



LABOR MARKET AND LABOR LAW

8

8.1	Employment and Unemployment	77
8.2	Cost of Labor	78
8.3	Employment Contracts and Employee Representation..	79
8.4	Working Hours and Holidays	81
8.5	Termination and Short-Time Work	82
8.6	Social Insurance	83
8.7	Recruitment	87

Switzerland has one of the most productive workforces of any national economy. Its labor market is characterized by liberal legislation, light-touch regulation, and exceptional social stability. Labor disputes are solved by the social partners. Strikes are rare. The social insurance system for workers is based on the principles of solidarity and personal responsibility. High salaries attract qualified workers and employers benefit from competitive unit labor costs thanks to low social security contributions.

8.1 EMPLOYMENT AND UNEMPLOYMENT

Switzerland has more than 5.1 million employed people (2022), about 2.3 million of whom are women. The rate of unemployment as defined by the International Labor Office (ILO) is 4.6% at the beginning of 2022, among the lowest in Europe. Foreigners account for 32% of the employed population. 34% of employed people work part-time. Of the women in work, around 60% work part-time, compared to only about 18% of the men in work. Switzerland consistently has low unemployment.

The Swiss workforce is highly qualified, over 40% having undergone tertiary training. Swiss employees are famous worldwide for their multilingualism, and Swiss managers have above-average international experience.

International Experience by Managers

1 = Low, 10 = High

(FIG. 24)

1	Switzerland	8.03
2	Qatar	7.74
3	Sweden	7.26
4	United Kingdom	7.26
5	Singapour	7.14
6	The Netherlands	7.14
8	Luxembourg	7.05
10	Hong Kong	7.05
11	Denmark	6.77
12	Belgium	6.64
13	Ireland	6.58
14	Germany	6.52
22	Canada	5.85
25	India	5.78
26	USA	5.73
28	Austria	5.67
33	United Kingdom	5.55
42	France	5.14
47	China	4.94
50	Italy	4.83
59	Korea Republic	4.32

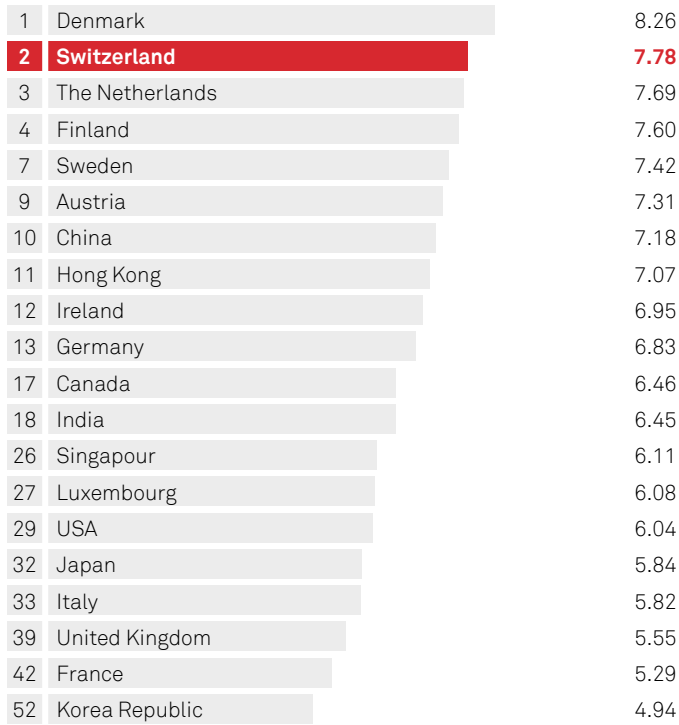
Sources: IMD World Competitiveness Center 2022

In terms of motivation to work, the Swiss rank second worldwide behind Denmark. Swiss employees identify very strongly with their companies, partly because most companies are small or medium-sized.

International Comparison of Motivation to Work

1 = Low, 10 = High

(FIG. 25)



Sources: IMD World Competitiveness Center 2022

8.2 COST OF LABOR

8.2.1 Wages

Salaries are relatively high in Switzerland, reflecting the higher number of working hours and the country's high levels of prosperity and output. Generous salaries are a symbol of success and make the country attractive to qualified workers. Due to the lower deductions (taxes, social insurance) compared to other countries, Switzerland also holds first place when it comes to net income.

