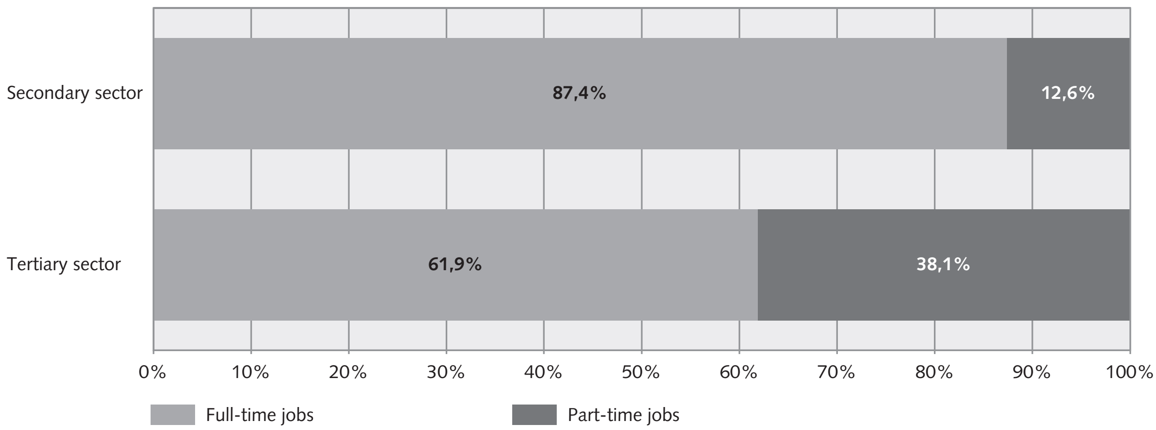
2002–2007: Trends in the different economic sectors

Variation in employed persons in the secondary and tertiary sectors compared to the corresponding quarter in the previous year, June 2002–December 2007



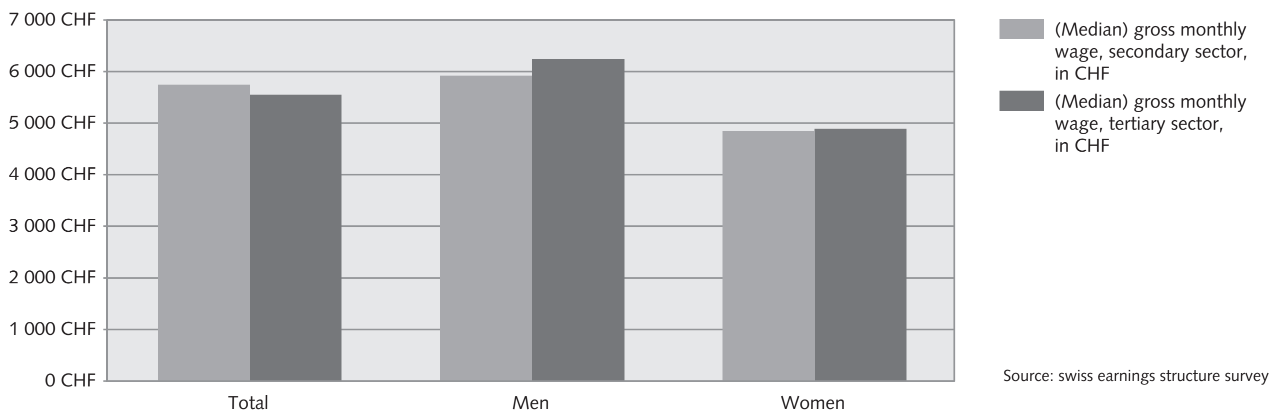
Source: employed statistics

Full-time and part-time jobs in the secondary and tertiary sectors, as a percentage, June 2007



Source: job statistics

(Median) standardised gross monthly wage according to economic sector and gender, private and public sectors, 2006



Source: swiss earnings structure survey

2002–2007: Overview of the situation in Switzerland's seven main regions

Switzerland's seven main regions differ regarding general employment trends and the structure of their labour markets. Between 2002 and 2007, the regions of Lake Geneva, Central Switzerland and Eastern Switzerland saw the fastest growth in the working population. The Ticino and the Espace Mittelland registered a much slower growth rate. Although unemployment was falling in all of the main Swiss regions by the 2nd quarter of 2007, its effect continued to be felt most by the working populations of the Ticino and the Lake Geneva region. The regions of Zurich and Lake Geneva have the highest proportion of workers in the services sector, whereas the industrial sector continues to be strongly established in Northwestern Switzerland and Eastern Switzerland. Wage levels also vary according to location, with the widest gap observed between the regions of Zurich and the Ticino.

