



This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 649395.

# NEGOTIATE

## Overcoming job-insecurity in Europe

NEGOTIATE – Negotiating early job-insecurity and labour market exclusion in Europe

Horizon 2020, Societal Challenge 6, H2020-YOUNG-SOCIETY-2014, YOUNG-1-2014, Research and Innovation Action (RIA)

Duration: 01 March 2015 – 28 February 2018

### Contribution to Deliverable 3.4 (D3.4) – Institutional Determinants of early job insecurity in nine European Countries

#### Country Report Switzerland

<b>Deliverable type / Version</b>	Report / Version 2
<b>Dissemination level</b>	Public
<b>Month and date of Delivery</b>	Month 18, August 2016
<b>Associated Work Package (WP)</b>	WP3 - <b>Institutional Determinants of early job insecurity in nine European Countries</b> Swiss country report
<b>Lead beneficiary for D3.4</b>	MU, Czech Republik: Ondrej Hora, Tomas Sirovatátka
<b>WP Leader</b>	UPSPS, Greece: Maria Karamessini
<b>Authors</b>	Christian Imdorf Lulu P. Shi Laura Helbling Stefan Sacchi Robin Samuel
<b>Project URL</b>	<a href="http://www.negotiate-research.eu">www.negotiate-research.eu</a>

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## Introduction

Compared to other European countries, Switzerland has demonstrated relative economic stability since the economic crisis in 2008/2009. The employment rate of 15 to 24-year-olds in Switzerland registered a fluctuation of maximum 5% during the period from 2008 to 2015. The lowest rate was observed in the 2nd quarter of 2012 (65.2%) and the highest rate in the 3rd quarter of 2010 (70.2%). In comparison, the fluctuation of the employment rate of the general population (15-64 years of age) is even smaller; 82.2% in the 2nd quarter of 2010 was the lowest rate and 84.6% the highest in the last quarter of 2015. Overall, the employment rate among the younger population is less stable than throughout the general population (Bundesamt für Statistik BFS, 2016). As for fixed-term contracts, the Swiss Federal Office of Statistics registered a share of 19% of fixed-term contracts among the age group 15-24, which is considerably higher than the share in the general labour force population (8% in 2015) (see section 2).

In Switzerland, the youth unemployment rate differs from canton to canton. The French- and Italian-speaking parts show a higher rate than the German-speaking part of Switzerland. According to Eurostat (4Q 2015), on average, 9.8% of the young people between 15-24 years of age were unemployed in 2015, which was about double as high as the unemployment rate of the entire work force population (15-65-year-olds: 4.8%). However, compared to other OECD countries the youth unemployment rate in Switzerland is still relatively low (see section 2).

According to the Swiss Federal Statistical Office, the share of people in the age group 18-24 in education or training has not varied much from 2008 (63.5%) to 2014 (64.5%). The lowest participation rate was measured in 2009, when 57.6% were in education or training (Eurostat 2016). The educational level in Switzerland has shown some changes regarding the tertiary education. While in 2010 35.3% of the population declared that they had obtained a tertiary degree as their highest attained education level, it was 40.2% in 2014. Furthermore, there has been a slight increase of people, who have completed at least an upper-secondary education (85.8% in 2010 and 88.0% in 2014) (FSO 2016).

The OECD data show that the proportion of students enrolling in the general and in the vocational programmes has hardly changed over the years. In 2008 it was 35:65, and in 2013 it was 34:66 (OECD 2015). The number of persons aged from 18 to 24, who have only completed the lower secondary education, and who are currently not in education or training, has slightly decreased over the years: While it was 7.6% in 2010, it dropped to 6.3% by 2014 (FSO 2016).

The overall positive economic situation in Switzerland provides favourable conditions for a stable labour market. Compared to other countries Switzerland has a low youth as well as general unemployment rate.

# Section 1: Education

## Summary

The key policy and institutional changes in the Swiss educational system predate the 2008 economic crisis. They were triggered by the assimilation of Swiss higher education to European standards as well as by a shortage of apprenticeship places in the early 2000s. Swiss education policy is closely aligned to labour market needs. This is particularly visible by the high share of dual-tracked vocational education and training (VET), which contributes to a high rate of upper-secondary level qualifications (90%). The latter has a bearing on job security at labour market entry. Young adults who lack a post-secondary certification are less frequently employed, search longer for employment, earn less and are more often subjected to precarious forms of employment, such as underemployment or work on demand.

Accordingly, the main risk during labour market integration in Switzerland concerns the access to the dual-tracked and mostly employer-based VET system. In order to enable access to apprenticeships, several policy reforms have been implemented in the past 15 years. However, the impact of some of the reforms which target disadvantaged school leavers (expansion of interim solutions, VET case management) is difficult to assess due to a lack of appropriate data. Another measure, the introduction of the two-year federal vocational education and training certificates has led to better job market prospects for holders of such certificates compared to those who have completed an uncertified apprenticeship.

Swiss dual-track VET is very capable of integrating academically weak youths, especially due to the high prevalence of smaller training companies, which dominate the apprenticeship market. One of the main risks of the Swiss dual-tracked VET system consists of employer discrimination, which unfolds – especially to the disadvantage of youths from ethnic minorities – when the demand for apprenticeships is high and the number of apprenticeship positions is limited. Furthermore, the (partial) inclusiveness of Swiss VET comes at the price of high horizontal gender segregation.

## 1.1 Policy objectives

According to the current legislative plan of the Swiss government, Switzerland considers education, research and innovation to be a top priority. On a federal level, the Swiss educational policy is promoted by the State Secretariat for Education, Research and Innovation (SERI, representing the government) and, to a lesser degree, by the Swiss Conference of Cantonal Ministers of Education (EDK, representing the 26 Cantons). The publication “Promotion of Education, Research and Innovation for 2013-2016”<sup>1</sup> outlines SERI’s recent general educational policy objectives. The main educational guideline lays great importance on satisfying “the demand for workers with general education or VET/PET qualifications”<sup>2</sup>, which underlines the dominant discourse according to which education should first of all satisfy the needs of the labour market. On compulsory school level, this policy translates into a fair academic selection during the transition from primary to lower-secondary school, and into the occupational career choices of students being triggered and optimised at lower-secondary level.

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<sup>1</sup> <http://www.sbfi.admin.ch/org/01645/index.html?lang=en>

<sup>2</sup> VET refers to initial vocational education and training on the upper-secondary level, while PET stands for Professional Education and Training, e.g. professionalising programs on the tertiary level that require an initial VET degree.

On the upper-secondary level, the policy aims at improving the learning capabilities and employability of young people by ensuring that at least 95% obtain upper-secondary level qualifications, a goal that surpasses the EU benchmark of having less than 10% of early leavers from education and training aged from 18 to 24 until 2020. The Swiss objective will be safeguarded by a wide range of diverse and permeable education and training programmes. Even though the Federal Constitution requires general education and VET/PET pathways to be of equal value, vocational education and training (VET) is particularly obliged to contribute to this objective. Given the peculiarity of the Swiss education system, in which vocational education clearly dominates, the national and international positioning of VET/PET is given special attention to by giving dual VET recognition and respective export strategies being important tools. Besides the dominant economic discourse, educational policy also has a civic claim, namely the promotion of equal opportunities by ensuring that education allows all individuals to achieve their full potential. When applied to the important transition from compulsory schooling to company-based VET, the civic claim insists on a fair recruitment and selection of apprentices.

