

Employment and income from employment

Overview

From the industrial to the service society

The industrial sector, which employed almost half the workforce in the 1960s, is becoming ever less significant. Today (2008), approximately 73% of employed persons work in the service sector. In the industrial sector the figure is only 23%. This trend has been seen in all advanced industrial countries, and is mainly a consequence of technological progress (automation of manufacturing processes) and globalisation, which has resulted in the outsourcing of manufacturing to low-wage countries. (Nevertheless, despite workforce reductions, Switzerland has succeeded in increasing total industrial production; cf. chapter 6.)

Women's labour participation is growing alongside the service sector

The expansion of the service sector, which has been the main engine of economic growth since the 1970s, would not have been possible without women's growing participation in the la-

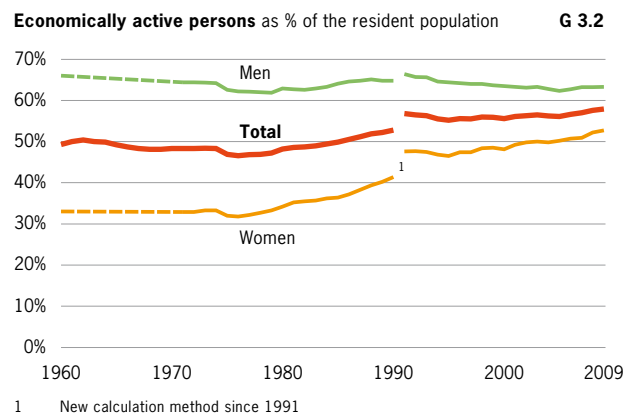
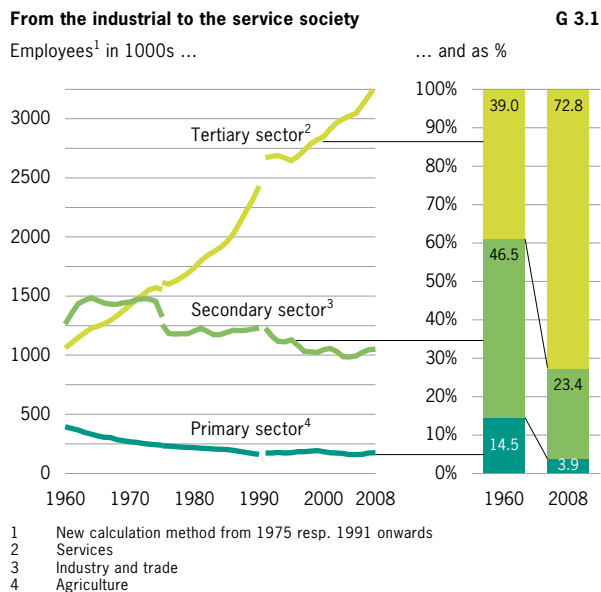
bour force. Their labour participation rate rose from 33% in 1960 to 53% in 2009; men's participation rate during the same period declined from 66% to 63%, particularly because they spend more time in education and retire earlier than they used to.

Nowadays, women's paid employment is more heavily concentrated in the service sector than it used to be. In this sector, women's share was higher than men's in 2008 (53%, including frontier workers and short-term workers; secondary sector: 23%).

The growing labour force participation of women is also accompanied by fundamental social change: The traditional family model is becoming less and less common; women have fewer children than they used to, and more and more women are combining family and paid employment.

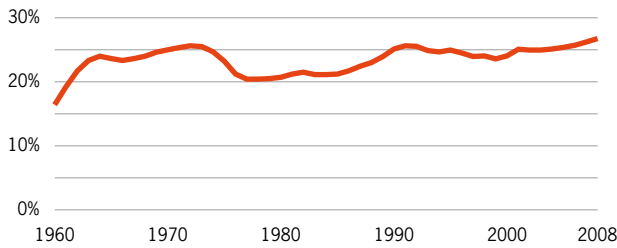
Foreign workers – an important factor in the Swiss labour market

Foreign workers are an important factor in the Swiss labour market. The strong economic growth of the second half of the last century would not have been possible without the influx of 'guest workers'. Since the 1960s, their share of the labour force has



Foreigners as % of persons in employment

G 3.3



..... always exceeded 20%; today it is 27 %. Foreign workers are particularly well represented in the industrial sector (2009: 36%; service sector: 26%).