Between June 2002 and June 2007, the number of employed persons rose in all of the seven main regions, although to varying degrees. The largest increases were seen in Central Switzerland (+8.9% to 414,000 in June 2007), in the Lake Geneva region (+8.3% to 793,000) and in Eastern Switzerland (+6.6% to 605,000). The rise seen in Northwestern Switzerland (+5.6% to 607,000) and in the Zurich region (+5.4% to 852,000) is very close to the national average (+5.5%). As far as employed persons in the Ticino and the Espace Mittelland are concerned, the rise is a little more hesitant (Ticino: +3.9% to 193,000; Espace Mittelland: +1.4% to 935,000).

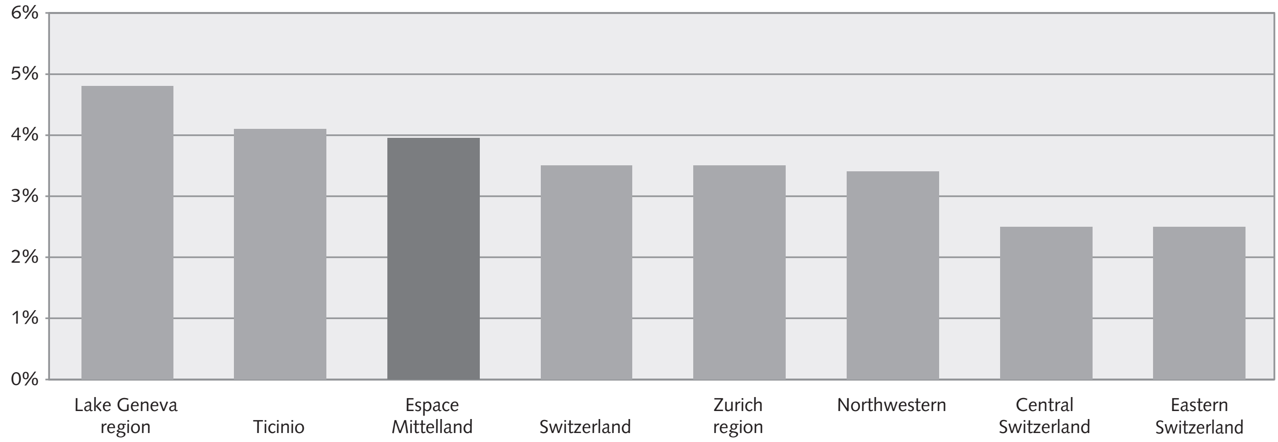
At the beginning of the period under review, unemployment was on the increase in the seven main regions. It reached new heights during 2003 and stayed at a high level for several quarters. Although the first signs of economic recovery could be seen at the beginning of 2004, a mild decline in unemployment did not begin until June 2004, at first very slowly in the regions of Zurich and Central Switzerland, before picking up and spreading to all regions in June 2006. In spite of this change in trend, the unemployment rate remained higher in 6 main regions than that of mid-2002. (Lake Geneva region: +1.1 points to 4.8% in June 2007; the Espace Mittelland: +0.8 points to 3.7%; Central Switzerland and Northwestern Switzerland: +0.7 points to 2.5% respectively 3.4%; Ticino: +0.5 points to 4.1%; Eastern Switzerland: +0.4 points to 2.5%). However in the region of Zurich unemployment decreased (-0.3 of a point to 3.5%). The main regions are therefore not affected by unemployment in the same way: In June 2007 Central and Eastern Switzerland showed rates considerably lower than that of Lake Geneva region. The unemployement rate remains relatively high in the Ticino. It is close to the national average (3.5%) the Espace Mittelland, Northwestern Switzerland and Zurich.