The accentuation of initial VET is supplemented by the claim that the academic quality of the various baccalaureates should ensure that baccalaureate holders acquire the required academic skills to succeed at university. This can be interpreted against as the backdrop of two different policy claims. On the one hand, the high quality and solid international reputation of Swiss higher education should be maintained. On the other hand, the drop-out rate in higher education and the share of overeducated students with certificates that provide access to higher education should be decreased (Diem & Wolter 2014).

Another priority at tertiary level is to strengthen higher professional education and to make traditional professional education and training (PET, or higher VET) more visible and recognised internationally. Finally, Swiss educational policy aims at creating conditions that support necessary conditions for continuing education and training (CET) even though in international comparison participation rates in further education are already high in Switzerland. It is postulated that the level of transparency and quality of CET courses, which are generally quite labour market orientated, should improve.

Swiss educational policy seems to closely lean on the EU's ET 2020, whose main policies are: making lifelong learning and mobility a reality; improving the quality and efficiency of education and training; promoting equity, social cohesion, and active citizenship; enhancing creativity and innovation, including entrepreneurship, at all levels of education and training. Indeed, Switzerland has taken part - to a varying degree - in EU educational programs since 1992. The Swiss Federal Council (2013) has argued that the quality of the educational system is a crucial factor for being competitive on an international level and that Swiss education can only unfold its policy impact as long as Switzerland guarantees for the respective framework for international cooperation and exchange, especially on a European level. In 2013 the Swiss government (2013) therefore decided to collaborate with the EU in the programme 'Erasmus for All' (Erasmus+)<sup>3</sup>. The government is convinced that Switzerland has a better chance of bringing (or exporting) its knowledge and knowhow to Europe more effectively by participating in Erasmus+ and acquires an active role in defining educational quality in the European discourse. However, the Swiss reference to the EU's educational policy aims should not be regarded as a reorientation of the Swiss policy, especially as far as upper-secondary education is concerned. Rather, the Swiss Federal Council (2013) argues that with respect to

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<sup>3</sup> However, the successful federal popular initiative "against mass immigration" in February 2014, which aims at limiting immigration through quotas and therefore contradicts the bilateral treaties between Switzerland and the European Union (more precisely: the principle of free movement of persons) has negatively affected the talks about Switzerland being included in Horizon 2020 and Erasmus+. Negotiations regarding Erasmus+ are currently suspended.

general and vocational education, the ET 2020's priorities "fall into line with the priorities the Swiss federation and cantons already follow" (Swiss Federal Council 2013). Likewise, with respect to higher and vocational education, the Swiss government also supports the Bologna and Copenhagen declarations. Again, the main rationale behind this is to assume an active role in shaping the European educational discourse with the EU being Switzerland's most important co-operation partner.

In contrast to upper-secondary education, the Bologna process has required extensive reforms of the higher education system and has been implemented surprisingly fast at Swiss universities. Switzerland also pursues the objectives of the Copenhagen Declaration by developing a framework for national qualifications (NQF-CH-BB)<sup>4</sup>. Its creation with regard to VET qualifications is currently under way. The main reasons for Switzerland to participate in the Copenhagen process are the internationalisation of the labour market and education (increasing mobility of employees need their certificates to be recognised and accurately assessed) and the fact that Swiss vocational education and training is little-known abroad (and to some extent even within Switzerland, e.g. among the immigrant population). Hence there is a risk that vocational diplomas are being assessed beyond their value by international employers, and that they are not sufficiently clarified and communicated abroad. The main aim of participating in the Copenhagen process is therefore to guarantee the comparability of vocational degrees not only with foreign degrees, but also with degrees from Swiss higher educational institutions. The latter is interesting because it points at the fact that Switzerland can also benefit from the Copenhagen process as it can also resolve national issues and make higher vocational education and training (PET) more competitive in relation to higher educational programmes at universities.

## **1.2 Institutional framework and the changes:**

### **1.2.1 Primary and secondary education**

In Switzerland the main responsibility for public schooling lies with the cantons. Therefore, the level of the standardisation of educational input (curriculum) as well as output (central examinations, testing of educational performance) has always been relatively low (Leemann & Hafner 2014; Bol & Werfhorst 2013). After attending one to two years of preschool and six years of primary school (which is to be harmonised according to the recent HarmoS Agreement aiming at the harmonisation of cantonal educational structures), students are, at the age of around 12, assigned to different lower-secondary programmes (ISCED 2) based on their performance levels in most cantons. The educational system is characterised by an early selection into achievement tracks that prepare students for different educational careers in upper-secondary general and vocational tracks.

After nine years of compulsory school and an average age of 15 years, learners make the transition from secondary level I to secondary level II (9th grade; ISCED 3). Two-thirds of all young people coming out of compulsory education in Switzerland enrol in VET, which provides them with a solid foundation and a nationally recognised VET diploma in one of around 230 occupations that they can (theoretically) choose from. Most VET programmes are organised in a dual-tracked way: Apprentices attend a vocational school up to two days per week, and spend the rest of the week in a host company. Thus, they become part of the workforce at an early stage and are more likely to manage labour market entry more easily. School-based VET programmes are most prevalent in the French- and Italian-speaking parts of Switzerland, where one quarter of learners pursue vocational training at full-time vocational schools. In general, they are offered by trade schools or commercial schools (SERI 2016).

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<sup>4</sup> <http://www.sbf.admin.ch/nqr/index.html>

Apprentices can start their desired training programme at the training company or school of their choice. The existing restrictions are the availability of apprenticeships in general and the recruitment behaviour as well as the selection criteria of the training companies in particular. '

Some learners have to postpone vocational training due to a lack of apprenticeship positions offered to them – due to manifold reasons: low achievements at school, motivational problems, insufficient social skills, or employer discrimination – leading to a delayed entry. Cantons have developed so called 'interim solutions' to improve the students' chances of obtaining an upper-secondary education. Interim solutions include pre-vocational school years, 'motivational semesters', a 10th school year, and may even include years in social service, language courses or aupair stays (SKBF 2014).

Conceptually, interim solutions can fulfil three distinctive functions (Sacchi and Meyer 2016): boosting academic skills (compensatory function), promoting vocational orientation (orientational function), or providing a 'waiting room' until a free apprenticeship position becomes available (buffer function). In practice, there are four different types of interim courses: a) school courses (general education only), b) integrative courses (for non-native speakers), c) pre-apprenticeships, and d) preparatory courses (e.g., for studies in art and design). Interim courses are usually voluntary and last up to one year. They may entail costs and specific admission procedures apply.<sup>5</sup>

The regular dual-tracked programmes, which last three to four years, are complemented by two-year federal vocational education and training certificates, which do not only facilitate entry to the job market. The latter are also intended to make it easier for people to gain a follow-on qualification in the completion of a three or four-year federal VET diploma course (SKBF 2014). The number of occupations that can be learnt with two years of VET (42 occupations as of February 2013) is growing (ibid.).

