SCHWEIZERISCHER ARBEITGEBERVERBAND
UNION PATRONALE SUISSE
UNIONE SVIZZERA DEGLI IMPRENDITORI

«SWITZERLAND AT WORK»

Reasons and factors of success of Switzerland's employment policy

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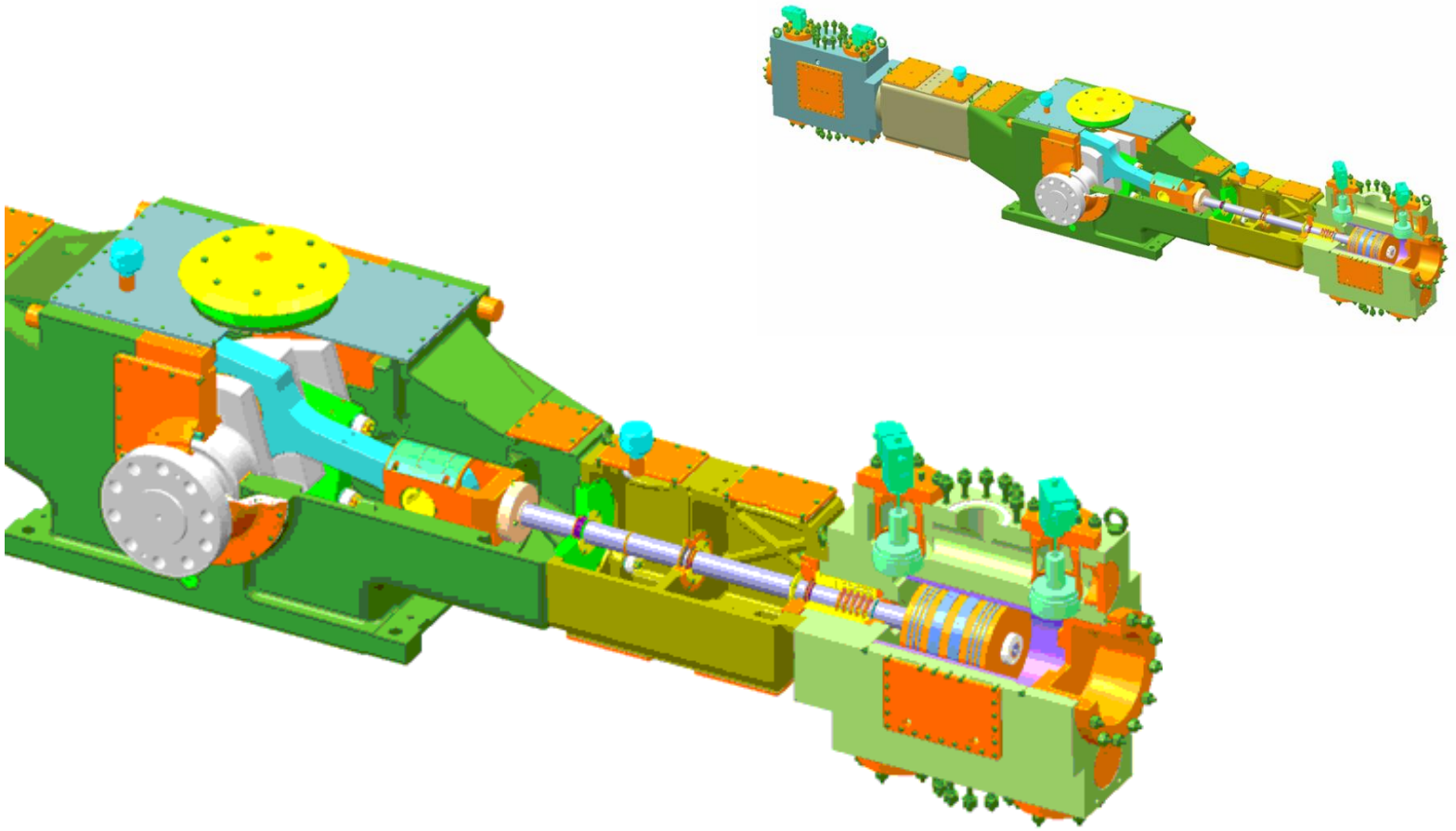
Valentin Vogt