The distribution of the population employed in the three economic sectors varies according to region: as far as the distribution of workers on a national level is concerned (tertiary: 72.2%, secondary: 23.8%, primary: 4.0%), the Zurich and Lake Geneva regions show a high proportion of people working in the services sector (Zurich: 80.1%, Lake Geneva: 79.2%) as well as a low proportion of people employed in industry (both regions 17.7%) and in the primary sector (2.2% and 3.1%). The Espace Mittelland and Central Switzerland are particular in that they have a relatively strong primary sector (5.9% and 5.1% respectively, of employed persons), an above-average secondary sector (25.6% and 26.9%) and an under-average tertiary sector (68.5% and 68.0%). The regions of Northwestern Switzerland and Eastern Switzerland are unique in that they still have a large secondary sector (27.2% and 31.8% respectively, of employed persons); however whereas Northwestern Switzerland registers a very low proportion of people working in the agricultural sector (2.4%), this proportion of workers is much higher in Eastern Switzerland (6.1%). And lastly, the Ticino shows a strong tertiary sector (73.8%), a near-average secondary sector (24.3%) and a below-average primary sector (1.9%).

The situation with regards to wages also shows regional variations: with a median standardised gross wage of less than CHF 5000 (CHF 4899 per month in 2006), employees in the Ticino are the least well-paid in the country and earn 20.4% less than their counterparts in the Zurich region (CHF 6154) who are the best paid in Switzerland (without taking into account the differences in the cost of living). The gap is however smaller than it was in 2002 (22.0%). (Between these two extremes, the difference in the level of wages in the 5 other main regions is smaller: CHF 5902 in Northwestern Switzerland, CHF 5699 in Lake Geneva region, CHF 5552 in the Espace Mittelland, CHF 5537 in Central Switzerland and CHF 5302 in Eastern Switzerland.

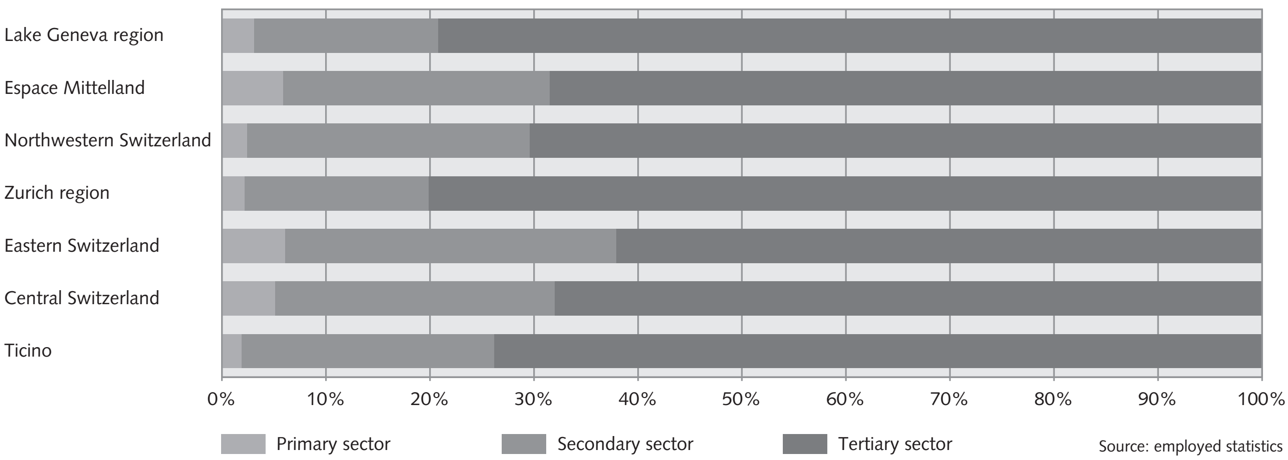
2002–2007: Overview of the situation in Switzerland's seven main regions