Upper-secondary schools that are based on general education include baccalaureate schools as well as specialised upper-secondary schools with specialised baccalaureate programmes, which students attend for three to four years. These schools are regulated by cantonal law (Leemann & Hafner 2014). In addition to receiving a VET certificate, apprentices can attend a preparatory course for the federal vocational baccalaureate (FVB), which consists of subjects that are based on general education and opens the way to Swiss universities of applied sciences (UAS). In 2014 15% of VET graduates obtained a FVB (SBFI 2016).

As tracking starts at a very early stage in Switzerland, the level of stratification is generally considered to be high (Bol & Werfhorst 2013). The type of school attended at secondary level I largely determines the type of education that learners are able to select at upper-secondary level (ISCED 3). This holds true especially for higher educational strata. Learners who attend a secondary level I school with basic scholastic performance requirements are unlikely to attend a Gymnasium, just as much as transitions from Gymnasium to VET tracks are rare in Switzerland. VET itself is highly differentiated. Some training programmes require only basic scholastic performances, while others require competences comparable to academic tracks (Hupka-Brunner et al., 2010). Changes from one vocational training programme to another are rare and costly. The type of vocational training and the subsequently selected occupation have a strong link, because in most cases qualifications are required. About 90% of young adults complete some kind of upper-secondary education (SKBF 2014).

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<sup>5</sup> <http://swisseducation.educa.ch/en/bridge-year-courses>



### **1.2.2 Tertiary education**

Tertiary education can be obtained at universities and at institutes of technology (UIT), universities of applied sciences (UAS), and universities of teacher education (tertiary sector A, ISCED-97 5A). UIT offer degree programmes that lead to bachelor's, master's and doctoral degrees. UAS (including universities of teacher education) offer degree programmes that lead to bachelor's and master's degrees (SKBF 2014). The distinction between UIT and UAS represents a binary system of a higher education system with limited lateral permeability. Moreover, professionals who have completed VET can enrol for programmes or exams within the non-university tertiary-level professional education and training sector, such as PET colleges in the health field, federal professional education and training (PET) diploma examinations, and advanced federal PET diploma examinations (tertiary sector B, ISCED-97 5B). Considering the diverse Swiss tertiary education landscape, the institutional pathways leading to tertiary education are correspondingly heterogeneous and segmented:

Gymnasium graduates can gain access to university (UITs) after obtaining a Matur, typically at the age of 18 or 19 (A-levels, high school diploma).<sup>6</sup> The Matur enables enrolment in any discipline without examination except in medicine (numerus clausus). On average, only 20 percent of a school-leaver cohort obtain this certificate, about 90 percent of which enter the tertiary A sector (SKBF, 2014). This rate has been more or less stable since 2002. The binary structure of the higher educational system is reflected in alternative pathways to university, such as the federal vocational baccalaureate (FVB). The FVB provides access to universities of applied sciences (UAS), where an academic degree with a focus on professional skills may be obtained. This has increased the vertical permeability of the otherwise rigid Swiss education system and has partly diminished the effects of students' social background. Since the mid-1990s, the proportion of people holding a federal vocational baccalaureate has increased to about 15%. However, only about 56% of holders of a federal vocational baccalaureate enrol for a university of applied sciences (SKBF, 2014). Beside the Matur and the FVB, a third higher education certificate that provides entry to higher education has recently emerged, the upper-secondary specialised baccalaureate which provides students access to universities of teacher education and to some UAS programmes. Access to tertiary-level ISCED 5B requires a VET diploma without a higher education entrance certificate that provides access to higher education (OPET 2011).

In Switzerland, the higher education sector is mainly funded by the Confederation and the cantons, whereas tertiary education in the non-university sector has a high share of private funding. Tuition fees range between 1000 and 4000 Swiss francs per year at public tertiary level A institutions (SKBF, 2014).<sup>7</sup> PET funding comes from both public and private sources. Individual students and employers cover a significant share of the costs (OPET 2011). This is justified by the fact that PET candidates will immediately earn a high salary once they obtain their PET qualification and the benefits of PET are felt directly by the companies that employ them benefit directly from the advantages of PET. In addition, students already receive a certain income, which enables them to cover the costs of their education (OPET 2011).

### **1.2.3 The structure of educational and training institutions**

In Switzerland, education is mainly publicly funded. In the year 2014/15 only 6.3 % of all students were enrolled in private educational institutions. This share is highly dependent on the level of education and on the tertiary education sector. The share is as low as 4.2% for primary

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<sup>6</sup> A Gymnasium is a preparatory school for university in Austria, Germany, Switzerland and other countries. The certificate obtained is called Matura (Austria), Abitur (Germany) or Matur(a) (Switzerland).

<sup>7</sup> Two private universities of applied sciences have recently come into existence. They charge between 10,000 and 20,000 Swiss francs per year.

school students, and 6.3% vs. 7.7% for lower- and upper-secondary students respectively (even though mostly employed by private companies, dual VET students mainly visit state funded vocational schools). At tertiary level, the share of students in private educational institutions is 9.7 %. Most universities (UITs) are public and only 4.1 % of UAS-students are enrolled in private institutions. In contrast, 40.7% of PET students are educated by private suppliers.<sup>8</sup> The Swiss education system is illustrated in figure 1 (see Appendix).

#### 1.2.4 Governance of education

Switzerland was constituted as a federal state in 1848. The Swiss nation-building process occurred as a gradual integration of autonomous cantons into the Swiss confederation. Thus, the Swiss cantons claim a strong degree of sovereignty, especially in matters of education (Rosenmund 2011). Therefore, the main responsibility for *compulsory schooling* lies with the 26 cantons, which coordinate their initiatives on a national level. As early as in 1898, the cantonal ministers of education decided to form a political body in order to coordinate their educational policies: the Swiss Conference of Cantonal Ministers of Education (EDK). Its resolutions were not, however, legally binding and each canton's authority over education remained unrestricted (Rosenmund 2011).

For *post-compulsory education*, the cantons and the federal government each have their own responsibilities and thus bear the overall responsibility for these levels of education together (Leemann & Hafner 2014). For instance, vocational education and training (VET) is regulated by federal law, whereas the cantons are responsible for the implementation of the vocational education and training act.

Similarly, *tertiary PET education* falls under the Confederation's responsibility of regulatory responsibility. "The Confederation, the cantons and professional organizations work together within the areas of their responsibilities. The cantons are responsible for implementation, run a multitude of educational institutions, and supervise the PET colleges. On the Confederation's approval, professional organizations regulate various aspects of the Federal PET Diploma Examinations and Advanced Federal PET Diploma Examinations. They can run PET colleges and offer preparatory courses for the Federal PET Diploma Examinations and Advanced Federal PET Diploma Examinations. The Confederation and the cantons contribute to the financing of tertiary level B PET".<sup>9</sup> As already mentioned, most of the financing of the preparatory courses is covered by the students and (by) their employers.

On the level of universities, the "[...] Federal Constitution (Art. 63a BV), the Confederation and the cantons are jointly responsible for ensuring the quality of higher education [...] The entire higher education sector (universities, universities of applied sciences and universities of teacher education) is regulated under Federal law".<sup>10</sup> Since 2015, the Federal Act on the Funding and Coordination of the Higher Education Sector (HEdA) governs the coordination and promotion of higher education and regulates the goals and principles of the coordination. An additional intercantonal agreement regulates the cooperation among the participating cantons, while a federal-cantonal agreement regulates the cooperation between the cantons and the Confederation. Three coordinating bodies have been established: the Swiss Conference of Higher Education Institutions, the Swiss Conference of Rectors of Higher Education Institutions, and the Swiss Accreditation Council.

