



## 2. Workforce and labor costs

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**Highly motivated and highly qualified, multilingual, reliable and efficient: these are just some of the strengths associated with workers in the GREATER GENEVA BERNE area (GGBa). With the additional advantage of liberal labor legislation, the region has enviable human resources. Yearly working hours amount to 1,844 in Switzerland, compared to 1,601 in Germany and 1,562 in France.**

Thanks to the free movement of people in the European Union, businesses can recruit their personnel from a 380 million-strong catchment area. In addition, all EU nationals can live in nearby France, Italy or Germany, but work in the GGBa by obtaining a cross-border work permit, issued for five years. There is no longer any quota for nationals of the original EU. Thanks to Switzerland's high standard of living, foreign nationals love to live and work in this region. Salaries might appear high across Switzerland, but they are competitive when taking into account the longer working hours and low absentee rate, not to mention the low social security costs. A standard industrial working hour costs employers €34.78 in Switzerland compared to €35.22 in western Germany and €33.23 in France.



## 2.1 PRODUCTIVITY, MOTIVATION AND INTERNATIONAL EXPERIENCE

The Swiss labor market is characterized by liberal legislation and exceptional social stability. The relationship between management and labor unions is generally cooperative and strikes occur very rarely. The longer working hours (40 to 42 hours per week), shorter vacations (4 to 5 weeks annually), and low social security costs compared to neighboring countries account for the high productivity of the workforce. International studies also confirm the advantages of the Swiss workforce.

Swiss employees frequently speak two or three languages (French or German and English, and quite often Italian or Spanish). In international companies, English is increasingly the official language used. Industry has always demanded highly trained managers who are fluent in a number of languages and are familiar with the culture prevailing in foreign markets. Studies by the IMD World Competitiveness Center show that local managers have significant experience in international business and working abroad.

Located in the GGBa, the Universities of Berne, Fribourg, Geneva and Lausanne, as well as the Universities of Applied Sciences and the Swiss Federal Institute of Technology (EPFL) produce a highly skilled workforce at all levels. Please refer to the "Education" fact sheet for more information.

## 2.2 TERMS OF EMPLOYMENT

Swiss labor law governs the rights and duties of employers and employees. It includes significantly fewer requirements than in EU states; these requirements are stipulated in various acts, most notably the Code of Obligations concerning individual employment contracts, collective employment contracts, standard employment contracts (OR in German, CO in French), the Labor Act on general health protection, working hours and breaks, young people, pregnant women and nursing mothers (ArG in German, LtR in French) and the Accident Insurance Act on occupational health and safety (UVG in German, LAA in French).

### The most important terms are:

#### Working hours per week

40 - 42 (maximum 45)

Average working hours per year: 1,844

#### Overtime

Working time exceeding normal working hours

#### Compensation

Compensation with free time or a 25% salary

#### Compensation of overtime

with free time or a 25% salary premium; waived for employees in managerial positions

#### Work at night and on holidays

Permitted, requires authorization

#### Vacation

- up to 20 years old: 25 days
- over 21 years old: 20 days
- over 50 years old: usually 25 days

Maternity benefits arise if the beneficiary has been employed for at least five months. Maternity leave is 14 weeks. The daily allowance amounts to 80% of the mother's average income prior to the birth of her child.

Redundancies owing to economic duress or incompatibility are always possible without paying long severance salaries.

### The legal minimum notice period is as follows:

- Trial periods up to 3 months: 7 days
- 1st year of service: 1 month
- 2 to 9 years of service: 2 months
- 10 years of service: 3 months

The notice requirement can be waived if the employee's contract is terminated for serious misconduct.



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### 2.3 RECRUITMENT

The unemployment rate in Switzerland is generally lower than in neighboring countries. In the last few years it has fluctuated between 3% and 5%. This might seem very low; however, the number of people looking for a new job is significantly higher. Since a company may recruit employees from any EU state, finding suitable qualified personnel is straightforward. Foreign nationals from the EU may live and work in Switzerland, people from outside the EU must apply for the appropriate work and residence permits.

There are many international and national recruitment agencies active in the GREATER GENEVA BERNE area (GGBa). They can help to find the best talent for your company. Similarly, the cantonal recruitment agencies are also an invaluable source of help in finding the right staff, since they have access to the national skills database.

