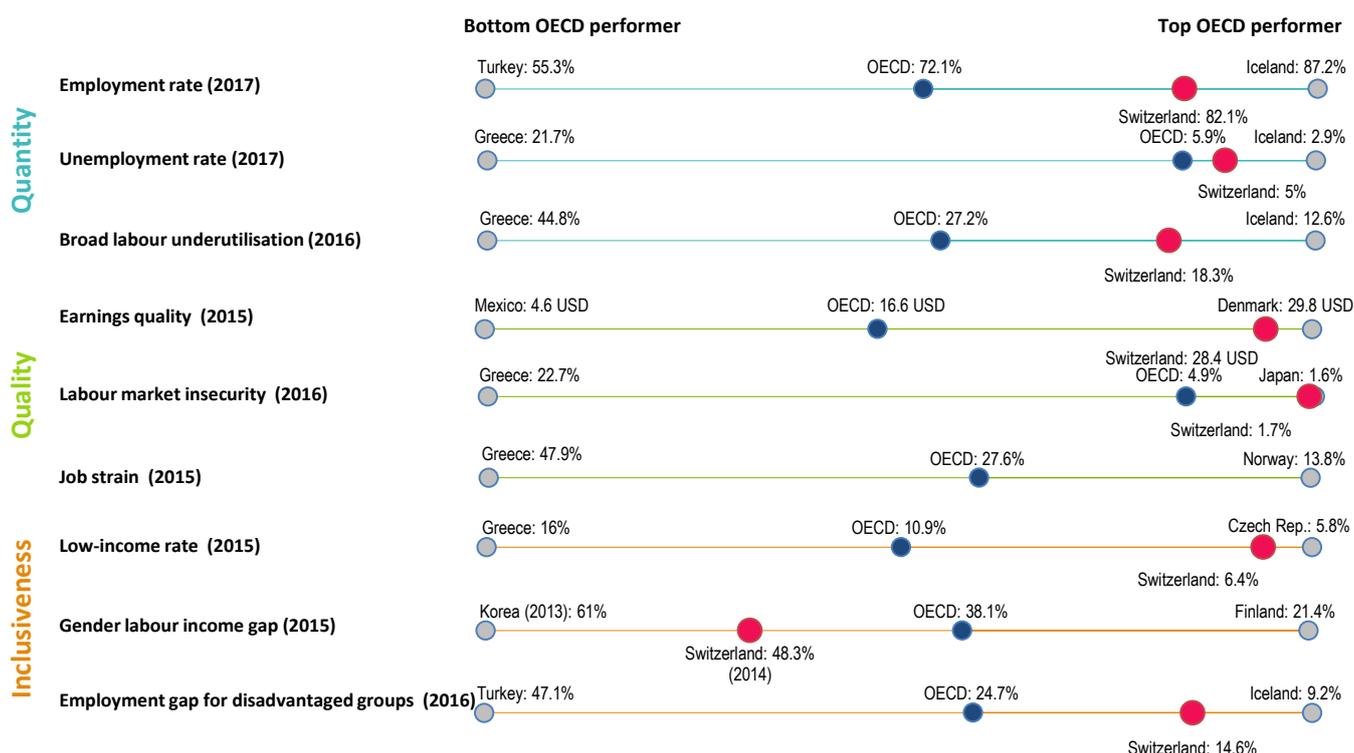


How does SWITZERLAND compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Switzerland



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there

are no hard trade-offs that prevent countries from performing well in all areas.

- Switzerland is the second best performer on measures of job quantity, particularly the employment rate and the broad measure of labour underutilisation. This is partly driven by high female participation. The unemployment rate is below the OECD average and has been relatively steady over the past decade.



- Labour market insecurity is the second-lowest among OECD countries, notably because the net replacement rate of previous net income following unemployment is the highest among OECD countries. Earnings quality is also relatively high in Switzerland, reflecting elevated average earnings.
- Labour market inclusiveness outcomes are more mixed. Switzerland has the second-lowest poverty rate after taxes and transfers among OECD countries, thanks to high employment rates across all segments

of the population, including disadvantaged groups. In particular, the employment rate of foreign-born residents – who account for nearly 30% of the population – is only marginally lower than for the native-born population. However, the gender labour income gap is one of the widest among OECD countries despite some improvement in recent years. The gender wage gap for full-time workers is large and the incidence of part-time employment for women is also one of the highest among OECD countries.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

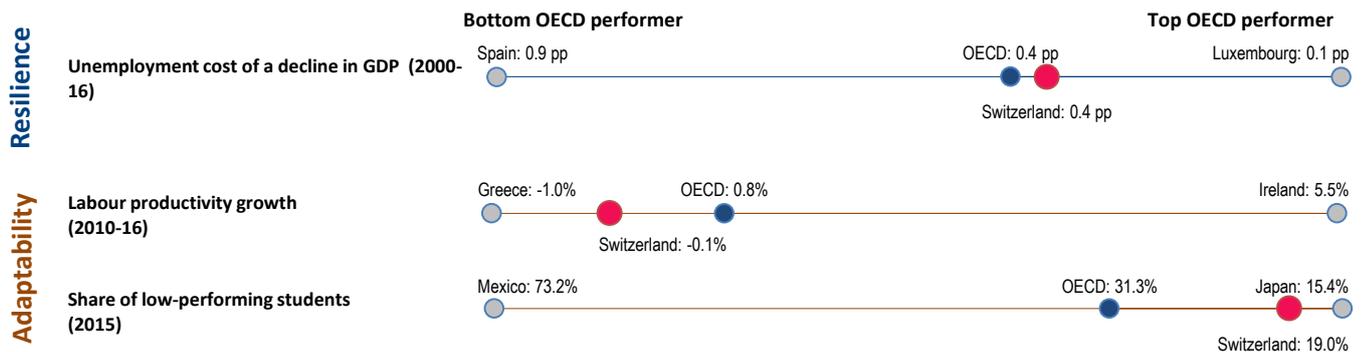
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

very exposed to global economic shocks, but its openness also acts as a shock absorber because the net flow of workers to Switzerland adjusts to economic conditions.

- Switzerland scores close to the OECD average in terms of labour market resilience. Most notably, in the aftermath of the global crisis of 2008-09 the unemployment rate rose by less than in other OECD countries. As a small open economy Switzerland is

- Labour productivity growth in Switzerland underperformed over 2010-16, partly reflecting a high initial level of productivity. Restrictions on trade in goods and services, and government involvement in some sectors of the economy hamper competition and productivity growth. The quality of the education system is high and the share of low-performing students is amongst the lowest in the OECD. However, raising foreign-born students' performance remains a challenge.

Framework conditions for Switzerland



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).