Two thirds of foreign workers (2009: 67%) are citizens of an EU or EFTA country. South European workers account for the highest share, 35%, followed by North and Western European workers (30%). Some 21% of foreign workers come from the Western Balkan countries and Turkey.

Registered unemployment and unemployment

There are two different sources on the phenomenon of unemployment in Switzerland. First, there are the unemployment statistics of the State Secretariat for Economic Affairs (SECO), which only includes registered unemployed persons. These statistics are very suitable for observing current cyclical developments, they do not cover the entire phenomenon of unemployment. Secondly, since 1991 the FSO has published its unemployment statistics, which are based on internationally accepted definitions and which also include non-registered unemployed persons (on the differences between the two statistics, see explanatory notes to Table 3.3.2.5).

Registered unemployment and cyclical fluctuations

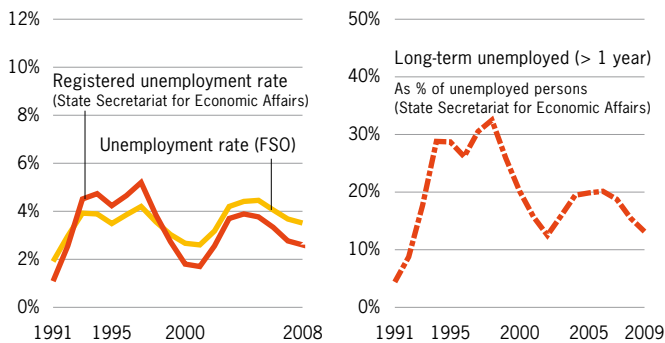
Until the beginning of the 1990s, unemployment in Switzerland was not a problem; since 1940 it had generally been under 1%. This unparalleled stability was attributable to different factors:

- As a result of Swiss immigration policy, a considerable proportion of the foreign population was used to stabilise cyclical fluctuations.
- For a long time, Swiss citizens also displayed a procyclical labour market behaviour, that is to say that the labour supply (of the population) and the labour demand (of enterprises) followed largely parallel trends.
- On the other hand, during the crisis years, enterprises were relatively restrained with layoffs in order not to endanger the industrial peace that was particularly useful to them during times of economic boom.
- Switzerland had a relatively balanced sectoral structure; in particular, there were few enterprises in problem sectors such as mining and the steel industry.

From 1991, registered unemployment and unemployment also began to grow massively in Switzerland. The reason was, first, the economic recession and, second, the fact that the foreign population was not pushed out of the labour market, as it had been during previous crises. Since then, cyclical fluctuations have had a much stronger effect on registered unemployment and unemployment. In international comparison, Switzerland has a very low unemployment rate.

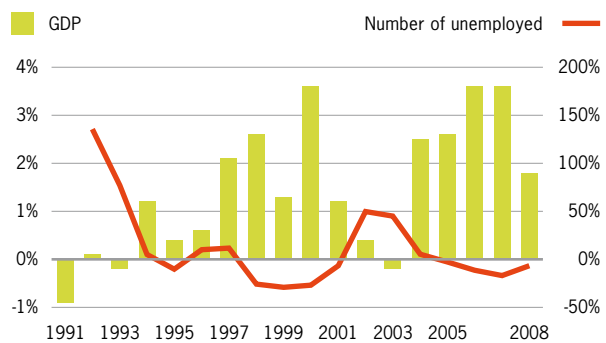
In the past decade, one fifth of economically active persons (19%) have experienced unemployment, albeit mostly for a short time. But during periods of recession, more people spend more time looking for a job, and the long-term unemployment rate is growing.

Registered unemployment and unemployment

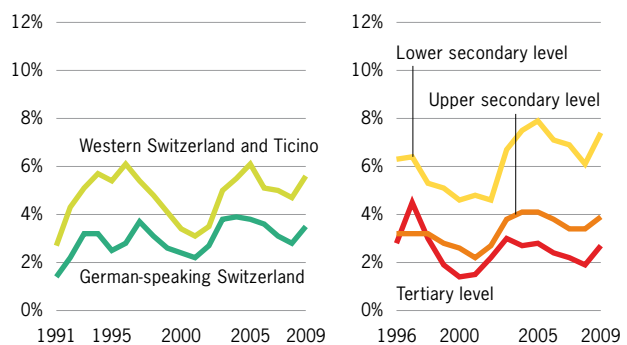
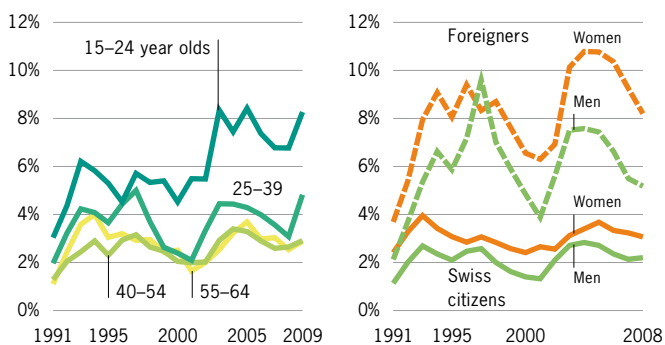