Regular official surveys of wage levels and structures show considerable differences both within and between the individual sectors and between urban and rural areas.

www.lohnrechner.bfs.admin.ch
Individual wage calculator

www.bfs.admin.ch > Look for statistics > 03 Work and income
Wages, income from employment and labor costs

8.2.2 Non-Wage Labor Costs

The deciding factor for employers is not the salaries that they pay, but rather the unit labor cost. Although salaries are high in Switzerland, the non-wage labor costs that employers must bear in addition to gross salaries (employer's social security contributions) add only about 15%. Coupled with high productivity, modest taxes, and low capital costs, this means that at the end of the day many employers pay less than in other European countries.

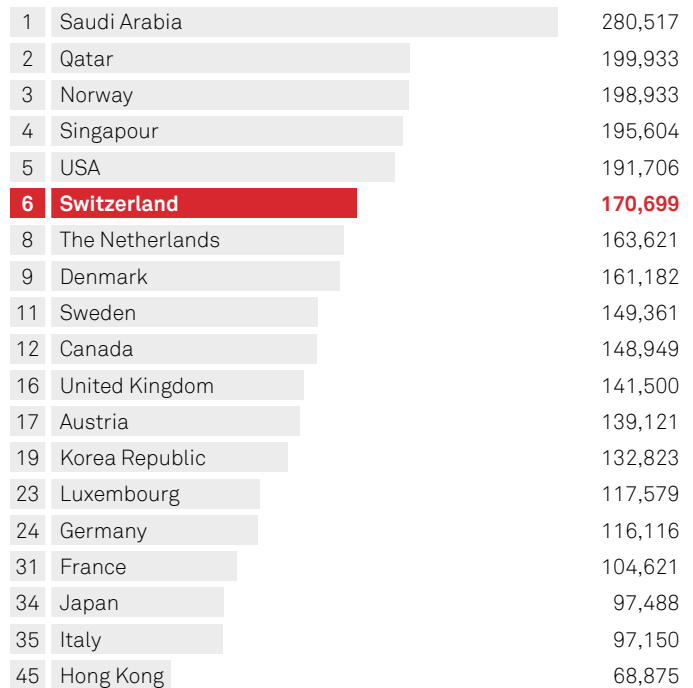
8.2.3 Productivity

Productivity is another important aspect of labor. In international comparisons this is usually measured in terms of gross domestic product per hour worked. By this standard, Switzerland is one of the world's most productive countries.

Productivity

GDP per employed person, in US dollars

(FIG. 26)



Sources: IMD World Competitiveness Center 2021

8.3 EMPLOYMENT CONTRACTS AND EMPLOYEE REPRESENTATION

The Swiss labor market is generally considered one of the world's most liberal (Fig. 27). Swiss labor law specifies the rights and obligations of employees and employers alike. It contains considerably fewer provisions than the legislations in the EU states and is set out in several laws – the Swiss Code of Obligations (individual employment contracts, collective bargaining agreements, normal employment contracts), the Labor Act (general health and safety, working and rest times, young people, pregnant women, and new mothers) as well as the Accident Prevention Law (occupational health and safety).

The mandatory law of the Swiss Confederation and the cantons has precedence over the provisions of the collective bargaining agreement, although different provisions can be specified to the benefit of the employee, provided nothing else is stated in the compulsory law. If, on the other hand, the legal provisions are not mandatory, agreements made between the parties have precedence. Certain mandatory labor law regulations can be amended by collective agreement, but they cannot be amended by an individual employment contract.

Salaries are negotiated either directly between the employer and employee, or within the scope of collective bargaining agreements. Here too, the legislator refrains from strict regulations in accordance with the liberal economic system. This allows a certain amount of room for direct agreements between the social partners.

8.3.1 Individual Employment Contract

Employers are required to provide employees with the key points of the employment contract in writing by no later than one month after the employee starts work.

In larger companies, it is recommended to have an employee handbook containing the most important employment provisions, as the employment contract itself only contains provisions on wages, the notice period and special terms (e.g. a non-competition clause, overtime, inventions, etc.). Employment contracts and employee handbooks must conform to the mandatory provisions of the Swiss Code of Obligations, labor law, and the provisions of collective bargaining agreements, where applicable. Employee handbooks should not be confused with agreements between the employer and the works council, as practiced in EU countries (and which do not exist in this form in Switzerland). However, industrial companies are required to establish “work rules.” These work rules must state the regulations on occupational health and safety and accident prevention. Employees or their representatives must be consulted before the rules come into force.