Unemployment rate by main region, as a percentage, June 2007



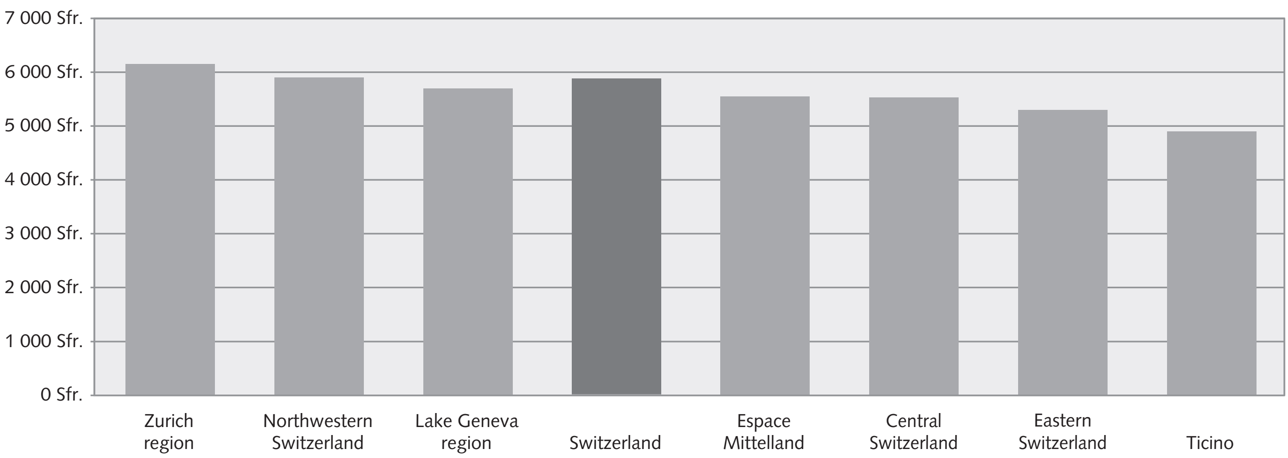
Source: unemployment statistics (seco-based)

Breakdown of persons employed in the various economic sectors, by main region, as a percentage, June 2007



Source: employed statistics

(Median) standardised gross monthly wage by main region, in CHF, 2006



Source: swiss earnings structure survey

Overview of labour market in 1st quarter 2008 and short-term prospects

The positive development of the main labour market indicators gives reason to consider 2008 rather optimistically. During the 1st quarter the number of employed persons and the number of jobs have increased sharply, in the secondary and tertiary sectors alike. The number of registered unemployed continues to fall, even if signs indicate that this downward trend is slackening. Activity should continue to grow during the 2nd quarter of 2008, with an upturn trend of the vacancy index and the employment outlook indicator, reflecting the optimism still felt by businesses.

At the start of 2008 the Swiss labour market benefited fully from the very good economic climate. At the end of the first quarter, the country counted 4.469 million people in employment, an increase of 2.6% compared to a year earlier. This encouraging trend is mainly highlighted by a sharp rise in the number of foreign workers (+4.2%, Swiss workers: +2.0%). The lifting of the quota system regarding workers from the EU-15 member states (plus Cyprus and Malta) and from EFTA as of 1st June 2007, explains both the sharp drop in the number of workers holding a short-term permit (down 28.3% compared to a year earlier) and the increase in the number of residence permit holders (+13.1%). Since 2002, short-term permits have often been issued instead of residence permits once the quota of the latter had been used up. The number of employed persons has increased among permanent residence holders (+3.4%), cross-border commuters (+5.5%) and among the category “other foreigners” (+9.2%). The number of persons employed has increased in all of the seven main regions of Switzerland (Central Switzerland: +3.7%; Lake Geneva region: +3.5%; the Ticino: +3.1%; Northwestern Switzerland: +2.6%; Zurich: +2.5%; Eastern Switzerland: +2.2%; Espace Mittelland: 1.4%).

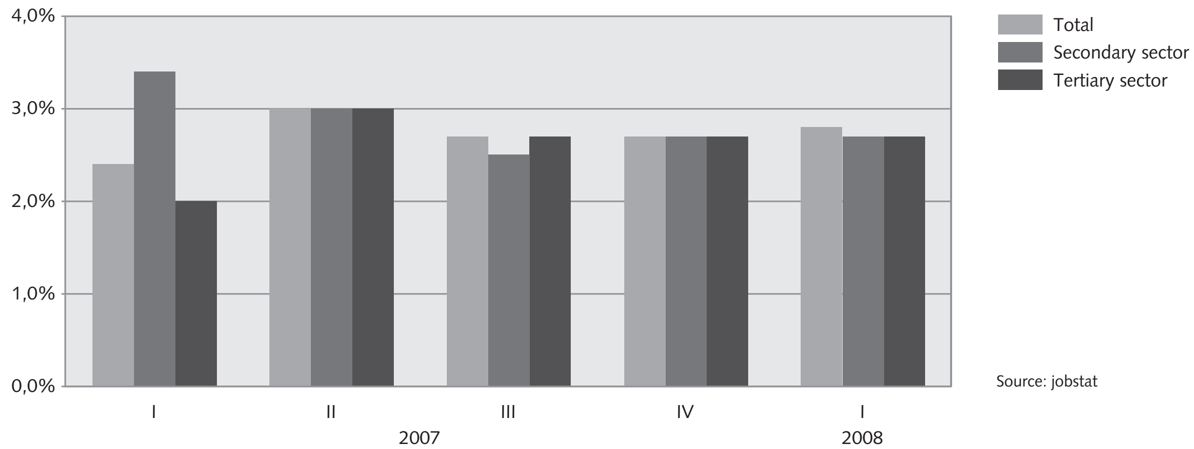
The indicators gathered from businesses are also positive. The number of jobs advertised by businesses in the secondary and tertiary sectors increased by +2.8% in the 1st quarter of 2008 compared to a year earlier. This positive development can be seen in both the industrial (+2.7%) and the services (+2.8%) sectors.