- Career:
  - 2000 – 2011: CEO, Burckhardt Compression
  - Since 2011: Chairman of the Board of Directors, and co-owner Burckhardt Compression
  - Several other Board Memberships
- Voluntary Services:
  - President Swiss Employers' Confederation
  - Executive Committee Member economiesuisse
  - Member of the Advisory Board Swiss National Bank

Burckhardt Compression

1/2

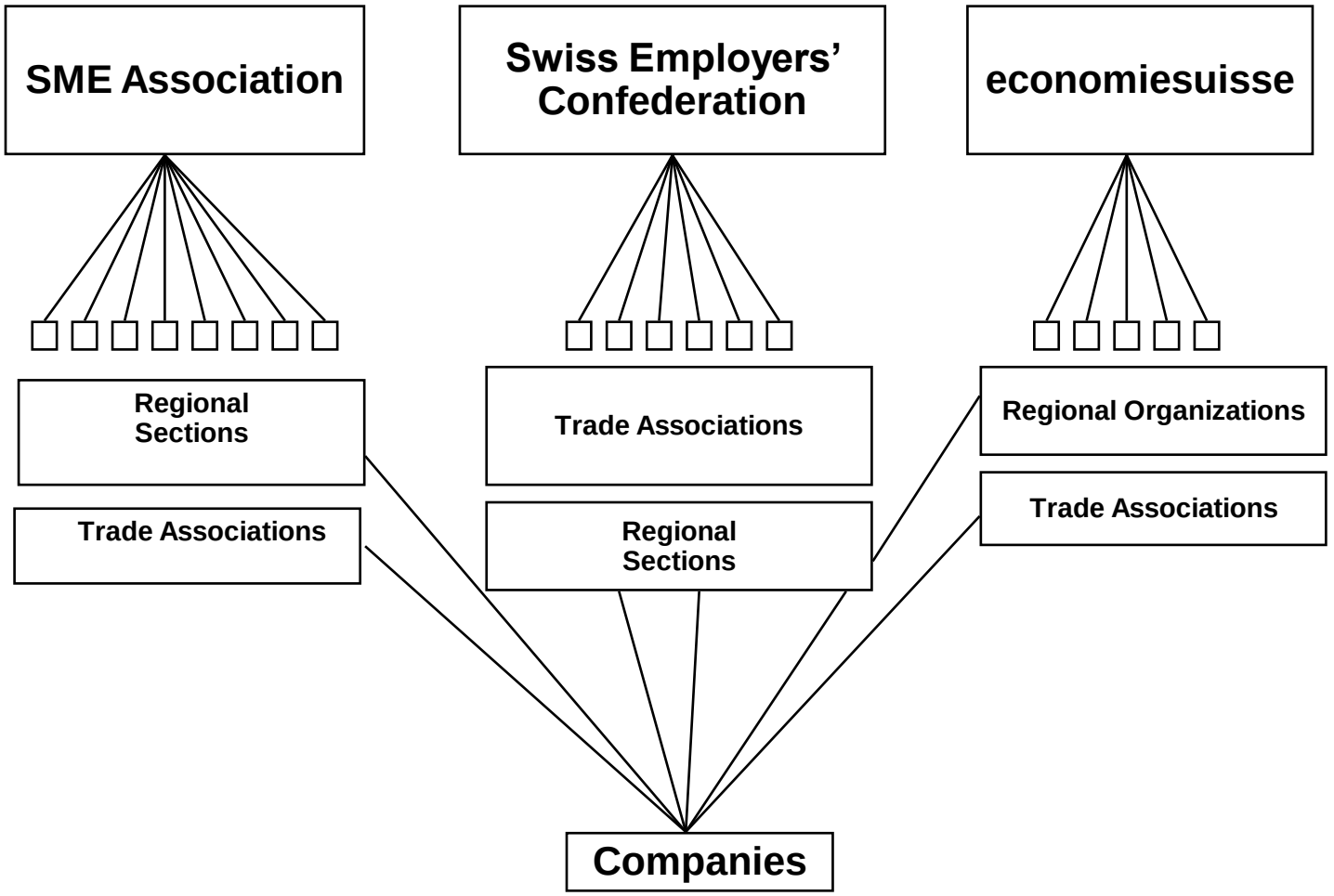


Burckhardt Compression 2/2

Motivation → contribute as an entrepreneur …

- … to further develop the boundary conditions for the economy in Switzerland