Companies may include in the employment contract a non-competition clause both for the duration of the employment with the company and beyond. Through a non-competition clause, the employer prevents employees who leave the company from using special knowledge that they gained while working there in a way that provides competition for their former employer. In practice, demanding requirements are imposed on the wording and enforcement of such clauses. There is no mandatory provision for

Deregulation of the Labor Market

Hinders entrepreneurial activity 1 = Greatly, 10 = Not at all (FIG. 27)

1	Denmark	8.51
2	Switzerland	8.35
3	United Arab Emirates	8.00
4	Hong Kong	7.51
5	Singapore	7.32
12	United Kingdom	6.64
13	Sweden	6.61
15	Ireland	6.58
18	The Netherlands	6.50
19	Canada	6.48
21	Luxembourg	6.44
22	USA	6.40
23	China	6.37
26	Austria	6.03
28	Australia	5.74
33	Germany	5.48
35	India	5.47
37	Japan	5.27
47	France	4.53

Sources: IMD World Competitiveness Center 2022

The Swiss labor market is considered one of the world's most liberal.

compensating employees for agreeing to such non-competition clauses. Non-competition clauses, for example, must:

- be written,
- be clearly defined (location, area, client group); general restrictions do not suffice,
- specify the duration; in general no longer than three years,
- define real execution, penalties, and their effects.

8.3.2 Collective Bargaining Agreements

Collective bargaining agreements are concluded between employers' and employee associations. By doing so, these parties define the minimum conditions (e.g. minimum salaries, holiday entitlement, working hours, periods of notice, or pension age) that individual employment contracts cannot go below. A collective bargaining agreement is normally agreed for a set term. During the term, both sides have an obligation not to engage in industrial action.

With the declarations of general applicability, the scope of a collective bargaining agreement is extended to all employees and employers in a particular sector. Minimum wages which have been negotiated within the scope of a collective bargaining agreement of this kind have to be observed by all employers. The approximately 600 (2018) non-binding collective bargaining agreements must be observed only if the contractual parties are members of the respective associations. In 2021, 44 generally binding collective bargaining agreements were in force at the federal level and 40 at the cantonal level.

If there are differences of opinion between an employer and the workforce, an amicable solution is sought, often internally. This fundamental approach dates back to the 1937 "peace agreement" between Swiss employers and employee organizations. In accordance with the mutual agreement to maintain peace, workers and management seek to resolve conflicts through discussions. Solution-oriented employer-employee relations are the norm in Switzerland (cf. Fig. 28).

www.seco.admin.ch > Arbeit > Personenfreizügigkeit und Arbeitsbeziehungen
Collective Bargaining Agreements

8.3.3 Co-Determination and Employee Representation

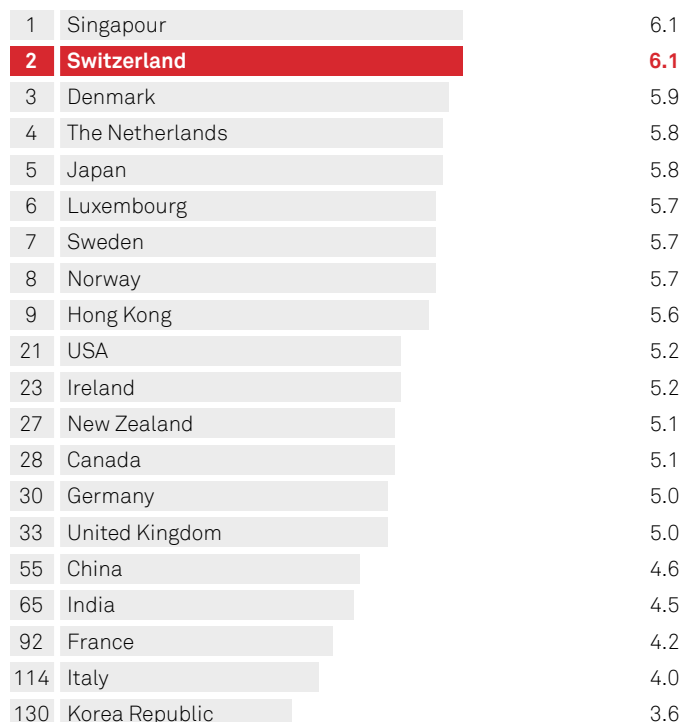
The Co-Determination Act governs the participation of employees in the company and applies to all private companies with employees in Switzerland, regardless of their size. Participation consists mainly of informing and listening to employees. In the areas listed below, the employer must inform employees of all significant circumstances, new developments, and changes. Employees have the right to take their questions and comments to their employer and make suggestions. The act also governs the election of employee representation committees. Employees are entitled to representation in all companies with 50 or more employees. Employers need only inform or consult the employee representative or the affected employees in the following instances:

- In all matters relating to occupational safety and worker protection
- On the transfer of operations
- In the event of mass layoffs
- When joining a professional pension scheme

In addition, the employer must inform the employees at least once a year about the impact the course of business is having on employment and the staff.