Businesses remain optimistic for the 2nd quarter 2008: the vacancies index for March 2008 is up compared to March 2007 (+13.9%; secondary sector: +10.4%; tertiary sector: +15.4%). Moreover, with 1.08 points at the end of March 2008 (annual rate of +0.3%), the employment outlook indicator remains at its highest ever level.

These encouraging prospects should continue to gently push down the unemployment level. In March 2008, 103,800 unemployed persons were registered with regional job placement offices, a reduction in 12% compared to March 2007 (117,900). Once the figures are seasonally adjusted, however, the extent of the fall appears to be less intense (-2000 between December 2007 and March 2008 compared with -8000 for the same period a year earlier). The most recent results even show a slight increase between March and April 2008 (+700 registered unemployed persons between March and April 2008: seasonally adjusted figures). The number of job seekers registered as not being unemployed (mainly people following temporary job programmes, re-training and development programmes as well as people with a temporary job while unemployed) also fell between March 2007 (62,400) and March 2008 (55,200).

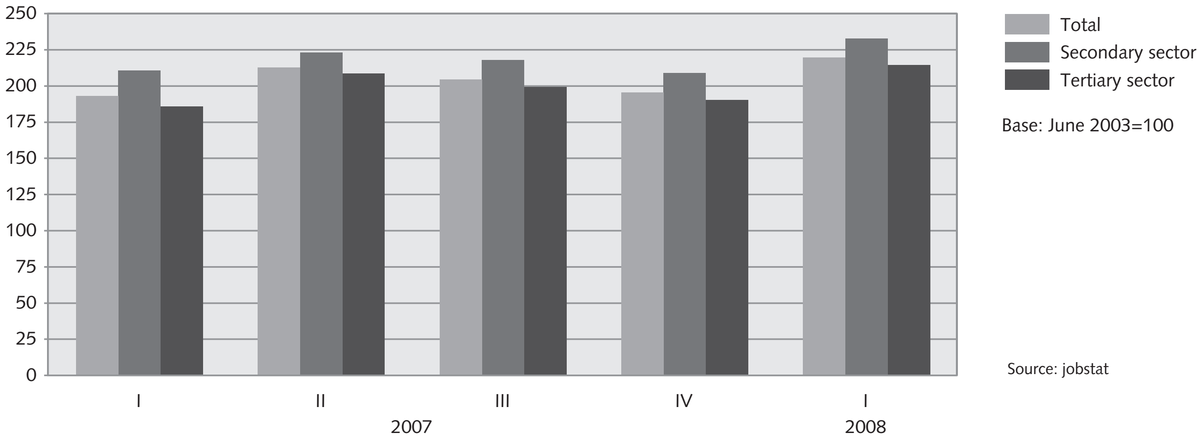
Overview of labour market in 1st quarter 2008 and short-term prospects

Variation in the number of jobs in establishments compared to the corresponding quarter in the previous year, by economic sector, as a percentage, March 2007–March 2008