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<sup>8</sup><http://www.bfs.admin.ch/bfs/portal/de/index/themen/15/02/data/blank/02.Document.201102.xls>

<sup>9</sup> <http://swisseducation.educa.ch/en/responsibilities-education-system>

<sup>10</sup> <http://swisseducation.educa.ch/en/responsibilities-education-system>

## 1.3 Policy substance

### 1.3.1 Initial education system (basic/traditional levels of education: primary, secondary, tertiary)

In Switzerland, educational reforms have occurred on virtually all educational levels since the early 2000s. They are, however, not related to the crisis of 2008, which has not seriously affected both the apprenticeship market (due to a coincidental demographic decline of school leavers) and the youth labour market in Switzerland. Rather, educational reforms in Switzerland are the consequence of the required Europeanisation of higher education on the one hand and a tense apprenticeship market which dates back to the late 90s and early 2000s on the other. The most important educational policy reforms for the labour market access of those students who do not enrol for the academic track to higher education (gymnasium) are threefold: (1) the introduction of vocational baccalaureates, (2) the reform of short vocational education programmes, and (3) the introduction of case management during the first transition from school to VET.

(1) An important change to the Swiss education system was the introduction of universities of applied sciences in the 1990s, which resulted in the introduction of the federal vocational baccalaureate (FVB) as a new access route to higher education in 1993. UAS are mainly conversions and fusions of former PET colleges. They offer practice-oriented and application-oriented degree programmes at BA and MA level as well as a wide range of continuing education and training programmes, which all lead to professional qualifications.<sup>11</sup> In 2006, a revised constitutional article regarding education was accepted by the vast majority of the Swiss electorate.<sup>12</sup> Since then, UAS are put on an equal footing with the conventional cantonal universities.<sup>13</sup>

The relatively fast and smooth introduction of the little contested FVB was due to a favourable political climate in the early 90s (Gonon 2002). On the one hand, traditional VET has come under pressure through the expansion of the gymnasium since the 60ies. On the other hand, Switzerland was forced to integrate the traditionally rather isolated PET (isolated from formal higher education) into the tertiary educational landscape in order to overcome deficits regarding the international recognition of Swiss VET and PET certificates and to make Swiss education more compatible with Europe an education. Hence, the FVB was meant to increase the attractiveness of VET by simultaneously granting a legitimate access route (the so called bullet) to UAS (ibid.).

(2) In Switzerland, a two-year vocational education and training certificate was introduced in 2002, which aimed at increasing the employability of low-achieving school leavers (Kammermann et al. 2011). It is a VET programme with a low threshold offering standardised vocational training to low-achieving youths and leads to a VET Certificate, which is different to the Federal VET Diploma obtained after a three- or four-year apprenticeship. The two-year vocational education and training certificate has replaced the preceding one or two-year uncertified apprenticeships and the preceding two-year federal VET diploma courses. This new

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<sup>11</sup> <http://swisseducation.educa.ch/en/universities-applied-sciences>

<sup>12</sup> <http://www.bfs.admin.ch/bfs/portal/de/index/themen/17/03/blank/key/2006/01.html>

<sup>13</sup> The development of the universities of applied sciences went hand in hand with the implementation of the Bologna Declaration which Switzerland signed in 1999. The tertiary level A institutions had to change their former single-tier study structures (for example, five years of full-time study leading to a licentiate degree or diploma) to the now common two-tier structure with Bachelor's and Master's degrees. To date, doctorates (PhDs) can only be granted by conventional universities (UIT). The possibility of obtaining a Master's degree at a different institution than at the one at which the Bachelor's degree was obtained is taken advantage of only by a few, despite the rising number of students (SKBF, 2014). It is noteworthy that the intake students that obtained their Bachelor's degree abroad into universities of applied sciences master programmes amounts to about 30%.

form of lower VET qualification is not only considered to facilitate entry to the job market, but it also allows students to gain a follow-on qualification in a three- or four-year VET programme with Federal VET Diploma (SKBF 2014). Some cantonal evaluations show that at least a good quarter of those who obtain a federal VET certificate go on to take a federal VET diploma course (Ibid.). The number of two-year VET certificates has risen considerably during the last few years and the programme leads to relatively high success (94% in 2011, including transitions into the labour market).

(3) In the context of a shortage of apprenticeship places in the first half of the 2000s, the policy objective to reach a 95% upper-secondary completion rate came under pressure. After a study showed that up to 3% of students who completed compulsory school faced serious problems at during their transition to VET despite available interim solutions, an early identification and assistance of those concerned was suggested and a vocational and professional education and training case management initiative was launched in 2006 (Kraus 2010). It was an attempt by various state players (schools, employment offices, social security departments, the educational administration, etc.) to more effectively coordinate their tools and procedures for integrating young people in post-compulsory programmes lead on to certified qualifications in a better way (SKBF 2014). The Confederation has promoted the introduction of case management on a cantonal level through two subsidies of 35.5 million Swiss francs in total (2008–2015), with the individual cantons being responsible for implementing the case management system. Case management activities are to be focused on those young people whose transition to upper-secondary education is particularly jeopardised (ibid.).

### **1.3.2 The life-long learning paradigm in education**

The majority of people in Switzerland undergo some form of further education. As in other countries, further education offers are diverse and mainly market-driven. Further education is offered by, for example, universities, private profit-orientated providers, in-company initiatives, and associations. Admissions requirements vary. In many cases, there are no requirements. However, further education offered by tertiary level institutions, for example Master of Advanced Studies, requires a tertiary education qualification or equivalent qualifications that, for example, have been obtained on-the-job.

Further education participation in Switzerland is relatively high in international comparison (Kraus, in print). Offers are mainly market-driven, and they can be cost-intensive. Although state-funded offers do exist, the state is traditionally not seen as responsible for further education. Rather, further education is seen as an occupational or leisure investment of individuals. Accordingly, the new act of further education mentions the individual responsibility of adults first, that of employers second, and that of the state third.

As far as CET governance is concerned, it is characterised by heterogeneity, e.g. regarding regulation, responsibility and financing. The Confederation and the cantons both regulate certain areas of CET, but they mainly perform a subsidiary role.<sup>14</sup> In 2006, the revision of the educational regulations in the Federal Constitution (article 64a) gave the Confederation the authority to lay down the principles of CET in a new law. The act intends to implement the constitutional mandate on CET, organises CET in the Swiss education sector and lays down the principles governing CET. The CET law will take effect in 2017. It primarily points to the individual responsibility for CET, with the responsibility of employers coming second, and the responsibility of the state third.

However, the state is supposed to promote initiatives with respect to the basic (vocational) education of adults who lack initial VET. This is necessary because the participatory patterns in further education clearly reflect social and educational inequalities. The idea of providing

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<sup>14</sup> <http://swisseducation.educa.ch/en/responsibilities-education-system>

education for those who lack initial VET has so far proved to be an illusion (Kraus, in print). Further education as part of ALMPs is described in the respective section of this report.