Cooperation in Labour-Employer Relations

1 = Total confrontation, 7 = Total cooperation
(FIG. 28)



Sources: WEF, The Global Competitiveness Report 2019

Works councils in the EU have far greater powers than employee representation committees under Swiss law. The major difference is that, in contrast to works councils, Swiss employee representation committees are not able to push through their own views or to force a decision. Their rights are limited to being informed, having their views heard, and providing decision-making input.

8.4 WORKING HOURS AND HOLIDAYS

8.4.1 Normal Working Hours, Maximum Working Hours, and Working Time Models

Employment contracts or collective bargaining agreements generally stipulate that normal working hours for employees in Switzerland are 40 to 44 hours per week. The legal maximum working time in Switzerland has remained stable over many decades. The maximum number of working hours per week is 45 hours for industrial companies (this also applies to office staff and technical employees and sales personnel in large retail stores). For commercial operations, the maximum is 50 hours per week. This differentiation between normal and maximum working hours is important for defining overtime and excess hours.

In practice, there are many ways of adapting working hours to the needs of a business: for example, flex-time, the range model, two-shift or multiple-shift operation, or continuous operation (7 × 24 hours × 365 days) are all possibilities. In particular should continuous operation be required, the daily and weekly maximum hours can be extended and break times can be distributed differently.

8.4.2 Overtime and Excess Hours

Overtime is defined as any work undertaken beyond normal working hours and up to the permitted weekly maximum. Employees are obliged to perform such overtime to the extent that they are able to do so and which they may be reasonably expected to perform. By law, overtime must be paid at a premium of 25%. It is possible, however, for the premium to be waived in writing. Instead of overtime pay, employees may be compensated through time in lieu of at least the same duration, provided the employer and employee agree to this. Employees in managerial positions can also be compensated for overtime in general through their normal salary.

If the weekly maximum number of working hours is exceeded, this is referred to as excess hours. Under the Labor Act, excess hours may not exceed two hours per day for an individual employee. In total, excess hours may not exceed 170 hours per year for employees with a weekly maximum working time of 45 hours, or 140 hours for employees with a weekly maximum working time of 50 hours. Unless compensated by time in lieu within a reasonable time-frame, excess hours must be paid at a premium of 25%.

In contrast to many European countries, the consent of the employee representation committee is not necessary in Switzerland for overtime or excess hours. Neither is it necessary to obtain official approval, provided the above limits are not exceeded.

8.4.3 Daytime and Evening Work

Working hours from 6:00 a.m. to 8:00 p.m. are considered daytime work. Work undertaken between 8:00 p.m. and 11:00 p.m. constitutes evening work. Daytime and evening work do not require approval. However, evening work may be introduced only after consultation with the employee representation committee or, if there is none, after consultation with the affected employees. This rule allows the introduction of two-shift operation without official approval. The working time of an individual employee, including breaks and excess hours, must not exceed 14 hours.

Daytime, Evening, and Night-time Periods

N = Night-time period, B = Approval required
(FIG. 29)



Sources: State Secretariat for Economic Affairs (SECO)

Compared with other countries, Switzerland has highly investor-friendly labor market provisions.

8.4.4 Night Work, Working on Sundays and Holidays

Approval from the authorities is generally required if night work is needed (apart from companies where special conditions apply). For temporary night work, a premium of 25% must be paid. For permanent or regularly recurring night work, employees are entitled to paid leave of 10% of the time worked during night hours. This leave must be granted within one year. There is no entitlement to compensation in the form of paid leave if the average shift time, including breaks, does not exceed seven hours, or if the person working at night is employed for only four nights per week.

Sunday is defined as the time between 11 p.m. on Saturday and 11 p.m. on Sunday. Except where special regulations apply to certain sectors, approval from the relevant authority is also needed for work on such days. Only one holiday – August 1 (Swiss National Day) – is treated as equivalent to a Sunday throughout the country. The cantons may declare up to eight additional holidays as equivalent to a Sunday. They must be differentiated from the legally recognized public holidays. Although the same rules generally apply to these days as to holidays treated as Sundays, the legal basis for this is defined by the canton or municipality and so may differ in detail from the provisions regarding Sundays.