Source: jobstat

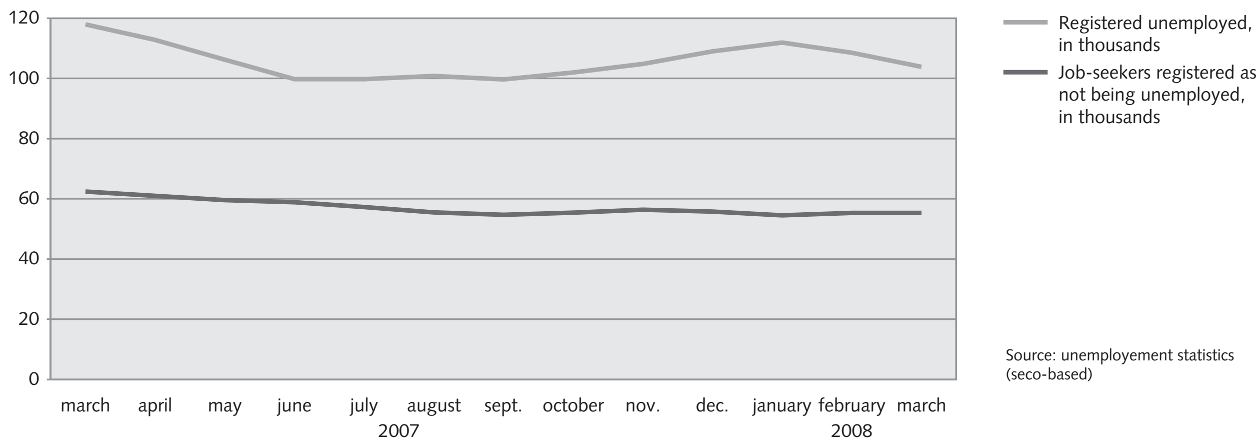
Job vacancy index in establishments operating in the secondary and tertiary sectors, as points, March 2007–March 2008



Base: June 2003=100

Source: jobstat

Registered unemployed and job-seekers registered as not being unemployed, in thousands, March 2007–March 2008



Source: unemployement statistics (seco-based)

Swiss labour market in international comparison

The Swiss labour market is performing very well compared with other countries. Switzerland has one of the highest activity rates in Europe, thanks to the large number of women participating in the labour force, as well as to the fact that workers are generally entering the labour market earlier and leaving it later. Part-time work is far more widespread in Switzerland than in most other European countries. The unemployment rate in Switzerland is half the average unemployment rate in the European Union. Wages, when converted to Euros, are very high in Switzerland and the working week for full-time employees is very long. When the level of prices and purchasing power are taken into account, the situation looks slightly less favourable in Switzerland. Even if there is still a distinction in the level of indicators between the Scandinavian countries and the southern and eastern countries in the EU, the differences between the three groups of countries have lessened to some extent.

In 2007 the activity rate among the population aged 15 and over was 67.6% in Switzerland. When compared with the rest of Europe, Switzerland is one of the leading countries in this category. The percentage of the population that is economically active was only higher in Iceland (84.4%) and Norway (72.7%), while the level of participation in the workforce in the countries neighbouring Switzerland is much lower (Germany: 59.2%; Austria: 61.2%; France: 56.6%; Italy: 48.9%). Among the southern countries in the EU, the activity rates in Portugal (62.4%) and Spain (58.2%) are above the EU average of 57.3%. This figure is much lower in Italy (48.9%), Malta (50.7%) and Greece (53.4%). The activity rates are also lower in Hungary (50.5%) and Belgium (53.4%) as well as in the two youngest EU Member States (Bulgaria: 52.6%, Romania: 55.4%). It is generally recognised that the differences between the Scandinavian countries and the southern and eastern EU countries are no longer as great as four years ago.

In the countries with a high activity rate, workers enter the workforce earlier and retire later than in the countries where the activity rate is low. The 15–24 and 50–64 age groups are those which show the most variation in the activity rate among the various countries. The percentage of women participating in the work force also varies from one country to another. For example, less than half of women aged 15 and over are economically active in Malta (33.3%), Italy (37.9%), Greece (42.7%) and Hungary (43.0%), while the highest rates are seen in the Scandinavian countries (Iceland: 79.4%, Norway: 69.4%, Denmark: 60.7% Sweden: 60.4%, Finland: 58.5%). Switzerland is also among the leading group with a rate of 59.9%.

The participation of women in the labour force is definitely encouraged in Switzerland by a large availability of part-time jobs. In Switzerland 33.9% of the workforce work part-time (women: 59.3%). Only the Netherlands has a higher figure than this (46.9%, women: 74.9%). The proportion of part-time workers is particularly low in Greece (5.8%, women: 10.5%) and in the eastern EU Member States. The lowest rate has been recorded in Bulgaria (1.9%, women: 2.3%) and in Slovakia (2.7%, women: 4.7%).

