

Fact Sheet Labor laws

Switzerland has liberal employment laws. Strikes are almost unknown. Productivity is higher than elsewhere in Europe and social costs for employers are much lower in Switzerland.

■ Labor laws

Generally, Swiss labor laws are very liberal and are similar to US labor law. The Swiss code of obligations regulates the relationship between employer and employee.

■ Employment contracts – termination

Work contracts ordinarily do not specify an expiration date. Termination of employment requires advance notice, the term of which depends on how long the employee has been with the company:

Termination during	Notice must be given
Trial period (1 to 3 months)	7 days in advance
1st year of service	1 month in advance
2nd to 9th year of service	2 months in advance
10th year of service or later	3 months in advance

(Any advance notice is issued at the end of any month.)

The notice requirement can be waived if termination is for a severe cause.

■ Weekly working hours

The average work week in Switzerland is 41 hours (with a legal maximum of 45 hours), as compared to 35 hours for both German and French workers.

The difference between the normal working time (40 to 44 hours per week) and the maximum working time (45 hours per week) is considered overtime. Overtime must be compensated with a premium of 25%. It is possible to waive the

premium in writing. Instead of overtime pay, the employee may be compensated through paid leave of at least the same duration. For employees in managerial positions, it is possible to compensate overtime generally through normal wages. If the weekly maximum working time of 45 hours is exceeded, this is referred to as extra work. In contrast to many European countries, the consent of the employee representatives or work council is not necessary in Switzerland for overtime and extra work.

Night work and work on Sundays and holidays usually need a government (e.g. cantonal) approval.

Maternity leave of at least 14 weeks is granted at 80% salary and the mother cannot be made redundant until at least 16 weeks after the birth of the child.

Taking into account the usual four weeks' vacation, the 9 official holidays and 7 days of personal absence, the Swiss average number of annual work hours comes to 1,832, which ranks first in Europe.



BEDA

**Berne Economic
Development Agency**

■ **Comparison of hours worked annually
(average numbers in 2005)**

USA	1,880
Switzerland	1,832
Ireland	1,802
Italy	1,748
Belgium	1,748
United Kingdom	1,726
Netherlands	1,717
Germany	1,689
France	1,575

Source: Economic Promotion Department, Geneva / IMD World Competitiveness Yearbook 2006/2007

■ **Labor relations – trade unions**

Thanks to a long-term agreement, popularly known as “Labor Peace”, between employers’ and employees’ associations, strikes are rare in Switzerland.

Swiss employee representatives are not allowed to prevail with their own views or to force a decision. Their rights are limited to being informed, having their views heard, and providing decision input. The employee representatives have a voice in

- questions of work safety and occupational health
- the organization of working time and definition of work schedules
- the transition of ownership of the company or a section thereof
- the event of mass layoffs

■ **Salary and social charges
(employer and employee)**

Salaries are generally paid in 13 installments (monthly plus an extra salary in December). Social charges totalling an additional 15.55% of the listed figures must be borne by the employer. Please note that the cost of vacations (20 days) and holidays (9 days) are already included in the annual salary figures listed below.

Employees will have to deduct approximately 12% of the listed amounts to determine their net disposable incomes. From that, income taxes and private health insurance (which covers doctor appointments, hospitalization and prescription drugs) must be deducted as well.

■ **Typical salary ranges**

Gross annual salaries by job category (Swiss francs)

Unskilled laborers	40,000 to 45,000
Semi-skilled laborers	45,000 to 60,000
Precision mechanics	55,000 to 70,000
Electromechanics	55,000 to 70,000
Secretaries, bilingual	45,000 to 60,000
Experienced secretaries, trilingual	55,000 to 70,000
Draftsmen	70,000 to 100,000
Senior engineers (BS level)	65,000 to 95,000
Production managers	minimum 80,000
Department managers	minimum 90,000
General managers	minimum 150,000

Source: BEDA





BEDA

**Berne Economic
Development Agency**

■ For the purpose of comparison, the following table shows the percentages of social costs that employers in various countries have to pay:

France	102.8 %
Austria	88.1 %
Italy	85.6 %
Japan	79.9 %
Sweden	76.9 %
Netherlands	74.2 %
Germany	74.1 %
United Kingdom	55.9 %
Switzerland	55.2 %
USA	49.4 %
Ireland	36.8 %

Source: Institute of German Economy, Cologne, 2007





BEDA

**Berne Economic
Development Agency**

Important links

www.berneinvest.com

BEDA's web site contains helpful documents, informative materials, testimonials from companies that are already established in Berne, newsletters, business plan templates, and more.

www.amcham.ch

The website of the Swiss-American Chamber of Commerce provides useful publications and fact sheets on Swiss business laws, tax treaties, and residence requirements, among other topics.

Contact

Your contact in Switzerland

Berne Economic Development Agency (BEDA)
Denis Grisel, President
Münsterplatz 3
CH-3011 Berne
Phone +41 (0)31 633 41 20
Fax +41 (0)31 633 40 88
info@berneinvest.com
denis.grisel@berneinvest.com

Your contacts in the USA

Alan Parter
Parter International Inc.
286 Madison Avenue, 21st floor
New York, NY 10017
Phone 212 867 1717
Fax 212 686 8367
Cell phone 914 584 6177
alan.parter@berneinvest-agents.com

NevellWhite, LLC
Mark White
110 Newport Center Drive, Suite 200
Newport Beach, CA 92660
Phone 949 395 0642
Fax 949 719 1154
mark.white@berneinvest-agents.com