8.4.5 Leave and Public Holidays

All employees in Switzerland are entitled to at least four weeks' paid leave per year (young people under the age of 20 are entitled to five weeks), at least two of which must be taken consecutively. Part-time employees are also entitled to paid leave in proportion to the percentage of standard hours they work. Leave must be taken, and may not be compensated through payment. There are no further statutory leave entitlements. However, longer entitlements are customary in collective bargaining agreements, and 25 days per year are usually granted to employees over the age of 50. During paid leave, salaries are paid in exactly the same manner as during regular working time. Additional vacation pay, as frequently encountered in tariff agreements in the EU, is unknown in Switzerland.

In addition, employees normally have time off on nine legally stipulated public holidays. As cantons may stipulate their own public holidays, some cantons may have more public holidays. Only August 1, New Year's Day, Ascension Day, and Christmas Day are holidays throughout Switzerland. All other public holidays vary from canton to canton. Employees also receive time off for weddings, funerals, moving, dental appointments, etc. The law does not stipulate how much time may be taken off.

www.feiertagskalender.ch
Calendar of public holidays

8.5 TERMINATION AND SHORT-TIME WORK

An employment contract can be terminated in writing or verbally at any time by either party and without valid reason. Under Swiss law, the employee representation committee does not have a say in this type of termination. Only in the case of mass layoffs does the employee representation committee have the right to be consulted by the employees. The employee representation committee must be given an opportunity to submit proposals about how the layoffs can be avoided or the number of layoffs can be limited and how the effects can be alleviated. Essentially, the recipient of the notice of termination has the right to demand that the reason for termination be stated in writing. There is no investigation of whether or not the termination is socially unjustified, i.e. whether the reasons are related to performance or other characteristics of the employee or whether difficult business considerations made the redundancy necessary. An employment contract can be ended through:

- Termination
- Termination due to change of contract (conclusion of a new employment contract with altered conditions)
- Agreement to terminate employment (mutual cancellation of the employment contract)
- Termination on a specific date (for fixed-term contracts)
- Retirement
- Death of the employee

8.5.1 Notice Periods and Termination Protection

In general, the notice period is defined in the employment contract, in the standard employment contract, by the relevant profession or in the collective bargaining agreement. If there is no contract or regulation, then the provisions of the Swiss Code of Obligations apply:

- During the probationary period (max. 3 months): 7 days
- In the first year of service: 1 month
- In the second to ninth year of service: 2 months
- From the tenth year of service onward: 3 months

The notice period can be changed in writing but may not be shorter than one month (except under a collective bargaining agreement during the first year of service). For employees in managerial positions, notice periods of up to six months are often fixed from the very outset of employment. Unless otherwise agreed, the employment relationship ends after the probationary period at the end of each month. In order for the termination notice to be legally valid, the person to be dismissed must receive it before the notice period begins. In the case of an unconditional summary dismissal, the employee's salary must continue to be paid out until the end of the notice period even though the work performance ends immediately (though not fiduciary duty and other duties).

Termination without notice is only possible under certain restrictive conditions: the continuation of the individual employment relationship may no longer be acceptable (for example fraud, refusal to work, or competition with the employer). In most cases, a warning is required in advance. If there is an important reason, termination without notice must occur immediately (within a few days) or the right is forfeited.

Flexibility in Hiring and Firing

1 = Obstructed by regulations,
7 = Employers have flexibility to decide

(FIG. 30)

1	Hong Kong	5.8
2	Switzerland	5.8
3	Singapore	5.6
5	USA	5.3
6	Iceland	5.3
7	Denmark	5.2
9	United Arab Emirates	5.2
11	United Kingdom	5.0
12	The Netherlands	4.8
16	Germany	4.7
17	Canada	4.7
26	China	4.5
28	Luxembourg	4.4
40	New Zealand	4.2
42	India	4.2
46	Ireland	4.1
90	France	3.7
102	Korea Republic	3.5
104	Japan	3.5
127	Italy	3.0

Sources: WEF, The Global Competitiveness Report 2019

It is improper to dismiss an employee on the grounds of their age, skin color, or religion, nor for affiliation with a political party or a union. An abusive termination is valid but can be challenged and may give rise to compensation (a maximum of 6 months' wages at the court's discretion). Employees cannot be fired during certain "blackout periods," which apply to illness, accidents, pregnancy, military service, civil defense, community service, or relief activities abroad. Dismissal in these situations is not valid and is referred to as termination during barred periods.

Compared with other countries, Switzerland has highly investor-friendly labor market conditions. It is relatively easy for companies to hire employees and then dismiss them again to react flexibly to economic change.