#### 1.4 Assessment

For decades, dual VET was considered to be a guarantee for the societal integration of young generations. In the meantime, youth face barriers during their transition to vocational education and employment in countries such as Switzerland and Germany (Kraus 2010). Thereby, lacking a post-compulsory certificate results in disadvantages at labour market entry in Switzerland: Young adults lacking such certification „are less frequently employed, search longer for employment, earn less and are more often subject to precarious forms of employment, such as underemployment or work on demand“ (Meyer & Bertschy 2011). Interim solutions (bridging compulsory school and VET) and – more recently – VET case management have been introduced to enable a successful transition from school to VET for all.

A number of studies for Switzerland have examined whether students find a follow-on solution after their *interim solution* and how good their chances of success are in upper-secondary education (SKBF 2010). A cantonal evaluation (Geneva) showed that roughly half of those who have completed an interim solution have still not found a place in education or training a year later. A national panel study (TREE) found that 70% of those who take up an interim solution managed to find a follow-on solution a year later whereas about 20% went on to visit a second interim solution after completing the first one. Sacchi and Meyer (2016) have found stronger evidence for the orientation function (advancement of the student’s vocational orientation) and the buffer function (waiting for an apprenticeship position) of interim solutions than for their compensatory function. The buffer function proves to be socially selective with respect to an individual’s (lower) social origin and (female) gender.

To date, the results of the *VET case management* evaluations (in just a few cantons) are difficult to assess because the available evaluations do not include a counterfactual situation that one can put the results in relation to (Ibid.).

The *two-year federal vocational education and training certificate* enables the transition into regular dual-track VET (for upskilling) and for labour market entry. On average, initial evaluations reveal better job market prospects for holders of a federal VET certificate compared to those who have completed an uncertified apprenticeship (the preceding option for individuals with low academic achievements, Kammermann et al. 2011). So far, there have not been any studies about whether holders of two-year VET certificates are affected more often and more enduringly by insecure employment.

On the other side of the range of vocational qualifications with respect to academic requirements, the introduction of the *federal vocational baccalaureate* definitely represents a major reform of the last two decades. However, due to a current lack of longitudinal data, little is known about how the FVB affects the quality of labour market (re-)entry compared to otherwise comparable VET diploma holders.

We finally provide answers to the following three research questions:

*Q1 Do educational and training institutions and recent reforms favour labour market entry of young people through insecure jobs and to what extent?*

A recent analysis by Imdorf, Helbling and Inui (2016) of non-standard work at labour market entry with respect to educational attainment shows that in Switzerland it is the highly educated university graduates who mainly enter the labour market via non-standard employment, whereas vocational education promotes smooth transitions into regular employment. However,

highly skilled university graduates who face job insecurities at labour market entry hold good career prospects. In their case non-standard work can be considered as a ‘stepping stone’.

*Q2 Do a skills formation system and educational and training institutions provide adequate prevention of – and protection from risks of social exclusion entailed by job insecurity among youth in terms of material deprivation and social exclusion and other indications of life quality?*

The Swiss *dual-track VET* has proven to be well prepared for the integration of academically weak youths (Buchholz et al. 2012) and it facilitates relatively high upper-secondary completion rates, which in turn decreases the risk of insecure employment at labour market entry in Switzerland (Meyer & Bertschy 2011). Buchholz et al. (2012) argue that it is particularly the small-sized training companies – who offer the majority of apprenticeships in Switzerland – who integrate youths with low competencies into the vocational training system. However, the fact that training companies decide on an individual’s access to VET in Switzerland (and thereby on labour market integration) goes along with the risk of employer discrimination, which is particularly prevalent when the demand for apprenticeships is high and the number of apprenticeship positions is limited (Imdorf 2016). Under such circumstances ethnic minority youth from ethnic minorities and students with a disadvantaged background are at risk of not finding an apprenticeship due to employer discrimination (ibid.). Another weakness of education systems, which require early vocational decisions – e.g. systems where VET offers dominate on the upper-secondary level – produce a high degree of gender segregation in education which is transferred to the labour market, especially in countries where the link between education and employment is strong (Reisel et al. 2015).

In order to be both sustainable and (at least partly) inclusive, dual-track VET presupposes several contexts: a wealthy economy which reduces the risk-aversion of training companies and raises their willingness to train apprentices; a regional governance of VET (which is particularly given in federal states) in order to align VET provision with regional labour market needs; and an economy which is based on small- and medium-sized (rather than large) firms. All of these three preconditions are given in Switzerland, but not necessarily in other countries. Especially countries with weak economies, where youth unemployment is high, do not offer ideal economic conditions for the implementation of dual-track VET.

*Q3 Have recent reforms of the skills formation system and educational and training institutions aimed at generating more flexibility or promoted flexicurity?*

Recent reforms of the VET system have aimed at increasing the attractiveness of dual-track VET by creating a better link to the Swiss tertiary level education system rather than by increasing the flexibility of VET. The dual-track VET system is well embedded in the liberal Swiss labour market and traditionally provides flexibility for employers to supply training according to their needs. There are, however, some policies aiming at a flexibilisation that aim to flexibilise the training provision in Switzerland. One strategy is based on so-called host company networks or training networks which enable small-sized or specialised companies to pool their resources together as a network or with other companies. Instead of having to provide the full range of apprenticeship training as a single company, each partner provides a portion thereof (Leemann, Da Rhin & Imdorf 2016).

The *recent crisis* has hardly affected school-to-work transitions in Switzerland and has therefore not fostered any change in educational policy-making.

## Section 2: Employment regulation (protection) and determining wages

### Summary

Switzerland has a liberal regulation of its labour market and an unemployment insurance policy that strongly concentrates on activation, which primarily aims at a fast integration of unemployed individuals in the labour market. Compared to other OECD countries, Switzerland ranks amongst the countries with the lowest regulation of employment and there is no minimum wage that is given by law. Furthermore, the coverage provided by collective labour agreements in Switzerland is relatively low in international comparison. For years, the legal conditions regarding dismissal protection have hardly changed. As for the young work force, there are only limited regulations that specifically protect this group. They are mainly regulations concerning restrictions regarding dangerous or strenuous work, working hours and entitlements to holidays. Precarious occupations are more widespread among the young labour force. Depending on the occupational fields, the rate of precarious jobs differs. Moreover, in the recent times, career entry has become harder for the freshly graduated because of elevated requirements regarding job experience and further education. Special labour market activation policy programmes such as ‘motivation semesters’ [‘Motivationssemester’] or ‘practice firms’ [‘Praxisfirmen’] aim to facilitate the labour market entrance of young graduates without job experience. The performance evaluations of different programmes vary greatly. Further, the highly valued Vocational Education and Training (VET) track, which is often said to enable a smooth integration into the labour market, may have the downside of reducing occupational flexibility. Occupational re-education causes high costs for individuals as well as for the state economy.

### 2.1 Policy objectives

In comparison to international standards, Switzerland combines a low degree of dismissal protection with a well developed unemployment insurance system (UI). In this sense, one could speak of a ‘flexicurity’ model (c.f. Bertozzi & Bonoli, 2009: 24). No changes in the orientation of the system have been made for decades.