Recruiting personnel in Switzerland is usually done by placing adverts in national newspapers and/or on the internet or by hiring a recruitment agency or headhunter. Many international recruitment agencies are active in the GGBa. General information on working in Switzerland is available at [www.travailler-en-suisse.ch](http://www.travailler-en-suisse.ch) (in French only).

#### Some of the most popular recruitment links are:

- [www.jobscout.ch](http://www.jobscout.ch)
- [www.jobup.ch](http://www.jobup.ch): job advertisement for French-speaking Switzerland
- [www.monster.ch](http://www.monster.ch): all job levels, all industries
- [www.topjobs.ch](http://www.topjobs.ch): employment for experts managers and executives

Addresses of recruitment agencies are available at [www.swisstaffing.ch](http://www.swisstaffing.ch) and [www.hrtdoday.ch](http://www.hrtdoday.ch) (including executive search agencies).

### 2.4 SALARY LEVELS

Salaries depend not only on the education, work experience and age of the employee, but also on the size of the company, the nature of the job and other elements.

For further details on salaries in Switzerland, visit [www.bfs.admin.ch](http://www.bfs.admin.ch).

#### GGBa labor costs

##### Position

Annual gross salary (including 13th month)  
in Swiss francs

##### Management

Junior manager (0-2 years' experience)	70,000 and up
Manager (2-5 years' experience)	85,000 and up
Senior manager (more than 5 years' experience)	110,000 and up

##### Finance and accounting

Junior accountant (0-2 years' experience)	50,000 and up
Senior accountant (more than 5 years' experience)	75,000 and up
Payroll specialist (2-5 years' experience)	75,000 and up
Business / financial analyst (2-5 years' experience)	80,000 and up
Manufacturing controller (2-5 years' experience)	80,000 and up
Treasurer (more than 5 years' experience)	110,000 and up

##### Administrative staff

Bilingual secretary (2-5 years' experience)	55,000 and up
Experienced management assistant, trilingual (more than 5 years' experience)	75,000 and up

##### Engineers

Junior engineer (0-2 years' experience)	65,000 and up
Senior engineer, bilingual (more than 5 years' experience)	90,000 and up

##### Workers

Unskilled worker (2-5 years' experience)	45,000 and up
Skilled worker in industry (more than 5 years' experience)	70,000 and up



## 2.5 SOCIAL SECURITY COSTS

Social security contributions are made in equal proportion by employers and employees (except accident insurance, family allowance and pensions optional). Charges for the employer amount to an additional 15.3% of the gross salary. Employees deduct approximately 12% of their gross salary for social security. Personal income tax and private health insurance (which are mandatory) are paid directly by employees.

### Summary of social security costs (as a percentage of earnings)

Insurance	Employer	Employee
Old-age/survivors' insurance, disability and fund for loss of income: "first pillar"	5.05	5.05
Unemployment insurance (up to an annual salary of SFr 126,000)	1.0	1.0
Pension fund: "second pillar" (from 5 – 10% of gross salary depending on age of employee and seniority)	5	5
Accident insurance	2	1.4
Family allowance	2.25	-
<b>Total</b>	<b>15.3</b>	<b>12.45</b>

#### Example:

Yearly gross salary	SFr 66,300
Monthly gross salary	SFr 5,100 (x 13)
Net monthly salary of employee (after deductions of 12.45%)	SFr 4,465
Net monthly cost for company (after charges of 15.3%)	SFr 5,880

Social security contributions are divided into three pension plans, referred to in Switzerland as "pillars".

First pillar: Social security for senior citizens and survivors' social insurance (old age) and disability insurance. These two insurance programs cover the critical needs of the employee and are mandatory for anyone who lives or works in Switzerland.

Second pillar: Professional social security provisions / obligatory company retirement fund or pension fund (employees over the age of 25). This insurance enables the beneficiary (employee) to maintain his or her standard of living after retirement. It applies to every person with an annual salary of more than SFr 25,320. Some companies have more generous pension funds and contribute more than 50% of premiums.

Third pillar: In addition to the first two pillars, individuals may make additional savings contributions which are tax deductible up to a certain level. These saving plans are not mandatory but provide for even more comprehensive coverage for individuals.

For more details on Swiss social security, visit [www.bsv.admin.ch](http://www.bsv.admin.ch) (Swiss Federal Social Insurance Office), [www.taxation.ch](http://www.taxation.ch) or [www.justlanded.com](http://www.justlanded.com).