8.5.2 Short-Time Work and Mass Layoffs

A company may be forced to take measures to lower staff costs in the event of a deterioration in the order situation or for other reasons. Overcapacity may be alleviated through a temporary reduction in or a complete halt to production. In order to maintain jobs, an employer that applies for short-time work receives 80% of the lost income of his employees through his unemployment insurance for a specific period. This is done to prevent dismissal as a result of a temporary and unavoidable lack of work. However, employees have the right to reject the short-term work compensation and to continue to receive the full salary. By doing so, however, they risk being dismissed, as dismissals are the last resort with which an entrepreneur can respond to fluctuations in the level of

employment. In the case of mass layoffs, the Swiss Code of Obligations (OR Article 335d-335g) requires employers to

- consult and inform their employees, and
- inform the cantonal employment office in writing.

www.work.swiss
Short-time-compensation

8.6 SOCIAL INSURANCE

The Swiss social insurance system is based on three coordinated pillars: state-sponsored, employer-sponsored, and personal plans. Personal responsibility is a key factor in this system. As a result, the overall tax and contribution burden remains modest by international standards.

The three pillars of Swiss social security are as follows:

1st Pillar: This first level meets the basic needs of the insured or beneficiary through the government-sponsored, old-age and survivors' pension (OASI), as well as long-term disability insurance (DI). Both are compulsory and funded jointly through contributions (percentage of salary) by the employer, the employee, and taxes.

2nd Pillar: Occupational pension plans (BVG), which supplement the first pillar, enable people to maintain their accustomed standard of living after retirement. All persons working in Switzerland must be insured. The plans are funded through contributions (percentage of salary) by the employer and the employee.

3rd Pillar: Individual, voluntary self-provision of the employed person should cover the further personal needs, above all by saving on bank and insurance costs. The individual provision of the third pillar are partially tax-deductible.

These three pillars of social insurance are supplemented by unemployment insurance, the compensation system for loss of income due to military service or civil protection, maternity/paternity benefits, and family allowances, which are governed by cantonal law.

www.bsv.admin.ch
Swiss Federal Social Insurance Office (FSIO)

www.bsv.admin.ch > Information for > Companies /SMEs
SME counselor for social insurance

www.kmu.admin.ch > Practical Knowledge > Personnel > Human Resource Management
Social insurance for SMEs

Overview of Obligatory Social Insurance Contributions

(FIG. 31)

INSURANCE	EMPLOYEE	EMPLOYER	SELF-EMPLOYED	UNEMPLOYED
Old-Age and Survivors' Insurance (OASI)	4.35% of salary	4.35% of salary	max. 8.1%	Min. CHF 413 Max. CHF 20,650
Disability Insurance (DI)	0.7% of salary	0.7% of salary	max. 1.4%	Min. CHF 66 Max. CHF 3,300
Compensation for loss of income, maternity benefits, paternity leave	0.225% of salary	0.225% of salary	max. 0.45%	Min. CHF 21 Max. CHF 1,050
Occupational accidents	None	Net premium on premium-paying income that is subject to accident insurance (UVG), max. CHF 148,200 (depending on sector and risk)	Insured through the mandatory health insurance scheme	-
Non-occupational accidents	Net premium on premium-paying income that is subject to accident insurance (UVG), max. CHF 148,200 (depending on sector and risk, from 8 h/ week)	None	Voluntary insurance through the mandatory health insurance scheme	-
Health Insurance	per capita	None (voluntary contributions may be possible)	per capita	per capita
Unemployment Insurance	1.1% for portions of income up to CHF 148,200, solidarity percentage 0.5% for salary shares over CHF 148,200	1.1% for portions of income up to CHF 148,200, solidarity percentage 0.5% for salary shares over CHF 148,200	(non-insurable)	-
Occupational Pension Funds	2% – 8% of gross salary (depending on age, salary and pension plan regulations)	2% – 8% of gross salary (depending on age, salary and pension plan regulations)	voluntary	-
Family Allowances	only in the canton of Valais (0.3% of payroll)	0.7% – 3.5% of total income (depending on family compensation fund)	0.3% – 3.3%, capped at an annual income of CHF 148,200	-

Sources: Swiss Federal Social Insurance Office, 2022

8.6.1 Old-Age and Survivors' Insurance

OASI provides old-age benefits (a retirement pension) or benefits to dependents (widows' and orphans' pensions). The benefits depend on the amount of previous income and the amount of time for which contributions were made. OASI insurance is mandatory for everyone who lives or works in Switzerland. All men and women who work in Switzerland are required to contribute, with the employer paying half of the contribution and the employee the other half. The non-active population, such as students, disabled people, pensioners, or housewives that live in Switzerland, also pay a contribution. The insurance is based on the pay-as-you-go process: the current economically active generation finances today's pensioners.