The aim of achieving *high flexibility and competitiveness for the economy*, means that the state traditionally maintains a low profile in regard to the regulation of industrial relations. Beyond the low dismissal protection, the labour market and the industrial relations are very liberally regulated in Switzerland and very flexible from the companies’ point of view (Koch, 2004).

Governmental action primarily focuses on a *fast (re-)integration of the unemployed into employment*. For this purpose, Switzerland has a relatively active labour market policy compared to other countries (Duell et al., 2010: 23; Martin, 2014). This includes diverse labour market measures and employment programmes, of which some specifically address unemployment at the stage of labour market entry (Staatssekretariat für Wirtschaft, 2010). The receipt of UI benefits is bound to relatively rigorous and strictly monitored requirements (Duell et al., 2010: 23).

Regulated uniformly by the confederate laws, the implementation of labour market policy lies in the responsibility of the individual cantons and is implemented by the various regional placement offices (RAV). The to a great degree decentralised federal system implicates corresponding variability in the policy implementation, which is supposed to be kept low by the evaluations of RAVs throughout Switzerland.

Essential for the functioning of the labour market are the negotiations between the employers' associations and the trade unions, which complement the overall liberal juridical labour market regulations. In Switzerland, industrial disputes are usually resolved on the basis of social partnership, orientated towards the reconciliation of interests, – labour peace ('Arbeitsfrieden') – the features of a corporatist system.

An additional political goal, which indirectly influences the flexibility of the labour market, is to *strengthen the vocational education and training system (VET) and to enhance its international visibility and connectivity*. The dual-tracked firm-based VET, which is seen as a success story among the population and politics across all political divisions, is considered an essential foundation of the country's prosperity. Accordingly widespread is the scepticism about the ongoing academisation of post-compulsory education (Schellenbauer et al., 2010). There is little dispute in research (cf. Gangl, 2003; Breen, 2005) that the practice-oriented dual system considerably facilitates intercompany mobility, not least because of the nationally standardised and recognised certification of occupational qualifications, which minimises the unemployment rate and other employment problems at career entry and during the early biographical stages of employment (Müller & Schweri, 2015). Nevertheless, there are indications, which show that labour market entry has become more difficult for VET graduates since the turn of the millennium because of the elevated requirements regarding employment experience and further education (Salvisberg & Sacchi, 2014). Moreover, in the public and academic debate it is often ignored that an education system with a strong orientation towards occupational specialisation can drastically reduce occupational mobility and flexibility. An occupational change in such a system usually requires a costly re-education, which can slow down the required adjustment process and cause high costs for the individuals as well as for the national economy. The individuals that are primarily affected are old employees, who graduated a while ago. In our view, there is a lack of studies – not only in the Swiss case – that analyse the implicated adjustment costs and long-term biographical effects caused by occupation-oriented education (exceptions are Eymann & Schweri, 2015 and ongoing research in the Swiss Leading House "Economics of Education, Firm Behaviour and Training Policies"<sup>15</sup>).

## 2.2 Institutional framework

Drawing from a wide set of indicators of dismissal protection and employment regulations, Switzerland has, overall, a flexible labour market (e.g. Koch, 2004). Together with English-speaking countries and Japan, Switzerland shows the lowest values in terms of the OECD indicators that measure the strictness of the employment regulation (position 8 out of 42 countries; the latest available data is of 2013).<sup>16</sup>

The legal regulations are primarily aimed at preventing abusive dismissal. In the case of mass layoffs the companies are obliged to inform and to consult the employees. A recent legal report commissioned by the Swiss State Secretariat for Economic Affairs (SECO), states that from the point of view of union representatives the arrangement of dismissal protection is insufficient compared to international norms that Switzerland has officially accepted (Dunand et al., 2015). Legal minimal wages do not exist in Switzerland.

Further regulations, which comprise amongst others the regulation of minimal wages, are contracted in the numerous sector- or company-specific collective labour agreements (*Gesamtarbeitsvertrag*: GAV). According to the latest available data, half of the Swiss labour force is subjected to a GAV (2013: 53%) (c.f. , which, in the international comparison, is

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<sup>15</sup> <http://www.sbf.admin.ch/berufsbildung/01528/01529/01533/index.html?lang=en>

<sup>16</sup> <http://www.oecd.org/els/emp/oecdindicatorsofemploymentprotection.htm>



relatively low (Swiss State Secretariat for Economic Affairs (State Secretariat for Economic Affairs), 2014: Appendix 5; Oesch, 2012). About nine out of ten workers who are subject to a GAV are eligible for a minimal wage that is guaranteed by the GAV (Kindler & Baumberger, 2014).

Generally, wage bargaining processes take place in a decentralised way and are organised individually. In Visser's international scale of degrees of decentralisation (Visser, 2015: 22, 'WC\_negot') Switzerland is ranked second lowest out of five positions. Regardless of their size, companies are not obliged to subordinate themselves to a GAV.

Unlike the Unemployment Insurance Act (AVIG) that has been made stricter (i.a. longer waiting periods), namely for the young work force, and came into force in 2011 after its fourth revision and caused an increase in the number of people driven out of the UI (Devaud & Keller, 2012), the legal situation regarding dismissal protection has hardly changed. Slightly stricter requirements for mass layoffs can be observed since the introduction of the Agreement on the Free Movement of Persons with the EU (information and consultation obligation, see above)

Although, following the international tendency, the degree of organisation of unions has decreased in the long run in Switzerland (Kindler & Baumberger, 2014), the labour unions have nevertheless succeeded in substantially increasing the degree of GAV coverage since the mid-1990s to the level of the early 1990s (Oesch, 2012; Lampart & Kopp, 2013). Presumably, this has essentially contributed to the deceleration of increasing wage inequality (Oesch, 2008). As an accompanying measure to the Agreement on the Free Movement of Persons the obstacles for general application of the GAV (at the sectorial level) were slightly lowered (Lampart & Kopp, 2013).

An important political issue also revolves around the Agreement on the Free Movement of Persons, which has caused a potential increase of the competition from the EU workforce as well as a related wage pressure ('wage dumping'). There is a particularly heated debate about the extent and the development of control mechanisms regarding the compliance with GAV regulations, inter alia concerning the minimal wages in regard to the deployment of labour forces from foreign employers in the Swiss labour market. So far the analyses are rather inconsistent and do not show clear evidence of significant effects of crowding out and the associated wage pressure (Staatssekretariat für Wirtschaft (SECO) et al., 2015). Yet, a reinforced pressure on certain regions and occupations seems to be plausible.

### 2.3 Policy substance

As previously mentioned, measured against international standards *dismissal protection* in Switzerland is generally low (position 8 out of 42 countries in 2013, measured against OECD indicators measuring the strictness of employment regulation). Special legal regulations aiming to protect young employees are mainly limited to the restrictions regarding dangerous or strenuous work, working hours and holidays regulations (prohibition of working on Sundays and at night for people under 19 years of age; higher holiday entitlement for up to 20-year-olds). The termination of an apprenticeship contract is only possible, if a continuation of the apprenticeship is unreasonable for the organisation.