## 2.6 WORK AND RESIDENCE PERMITS

The admittance of foreign labor is governed by a dual system: The Free Movement of Labor Act gives European Union (EU)/European Free Trade Area (EFTA) citizens free access to the Swiss labor market, while non-EU citizens require a separate permit.

Foreign visitors entering Switzerland legally for a period of up to three months and who are not exercising gainful activities in the country do not need a residence or work permit. Either permit is only required if the visitor plans to live and work in Switzerland for more than three months.

## 2.7 FREE MOVEMENT OF PEOPLE BETWEEN SWITZERLAND AND THE EUROPEAN UNION

The free movement of people is being implemented through the gradual opening of the labor market between Switzerland and the European Union. The principle covers employees, self-employed individuals, and anyone without gainful employment who has adequate financial resources.

EU/EFTA nationals from the original 15 EU member states plus Malta and Cyprus no longer require a work or residency permit. Their employer is expected to register these nationals at the appropriate cantonal office.

Registration can be made online (free of charge) at the appropriate cantonal website (i.e. the canton where the company has its Swiss headquarters).

- Employment contracts of fewer than 3 months per calendar year: no permit is required, but the employer must declare the new employee using the online procedure of the Federal Office of Migration ([www.meweb.admin.ch](http://www.meweb.admin.ch)).

- Employment contracts between 3 months and 364 days: an "EC/EFTA L short-term residence permit" will be issued for the duration of the contract. Extensions are possible.

- Employment contracts of one year or more (including open-ended contracts): an "EC/EFTA B residence permit" is issued with an initial validity of 5 years.

- Cross-border commuter permit: employees living in the EU/EFTA and employed in Switzerland can receive the "EU/EFTA G cross-border commuter permit", provided that they return home at least once a week. If they stay in Switzerland, they must register with the communal authorities where they are residing.

Nationals of the newer EU countries - Poland, Hungary, Czech Republic, Slovenia, Slovakia, Estonia, Lithuania, Latvia - are subject to transitional restrictions until 2011; restrictions apply to nationals of Romania and Bulgaria until 2019 (and a work permit is still required). The granting of work permits is subject to economic need, wage controls, working conditions and quotas. Applications for nationals from these countries wishing to take up employment must be submitted by the employer to the labor market authorities in the canton where the person intends to work.

For employment procedures concerning foreign nationals, visit [www.bfm.admin.ch](http://www.bfm.admin.ch); click on "Free movement of persons EU/EFTA or labor/work permits (for non-EU nationals)".



## 2.8 IMMIGRATION OF NON-EU NATIONALS

Non-EU-citizens can only get a work permit if their employer proves that they could not fill the respective position with a Swiss or EU citizen. There are some exceptions to this rule for highly qualified/specialized and/or top executive management positions. The number of work and residence permits for citizens of non-EU/EFTA nations is limited.

The employer must send an official offer of employment to the foreign national. If the future employee accepts the offer, the employer then applies for a “pre-authorized residency permit” in the local canton’s police section for foreigners. If this permit is granted, the employer sends a “pre-authorization for a residence permit” (Zusicherung der Aufenthaltsbewilligung - Autorisation de Séjour) in addition to the employment contract to the foreign national. On arriving in Switzerland, the foreign national employee presents this document in the formal application for their actual residence permit.

The work permit application process can take two to three months and there are no guarantees that a permit will be issued. An employer might say they will be able to get a permit, but the ultimate decision will be made by the Swiss federal authorities.

### Exceptions

Non-EU/EFTA citizens who are posted by a foreign employer (company in the EU/EFTA) as employees for stays of up to 90 working days per calendar year do not require a permit. They are, however, required to register in advance. An online form must be completed. Usually, the posted employee must have been lawfully admitted to the labor market of an EU/EFTA state for at least 12 months.

### Expatriates

Foreign nationals working for international companies in Switzerland in executive positions for up to 5 years may be considered as expatriates. As such, they are not subject to Swiss social insurance (second pillar). The company has to apply for a work permit, which is granted if the person holds an executive position in the company.

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GREATER GENEVA BERNE area is an initiative of the cantons of Berne, Fribourg, Vaud, Neuchâtel, Geneva and Valais