- … to continue the success story of Switzerland
- … to (re)establish the confidence of the Swiss people into the economy

Business Organizations in Switzerland



Members Swiss Employers' Confederation

- Members
  - 36 Trade Associations
  - 41 Regional Sections
  - ca. 100'000 Companies
  - Approx. 1.5 mn employees
- Thematic Dossiers
  - Labor Market
  - Social Security
  - Education
  - International labor market relations

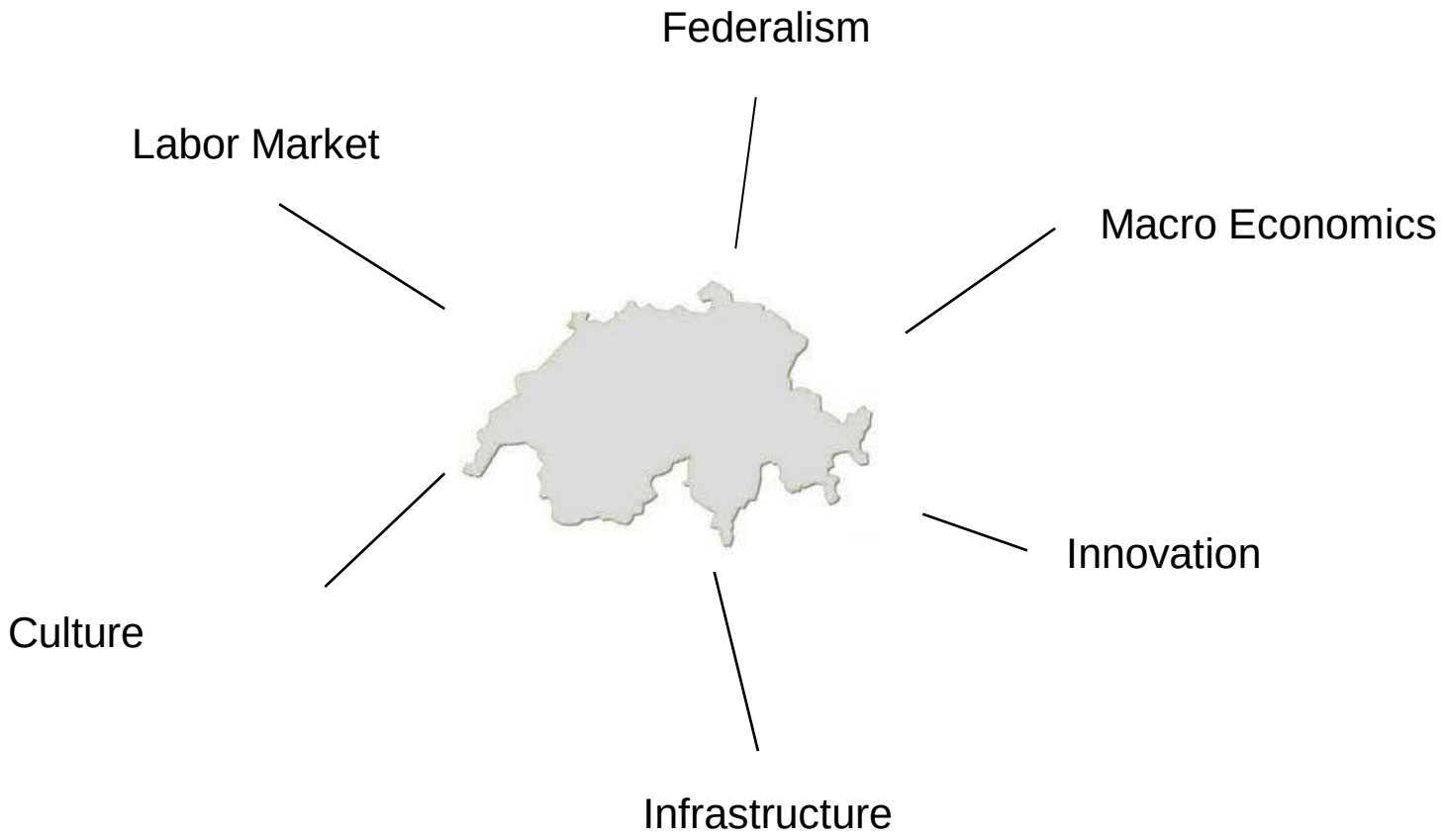
Switzerland – the little big country 1/2