Annual rates of change

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Unemployment rate (FSO) in different population groups



Who are the unemployed?

Different population groups have been and still are affected to different extents by unemployment, whether they are registered as unemployed or not. According to the FSO's Unemployment Statistics, the unemployment rate remains relatively high

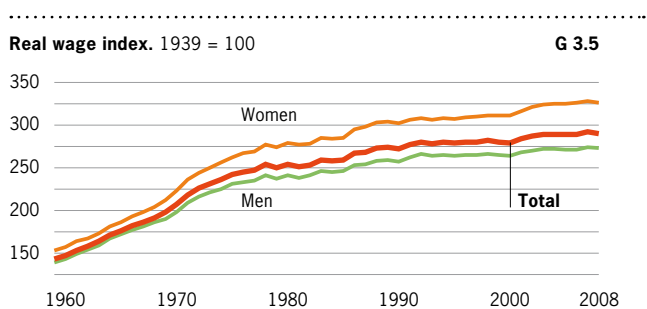
- among low-skilled persons;
- among young people (aged 15–24): their unemployment rate has always been markedly above the average for the total unemployed population, and in the past five years the difference has been particularly pronounced;
- among foreigners (who have, among other disadvantages, on average lower qualification levels)
- among women, whose unemployment rate is generally higher than men's. During the last major hike in unemployment, in 2003, there was a particularly sharp growth in joblessness among foreign women;
- in the Lake Geneva region and in Ticino (on the other hand, in Central Switzerland and in Eastern Switzerland, the unemployment rate has been consistently under the Swiss average in recent years).

What happens to people disqualified from unemployment benefits?

Every year tens of thousands of people are disqualified from unemployment insurance benefits. According to a recent study conducted by the FSO, five years after being disqualified from unemployment benefits, 2 out of 10 persons have withdrawn from the labour market, and 2 out of 10 are still looking for job. The majority (6 out of 10) have found work again, generally within the first year of being disqualified. More frequently than other persons in employment, they work on-call, on a temporary basis or on fixed-term contracts. They tend to work part-time and their work-time percentage is lower than they would like. In addition, disqualification from unemployment benefits has a significant impact on wage levels, particularly among persons with a tertiary-level qualification.

Moderate real wage increase since 2000

With the exception of 1951, real wages increased every year between 1950 and 1978, on average by 2.6%. Since 1979, the year of the second oil crisis, real wages have followed an irregular zigzag trajectory close to a zero value. The average annual real wage growth between 2000 and 2008 was +0.4%. Thus, real wages declined by 0.4%.



Wage disparities

On average, in 2008 Swiss employees earned around CHF 5823 (median; gross, including 13th-month wage, with part-time employees converted to full-time). One in ten employees earned more than CHF 10,538 and one in ten less than CHF 3848. The ratio between these two limit values can be interpreted as an indicator of wage disparity. In 2006 and 2008 it was 2.7; in 1998, 2000, 2002 and 2004, on the other hand, it was 2.6. Among employees who meet the highest qualification requirements, this ratio rose from 3.0 (1998) to 3.7 (2008), while among those who perform simple and repetitive jobs, there was little change (2.0 in 1998 and 1.9 in 2008).

Wage levels are determined by various factors. Important factors, among others, include (referring to 2008, all Swiss franc amounts converted to full-time equivalents):

- Educational and workplace qualification requirements: Jobs with the highest requirements, i.e. highly demanding and difficult jobs that generally require a higher and longer education, command on average a wage that is more than twice as high as the simplest (repetitive) jobs (CHF 10,936 compared with CHF 4,466).
- Economic branch: The branches with wages markedly above the median include, in particular, 'financial services, insurance' (CHF 8,560), 'public administration, national defence, social insurance' at the federal level (CHF 8,327) and 'research and development' (CHF 8,061). Below-average wages, on the other hand, are paid by the 'leather and footwear industry' (CHF 4,259), the 'hotel and restaurant industry' (CHF 4,000) and 'personal services' (CHF 3,683).
- Gender: Looking at the economy as a whole, in 2008 women's average wage of CHF 5,040 was 19.3% lower than their male colleagues (CHF 6,248). This difference is partly attributable to structural differences such as education, years of service and area of activity. Aside from structural differences, direct wage discrimination also plays an important role.