8.6.2 Disability Insurance

The aim of disability insurance is to help integrate or reintegrate persons who are disabled due to birth defects, illness, or accidents into the workforce. A pension is paid only if the person is unable to take up employment or return to his/her job. Contributions are mandatory and levied together with OASI contributions.

8.6.3 Accident Insurance

Accident insurance covers all persons employed in Switzerland against accidents at the workplace, occupational illnesses, and non-occupational accidents. Healthcare and ancillary needs (treatment, required medical aid, travel, and transport costs) and payments (daily benefits allowance, disability pensions, lump-sum compensation, perpetual care benefits, and survivors' benefits) are all covered. The employer funds the premiums for occupational accidents and illness, while the employee pays the premiums for non-occupational accidents. The employer must finance the entire premium amount, but part of this amount is deducted from the employee's salary. The amount is based on the employee's insured salary. The maximum insured salary is 148,200 Swiss francs per year.

www.bag.admin.ch > Insurances
Swiss Office of Public Health (FOPH) information on accident insurance:

8.6.4 Health Insurance and Daily Sickness Insurance

Mandatory health insurance offers cover for illness, pregnancy, and accidents where there is no accident insurance for this. Employees are free to choose their policy. Everyone has the right to basic insurance, regardless of their health or age. In addition, voluntary supplementary policies can be taken out (generally requiring a health check). Premiums are charged per person, not based on income. The amount of the premium depends, amongst other things, on the amount of the division of costs (0 – 2,500 Swiss francs) of the selected model and the municipality. Employers do not generally make health insurance contributions.

In Switzerland there is no legal obligation for employers to conclude daily sickness insurance for their employees. If group insurance is not arranged for employees, employers are obliged to pay employees their full salary for a certain period (depending on years of service) if they are unable to work through no fault of their own. The same applies to pregnant women who cannot attend work for health reasons.

That is why many employers take out daily sickness insurance for their employees. The costs depend on the scope of coverage (illness, maternity, accident). Maternity benefits as per the Compensation for Loss of Earnings Act have precedence over daily sickness benefits. If at all, daily sickness benefits are paid to supplement maternity benefits, provided there is no over-compensation.

www.bag.admin.ch > Insurances
Swiss Office of Public Health (FOPH) information on health insurance

www.priminfo.ch
Comparison of health insurance premiums (FOPH)

8.6.5 Compensation for Loss of Income, Maternity Benefits, Paternity Leave

The Ordinance on Compensation for Loss of Income compensates people who have lost part of their income due to military service or civil defense. The ordinance also covers loss of income during pregnancy (maternity benefits). Insurance is mandatory, and must be paid by everyone who makes OASI contributions (half is met by the employer, half by the employee).

Employed pregnant women receive 80% of their average salary before delivery, up to a maximum of 196 Swiss francs per day, for 14 weeks. The only conditions are that they had mandatory OASI cover for the nine months immediately before the birth, worked for at least five months during pregnancy, and were still deemed able to work at the time of delivery. It is not possible to dismiss women while they are pregnant or for 16 weeks after delivery. Employed mothers are forbidden from working for up to eight weeks after delivery.

Since 2021, fathers can take two weeks of paid leave within six months of the birth of a child.

www.bsv.admin.ch > Social Insurances > Income Compensations
Information from the FSIO on compensation for loss of income

8.6.6 Unemployment Insurance

Unemployment insurance (ALV) continues to pay a partial salary upon unemployment for a limited amount of time and promotes the re-entry of the unemployed person into the job market. It is mandatory for employees. All workers who are not self-employed must make contributions. Unemployment insurance is financed equally by the employer and the employees (each pays 1.1%). It is not possible for self-employed persons to insure themselves against unemployment, even voluntarily. In order to receive unemployment benefits, employees must be able to demonstrate payment of at least twelve monthly contributions within the last two years, to prove that they have worked. For EU/EFTA citizens, contributions made in their home country also count if employment that required contributions was carried out in Switzerland after arrival. Another requirement is that the person must be in a position to take up work, which means that he/she is ready, able, and permitted to take on appropriate work and participate in integration measures. Regular application for jobs is mandatory. Compensation generally amounts to 70% of the salary subject to OASI (average of the last six contribution months or, if more advantageous, the last twelve prior to unemployment) or 80% for children requiring support, in the case of disability or for those with income of less than 3,797 Swiss francs. The maximum insured salary is 148,200 Swiss francs a year. As a rule, a maximum of 520 daily allowances may be drawn within a two-year period.