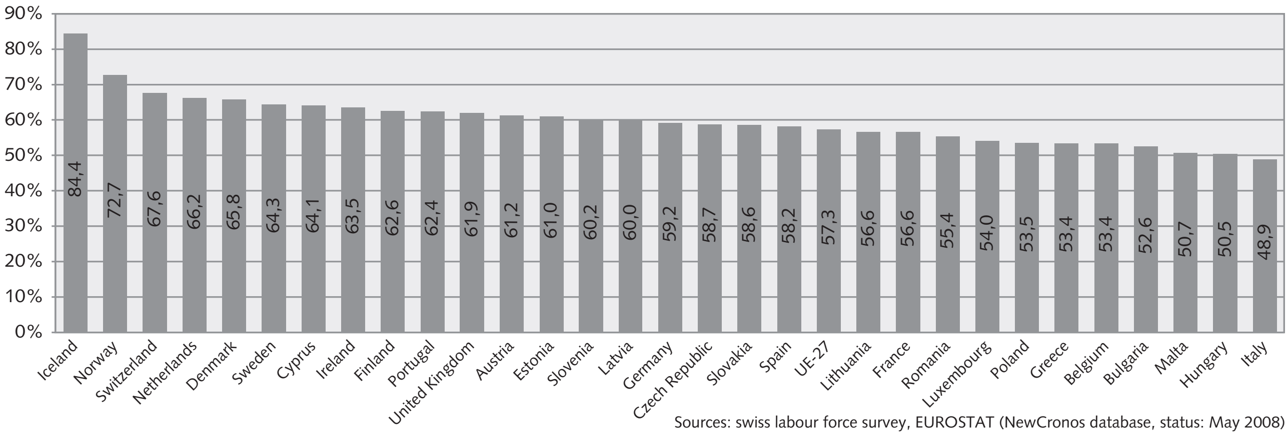
Compared with 2006, unemployment has fallen clearly in most countries. With an unemployment rate of 3.6% (2nd Qtr 2007), Switzerland is one of the countries in Europe least affected by this issue. Luxembourg, Denmark, Cyprus and the Netherlands also all have an unemployment rate below 4 percent. This rate even falls to 2.7% in Norway. The unemployment rate in the EU is, on average, double the rate (7.0%) in Switzerland. As was the case in 2006, Slovakia (11.2%) and Poland (9.6%) once again had the highest unemployment rates, with these figures showing the sharpest drop compared to the previous year as they gradually get closer to the rates in the other countries.

The Swiss work 41.7 hours per week. This figure is higher only in Iceland (46.5 hours), the UK and Austria (both with 42.5 hours). The majority of the eastern EU Member States such as Latvia, Bulgaria, the Czech Republic, Slovenia, Poland and Romania, also have workweeks exceeding 41 hours per week. The workweek is much lower than the European average (40.5 hours) in Norway (38.6 hours), the Netherlands and Belgium (both with 38.9 hours).

Finally, looking at the average gross annual wage for full-time workers in the industrial and services sectors (excluding public administration, education, health and other public and personal services), there is still a significant gap between the northern countries of the EU-15 and the new EU Member States. Converted to Euros, the highest wages are paid in Denmark, Norway, Switzerland, the UK, Luxembourg, Germany and Ireland (over EUR 40,000), with the lowest being paid in Bulgaria, Romania, Latvia, Lithuania and Estonia (less than EUR 6500). At EUR 21,310, Cyprus has the highest wage among the new EU Member States, exceeding the lowest wages registered for the EU-15 in Portugal (EUR 15,930), Greece (EUR 16,739) and Spain (EUR 21,150). Analysing wages in terms of Purchasing Power Standards (PPS) eliminates the effect from the differences in price levels and results in adjustments to the countries' rankings, particularly in the top half of the list. For instance, with 34,328 PPS Switzerland only lies in eighth position, compared with third when the comparison is based on Euros.