The *unemployment insurance (system) (UI)* has special regulations and measures tailored for young workers, who come directly from education or training. Generally, the entitlement to UI benefits, which are relatively generous in international comparison, depends on the duration of previous employment (and the previous wage level). Young unemployed people up to the age of 25 without the obligation of having to support anybody receive UI benefits up to 200 days (instead of 260 to 400 days depending on the duration of previous employment). Individuals who have only just finished their education or training and therefore have no previous job

experience, can only receive UI benefits after a waiting period of 120 days, during which they are obliged to demonstrate that they are actively searching for jobs. Further, unemployed individuals under the age of 30 only have restricted options in terms of rejecting job offers which require a change of occupational field (more stringent rules on what the unemployed person must accept). On the other hand, there are several labour market measures specially focused at school leavers ('motivation semesters' ['Motivationssemester'] ('practice firms' ['Praxisfirmen'], 'work placements' ['Berufspraktika']), and they have been developed considerably since 2000 (Staatssekretariat für Wirtschaft, 2010).

In Switzerland, *temporary employment* is regulated in a relatively liberal way. Although temporary staffing companies are required to have a permit, temporary and regular employment contracts are subordinated to similar regulations. In case a collective labour agreement (GAV) is made in a specific sector, its validity is also binding for temporary staffing agencies within this sector. There are no special legal regulations for fixed-term contracts, which means that the actors are free to make deals within the scope of the GAV regulations. The Swiss Code of Obligations (OR) is applied to temporary contracts as well as to other individual work contracts. However, the notice period for dismissal is shorter for the temporary contracts: two days during the first three months of employment, and seven days during the third to sixth month of employment. Further, there are special protection regulations, which aim at preventing the avoidance of the OR regulations through completion of serial short-term employment contracts. As for social insurance, if the projected annual salary is less than 21'000 CHF, part-time workers are insured with the Old-Age and Survivors' Insurance (AHV) (the 1<sup>st</sup> pillar of the Swiss social insurance system), but they are not insured by the occupational pension provision (2<sup>nd</sup> pillar social insurance). Also, for employees working less than eight hours a week, employers are not obliged to cover the insurance for non-occupational accidents.

### 2.3.1 Scope of the measures

According to Eurostat data (as of 2015) 52% of the 15-24-year-olds have *fixed-term contracts*, which is clearly above the average rate throughout the EU28 countries. We presume that this figure also includes apprenticeship contracts, because the Swiss Federal Office of Statistics reports a lower figure of 19% of fixed-term contracts for the same age group (without counting apprentices). Still, fixed-term contracts are significantly more frequent among young workers than among the general labour force (8% in 2015).

*Temporary work* is not prevalent, yet, at a low level it has been rising sharply (from roughly seven thousand in the year of 1993 to about 30 thousand in the year of 2014; cf. Swiss Staffing, 2014; also see Marti & Osterwald, 2004). According to official data (SAKE, as of 2015), *zero hour contracts* are expanding; 5% of the work force is working on request; in the population of the 15-24-year-olds the proportion is 10% - double as high.

Altogether, no clear tendency is visible that would lead to an increase in the numbers of precarious employment or low wages in the long run (Diekmann, 2005; Sacchi & Salvisberg, 2012). However, precarious employment is considerably more widespread among the young labour force (Marti & Osterwald, 2010), with young people being differently affected depending on the occupation they learnt. Precarious employment is especially common in the sales and service sectors (ibid.).

According to estimations, the prevalence of the shadow economy is very low in Switzerland (Position 2 out of 21 OECD-countries, cf. Schneider, Schaltegger & Schmutz, 2015; Koch, 2004). We are not aware of any specific insights regarding the role the shadow economy plays for the young work force.

### 2.3.2 Quality of the measures

As previously discussed, labour market regulation in Switzerland is low, a circumstance that also applies to the young labour force.

The effectiveness of the active labour measure policies (ALMP) are generally rated as positive according to their latest evaluation (Morlok et al., 2014). The assessment of ALMP measures that are aimed at labour market entrants who lack job experience is ambivalent: Whilst the 'practice firms' are seen as very effective, the same cannot be claimed for the 'work placements' (ibid., p. 25f.). The implementation of both measures has been reinforced since 2000. These measures are complemented by a diversity of cantonal and private initiatives, whose effects cannot be estimated.

In general, a OECD report (Duell et al., 2010: 15) critically questions whether the Swiss emphasis of the UI isn't too focused on a fast (re-)integration into the labour market, which could happen at the expense of a long-term sustainable integration into working life. In addition, the incentives for the individual RAV consultants are constituted in a way which encourage them to concentrate on easier cases.

In Switzerland there have been no considerable recent reforms regarding employment protection and wage bargaining, especially none where a noteworthy impact could be expected concerning the young labour force. However, the revision of the Unemployment Insurance Act in 2011 did imply a gradual tightening of the requirements for the young unemployed. Yet, no records of profound changes can be found in this context either.

## 2.4 Assessment

It follows from the above that the regional placement offices (RAV), who are in charge of the implementation of labour market measures, do everything in their power to integrate the unemployed into the labour market as fast as possible. As mentioned, under certain circumstances this could endanger a sustainable integration into the labour market in the long run.

Precarious employment is therefore relatively widespread amongst the young labour force, with the effects varying depending on the learnt occupation (Sacchi & Salvisberg, 2014). Findings on the *effects* of precarious employment in regard to future employment prospects are rare; the only Swiss study (Gebel, 2013) known to us indicates that the prospects of the unemployed do not improve in the medium term if they take up a temporary job (instead of continuing to search for a permanent job). This result argues against the 'stepping-stone'-hypothesis. In general, previous episodes of unemployment, at least for skilled labourers, negatively impact following employment, wages and subjective satisfaction (Helbling & Sacchi, 2014).

According to Eurostat data (4Q 2015), Switzerland ranks among the countries with the lowest youth unemployment rate (15-24 year olds: 9.8%). Yet, the ratio is about double as high as the unemployment rate of the entire work force (15-65-year-olds: 4.8%). The respective ratio ( $9.8/4.8 = 2.05$ ), the relative youth unemployment rate, is almost the same as for the EU28. In contrast to the past, the low youth unemployment rate in Switzerland no more primarily reflects an outstandingly smooth transition from education to employment; rather it reflects the *general* advantageous employment situation. In recent times, the once considerable advantages of the Swiss vocational education system regarding the smooth transition into the labour market seem to have eroded to some extent (similar Schellenbauer et al., 2010: 67; Sacchi & Salvisberg, 2011a).

Apart from the institutional reforms it is hardly possible to explain the increasing difficulties at labour market entry, considering that lately only the regulations regarding the UI benefits have

been gradually reinforced (see above). Instead, we believe that the relative increase in labour market entry problems for skilled workers is related to the sharply elevated requirements of firms in the long run, especially regarding job experience and requirements regarding the further education of applicants, which cannot be met by graduates directly coming from vocational education (Sacchi & Salvisberg, 2011b; Salvisberg & Sacchi, 2014). The employment problems of the young skilled work force remain however at a low level compared to those of the low qualified youth.