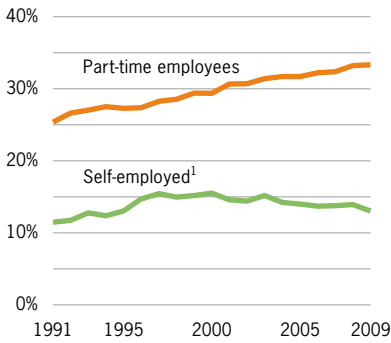
One in eight persons in employment are self-employed

Despite considerable cyclical fluctuations, the number of self-employed persons has remained essentially stable over the past decade. In 2009, the self-employment rate was 13% (1999: 15%). This is attributable to mutually offsetting factors: During economic down-turns, a decline in self-employment is to be expected, because smaller businesses cannot survive a long-term economic slow-down. On the other hand, the number of self-employed persons grows because of the rise in unemployment (a self-employed activity can be an alternative to salaried employment). During an economic boom a reversal of these mechanisms can be expected, and the effects offset each other once again.

The financial and social position of many self-employed people is difficult. In 2008, 24% of the full-time self-employed (including those employed in their own business) obtained cantonal health insurance premium reductions, compared with only 18% of full-time salaried employees. The fact that one fifth of full-time self-employed persons make no 2nd or 3rd pillar contributions and that one fifth have not concluded a sick-day insurance are further indications of their often precarious situation.

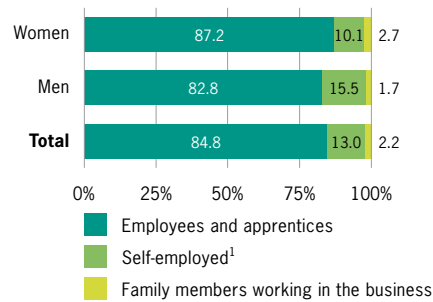
Part-time employment and self-employment

As % of employed persons



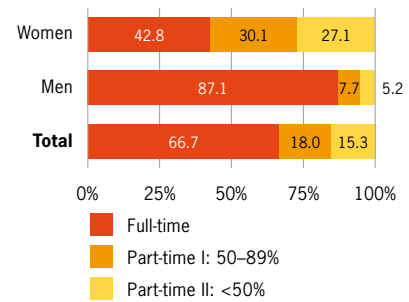
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Employment status, 2009



1 Including employees in own business

Work-time percentage, 2009



Part-time work remains predominantly female

Part-time work has become increasingly significant in recent years. Today (2009), 33% of employed persons work part-time; in 1970, the figure was only 12%. This increase is dependent on cyclical fluctuations and is closely related to the growing labour force participation of women and the expansion of the service sector. The following is, therefore, also typical of part-time work:

- It is dominated by women (79% of part-time employees are women), though the number of men working part-time appears to be on the increase.
- It is mainly done in the service sector (almost 9 of 10 part-time jobs).
- It is evidently difficult to combine with management tasks (in 2009, only 17% of persons with management responsibilities work part-time).
- Just under half of part-time employees have a work-time percentage of less than 50%.

Full-time employees also want to reduce their work-time percentage: Around half a million – 295,000 men and 180,000 women – would prefer to work part-time. On the other hand, Switzerland has approximately 294,000 underemployed persons, i.e. part-time employees who would like to increase their work-time percentage and who would be available for a higher work-time percentage within three months.

40 hours overtime per employee

In 2007, approximately 186 million paid or unpaid overtime hours were worked. That represents 40 hours per employee – two thirds as many as work absences (60 hours). Overtime work represents 2.6% of actually annual volume of work and corresponds to approximately 97,000 full-time jobs. But it would be a mistake to assume that a more balanced distribution of work would make it possible to practically eliminate unemployment. The reason is that in a great many instances, there would simply not be any unemployed persons available with the required qualifications. Moreover, in many cases the additional workload is only temporary and does not make it possible to hire a new employee.