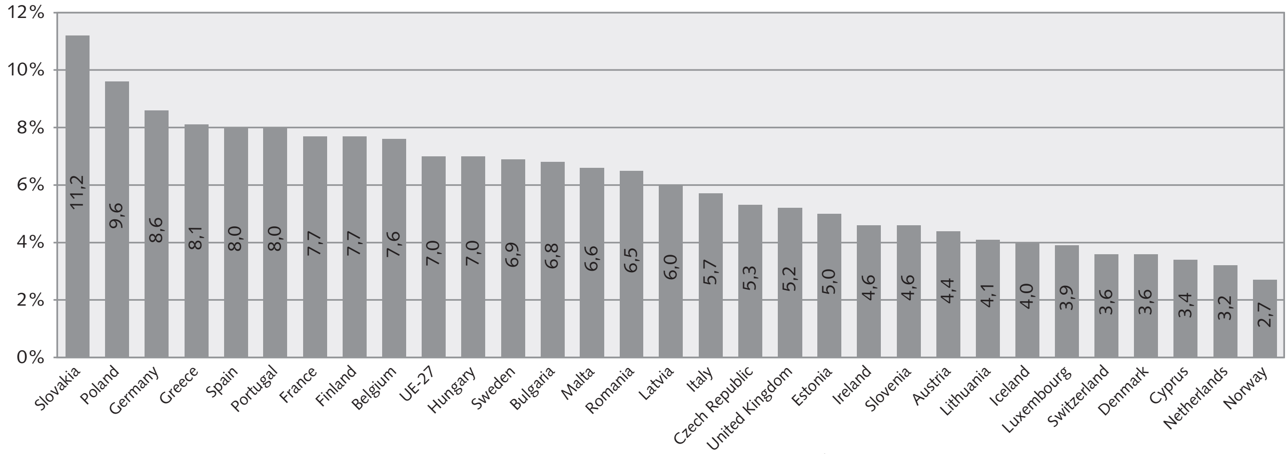
Swiss labour market in international comparison

Standardised activity rate (persons aged 15 and over) in Switzerland and in the EU and EFTA states, 2007



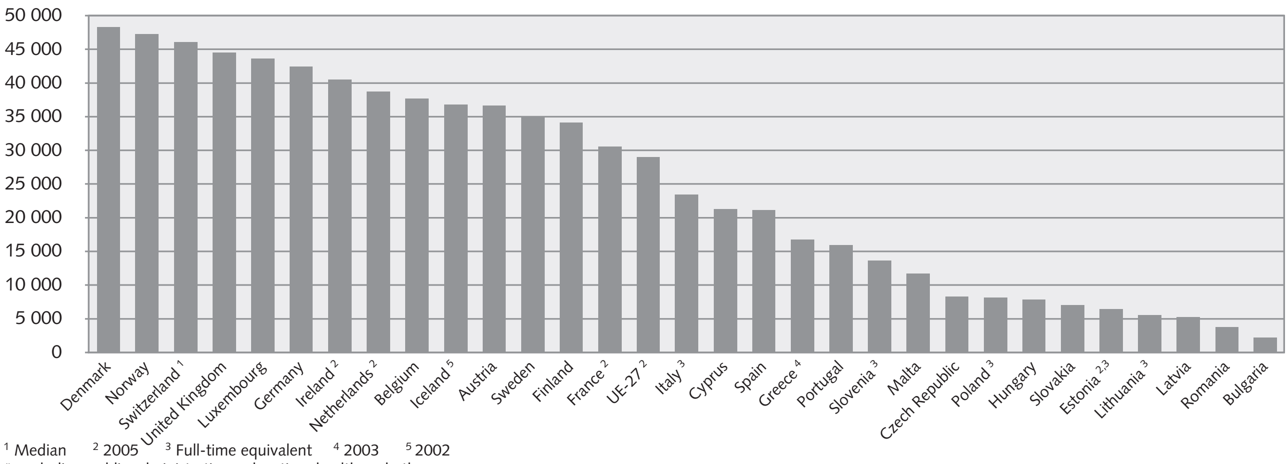
Sources: swiss labour force survey, EUROSTAT (NewCronos database, status: May 2008)

Rate of unemployment for persons aged 15–74 in Switzerland and in the EU and EFTA states, 2007



Sources: swiss labour force survey, EUROSTAT (NewCronos database, status: May 2008)

Average annual gross wage for full-time employees (industrial and services sectors), in Switzerland and the EU and EFTA states, in EUR, 2006



[1] Median [2] 2005 [3] Full-time equivalent [4] 2003 [5] 2002
* excluding public administration, education, health and other public and personal services

Sources: swiss earnings structure survey, EUROSTAT (NewCronos database, status February 2008)