- Population 7.9 mn (nr. 95 in CIA global ranking)
- GDP CHF 535 bn (nr. 19 in IMF global ranking)
  - Industry 18,6%
  - Financial Services 7,4%
  - Pharmaceutical/chemical 4,2%
  - Watches 2,0%
- 23% of population are foreigners → more than 1.8 mn people → one of the highest in Europe (after Luxembourg and Liechtenstein)
  - 1.1 mn people from EU/EFTA countries
  - 0.6 mn people from other countries
- Labor force of 4.5 mn people →participation rate of 57% →one of the highest in Europe (after Luxembourg and Liechtenstein)

Switzerland – the little big country 2/2

- 27% of the labor force are foreigners → continuous increase over the last 20 years
- Unemployment rate of
  - Total 3.0 %
  - Swiss Nationals 2.3 %
  - Foreigners 6.8 %
- Youth unemployment rate → 3.4%

Key Success Factors of the Swiss Economy…



... Federalism

- Decentralized structures → Make decisions at decentralized levels
- Spend time in preparation of decisions not in the implementing them
- Switzerland as a raw model for a future Europe
- Challenges
  - Limits of federalism
  - Speed and competence

… Macro Economics

- Stable currency
- Reasonable taxes
- Balanced government budgets
- Diversified and integrated economy → e.g. SME / large corporations
- Well functioning bureaucracy
- Challenges
  - Over valued Swiss Franc
  - High cost island Switzerland

… Innovation

- Incubator Climate
- Innovation driven by private sector
- Education System
- Dual track education system
- Top technical universities
- Challenges
  - Trend to academic education

… Infrastructure

- Well functioning mobility → train system with dense timetable, superb road system, direct flights to all important economic centers in the world
- Balanced energy infrastructure → 50% Hydro Power
- High IT diffusion
- Challenges
  - Exit from nuclear power
  - Space → How many inhabitants can Switzerland bear with?

… Culture

- Swiss → Mixture of no pain, no gain & business sense
- Small domestic market → Focus to the outside
- Languages
- History
- Pessimism vs. Optimism
- Challenges
  - Integration of foreign people
  - Freedom vs. humility

… Labor Market

- Flexicurity → Liberal labor laws in combination with a well functioning social security network
- High loyalty of employees and employee satisfaction
- Social dialogue with unions and employees
- High participation in labor market over all and specially for elderly workers →know how preservation
- Embedded culture of professional training on the job → retain employability

… Labor Market

- Direct democracy → to vote on labor law means, to take responsibility for the functioning of the labor market
- Free movement of people within Europe
- Challenges:
  - Safeguard social security → Objectification
  - Redeployment of not well educated people
  - Drift in attitude
  - Social cohesion

Why does Burckhardt Compression retain a strong manufacturing base in Switzerland?

- Excellent infrastructure
- Well educated people (Academic & Dual education)
- Flexicurity
- Reasonable taxes
- High level of security

Summary and Conclusions

- The secret is, that there are no secrets behind Switzerland's full employment over decades
- The success is based on several interlinked success factors and continuity
- Act before you have to → « gouverner c'est prévoir »
- We are more than willing to share our system and experience with anyone interested

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