www.work.swiss
Job seekers

8.6.7 Occupational Pension Funds

Occupational pension funds serve to ensure that an employee's accustomed standard of living can be maintained after retirement. They are based on the Federal Act on Occupational Pensions, which since 1985 has provided mandatory insurance for all employed persons from the age of 18 (against risks) and from the age of 25 (savings plan). A person must currently earn a minimum of 21,510 Swiss francs to participate (from 2021). The maximum mandatorily insured salary is 86,040 Swiss francs. The employer contributes at least as high a premium as the employee. Some employers choose to pay more. Premiums can vary between 7% and 18% of income, based on age and sex (the older the person, the higher the premium). The payment of the pension is based on a legally determined conversion rate, which constitutes the statutory minimum (6.8%, conversion rate as of 2014). Pension funds are foundations, cooperatives, or public law institutions that are monitored by cantonal and federal supervisory authorities. Smaller companies often join a collective pension foundation or association.

www.bsv.admin.ch > Social Insurances > Occupational pension funds
Swiss Federal Social Insurance Office (FSIO) information on occupational pension funds

8.6.8 Family Allowances

Family allowances partially compensate the costs of raising children. The support, which to date has been limited to just employees, was extended to cover self-employed people on January 1, 2013. In some cantons, entitlement is income-dependent. Special regulations apply to agriculture. Only one allowance is available for each child.

Family allowances include child and education allowances, as well as birth and adoption allowances mandated by the individual cantons. All cantons provide the following minimum allowances per child per month:

- A child allowance of 200 Swiss francs for children up to the age of 16.
- An education allowance of 250 Swiss francs for children between the ages of 16 and 25.

Family allowances are financed almost exclusively by the employer, except in Valais (where they are partially financed by the employee).

www.ch.ch > A-Z > Family allowances
Calculation of family allowances by canton

8.7 RECRUITMENT

There are many options for recruiting external candidates:

- Adds in newspapers or specialist journals
- Online ads
- Contact with universities and colleges (Internet platforms/trade fairs)
- External consultants
- Headhunters
- Regional employment centers
- Third parties

Each employer's choice depends on its needs and budget.

8.7.1 Public Employment Service

The regional employment centers (RAV) are public service providers that specialize in advising and placing job-seekers. More than 100 RAVs offer employers personal assistance with their recruitment through a personnel consultant. There are many well-qualified job seekers registered with the RAVs who are immediately available for permanent or temporary positions. On request, RAVs can screen applicants according to the employer's criteria, thus making the selection process easier. RAVs can also advertise open positions in the internal job market on its website or on teletext. The employment service website is the largest job exchange in Switzerland. One advantage is that all RAV services are free.

www.work.swiss
Unemployment insurance (UI) and public employment service portal

8.7.2 Private Employment Agencies

It may be worth using an employment agency to find a highly qualified specialist or manager. These agencies do most of the legwork: designing job ads, planning media use, and selecting applicants. It also makes sense to work with an employment agency if the name of the company is to be kept confidential due to sector-specific or internal reasons. However, this method is expensive, as it may cost one or more months' salary for the position to be filled.

8.7.3 Headhunters

Headhunters, or executive search consultants, act as a bridge between a company's need for highly qualified specialists and managers and the desire of such individuals to find challenging and attractive positions. Headhunters specialize in recruiting through direct contacts and work on a mandate basis. They range from companies specialized in certain industries to large international firms with household names and boutique companies especially suited to generalist tasks, complex jobs, or unconventional solutions. Hiring a headhunter is always beneficial if the usual paths of internal recruitment or ads on websites and in newspapers fail to produce results.

8.7.4 Staffing/Temporary Employment Agencies

Hiring staff for a limited amount of time through temporary employment agencies is useful if there is a temporary surge of orders or if staff need replacing at short notice. An hourly wage is agreed between the agency and the client, which is usually 1.4 to 2 times the normal hourly rate. However, only the hours worked must be paid, and all ancillary costs are included. The agency remunerates temporary staff as their employer and is responsible for all social contributions and insurance. The same labor law protections apply as with "traditional" forms of employment.

Temporary employment agencies require a cantonal license in order to operate. They are also required to set aside a significant deposit to cover the claims of their employees. A federal license and a higher deposit are also required to operate abroad. Hiring staff from abroad is prohibited (except under very strict conditions within the Group).

www.hrswiss.ch
HR Swiss: Swiss Association for Human Resources Management

www.swisstaffing.ch
Employment services trade association