## **Section 3: Active labour market policies and activation**

### **Summary**

In Switzerland there is a relatively strong emphasis on labour activation policies (ALMP). The ALMP expenditure is prominently higher than the average expenditure of other OECD countries. While the qualities of the regular ALMP programmes are well documented and analysed by researchers, the effects of youth-specific ALMP remain largely uninvestigated. The youth ALMP focuses especially on two biographical transition phases, in which youth are particularly prone to ending up in precarious situations: the transition from compulsory education to upper-secondary education and the transition from upper-secondary education to the labour market or tertiary education. An abundance of different schemes aiming to assist young people can be broadly categorised in three groups, each with a different approach: Training courses, employment programmes and temporary employment. Reflecting the Swiss federal system, different schemes are implemented, financed and controlled by different political institutions or private organisations. In most cases, every canton is responsible for carrying out its own programmes. As such, the Swiss ALMP landscape shows great heterogeneity, and their coordination as well as their evaluation remains a challenging task (see below section 3.2). This chapter is structured as follows: first the Swiss institutional framework in regard to the ALMP will be outlined, second, the policy content will be introduced, including a brief overview of the most important programmes, third, a short evaluation of the ALMP programmes will be presented at the end of this chapter.

### **3.1 Policy objectives**

In 2006 the Swiss Conference of Cantonal Ministers of Education (EDK) set the goal that 95% of all people under the age of 25 should obtain an upper-secondary degree by the year 2015 (Landert, Eberli 2015). Since the 90s numerous schemes have been developed and a heterogeneous body of measures now exists in Switzerland. Further, the activation measures aim to integrate young people with and without completed education/training into the job market in the long run. There is a wide range of different programmes for young people with different needs, ranging from job advisory services to specialised schemes in special educational schools and integration programmes for immigrants. These measures aim to help young people at two stages: the first transition – from compulsory education to upper-secondary education, and the second transition – from upper-secondary education to the labour market/tertiary education.

### **3.2 Institutional framework and the changes**

The active Swiss labour market policy is strongly shaped by Swiss Federalism, a decentralised political system, which is comprised of the federal government (SECO – State Secretariat for Economic Affairs) on the one hand and the cantonal as well as at the municipal level on the other hand. The Confederation is involved in labour market policy-making, sets the framework conditions and is responsible for the administration and the financing of labour market programmes. The cantonal and municipal bodies are responsible for the implementation of these policies and are in charge of the social assistance as well as the public employment service, run by the regional placement offices (RAV), where registered unemployed people are referred to ALMPs programmes. In addition to the implementation of the official ALMPs

planned by the SECO, most cantons have also developed their own schemes. RAV offices have to report their performances to the federal government. After testing various evaluation mechanisms – first testing an input-oriented governance, then an output-oriented bonus-malus reward system – it was decided that the SECO is to annually publish the aggregated cantonal results of the RAV offices, which creates a competition between the cantons based on their success. Their performance is rated according to four differently weighted indicators: Speed of integration of the unemployed into the labour market (50%), prevention of long-term unemployment (20%), prevention of benefit exhaustion (20%), and prevention of repeated registration for benefits (10%) (Duell et al 2010). The critique has been raised that above all these indicators encourage a fast labour market (re-)integration at the expense of sustainability.

### **3.2.1 The structure of the institutions – state and municipality (public), profit, non-profit, other**

The implementation of labour market activation policies is a co-operation between the public and private sector. Usually the first contact that the unemployed people have is the local RAV in order to claim unemployment insurance (UI) benefit. The RAV offers the service of job placement and also refers the unemployed to labour activation programmes. Besides the RAV there are numerous private placement agencies including temporary job agencies, who carry out considerably more job placements than the RAV (Duell et al. 2010). Private organisations also play a major role for ALMP measures. Although cantons bear the responsibility to provide labour activation programmes and manage the budget, the actual programmes are mostly commissioned to private providers. The regulation and implementation of labour market policies in Switzerland is therefore a multi-layered operation carried out by multiple actors; there is the differentiation between the Federal government and the cantonal and municipal levels on the one hand, and the differentiation between the public and the private institutions on the other hand.

### **3.2.2 Governance and responsibilities of the institutions**

The decentralised Swiss political system is strongly reflected in the funding system of ALMP programmes. Different programmes are financed by different institutions. While some programmes, such as ‘motivation semesters’ [‘Motivationssemester’], or short *SEMO* (cf. 3.3.1), are financed by the Confederation through the UI, but carried out by the cantons, others, such as ‘bridging measures’ [‘Brückenangebote’] (cf. 3.3.1), are both financed and carried out by cantons and communes. Specialised programmes in special education schools are again financed by the cantons and disability insurance, and integration measures are financed by the social insurances, for which the cantons bear the responsibility (Duell et al. 2010). In addition to the public schemes there are private associations and organisations, who have developed their own schemes, which are funded partly by the state, partly by the canton and partly by private funds. Especially in times with high unemployment rates the local employment offices increasingly draw from funds outside the UI.

## **3.3 Policy substance**

As a reaction to the economic crisis, stabilisation measures for the youth have been reinforced. As young people are especially prone to economic fluctuations and during their transition from the education system to the labour market are more likely to end up being unemployed or in precarious working conditions than people who already have job experience, the youth ALMP have been adapted in order to support this group. In order to deal with the reduced job opportunities in the labour market during the economic crisis, the internship positions financed by the UI were doubled in 2010 (Seco 2015c). Companies, which offer young people with no or little job experience, can claim financial compensations of six months of wages. This

incentive should encourage companies to hire inexperienced young workers, who are otherwise endangered of being unemployed. At the same time, the UI reform in 2010 has reduced the maximum benefit duration for certain groups of unemployed people (Duell et al. 2010): People, who have made no previous contributions will receive benefits for four months instead of twelve months. In addition, there is a newly enacted waiting period of 120 days for people who have only just left the education system before they are eligible to claim benefits. Also, SECO has introduced a degressive budgeting system for labour activation measures, which means that cantons with higher unemployment rates will receive less money per job seeker than cantons with lower unemployment rates, in order to motivate cantons to keep their unemployment rates down. One justification for this controversial regulation is that the fix costs are supposed to decrease with the increasing number of ALMP programme participants. Since Switzerland is not part of the EU, Youth Guarantee does not apply to Switzerland. Facing a lack of apprenticeship placements for compulsory school graduates, there was a popular initiative in 2003 – the so-called “apprenticeship-initiative” - which aimed at forcing employers to provide apprenticeship places. But with the (clear) failure of the initiative, there are no legal regulations to secure apprenticeship or job placements for the Swiss youth until today.

### **3.3.1 Services available to young people**

Similar to the regular Swiss ALMP, the ALMP measures for youth can be grouped into three categories: Training courses, employment programmes and temporary employment, which is mainly subsidised by the UI (Lalive, van Ours, Zweimüller 2000). Young people are prone to ending up in precarious situations especially at two points in their biography: At the transition from compulsory school to the upper-secondary education and at the transition from the upper-secondary education to the labour market. Accordingly, ALMP measures for the youth are tailored to these particular situations. In the next section the most important established activation measures will be outlined and evaluated.

#### First Transition

*Brückenangebote*: ‘bridging measures’ [*Brückenangebote*] aim to prepare young people for a successful transition to upper-secondary education and can be categorised in three types. The emphasis of the first type of schemes is on gaining theoretical knowledge such as language and math skills. Gaining practical skills is the main goal of the second type – also called ‘*Kombi*’ - in which young people work in an organisation in addition to visiting school courses. The third scheme is targeted at young people who immigrated at an older age, offering language and integration courses. The minimum requirements are relatively strict: Participants must be between 15 to 17 years of age (up to 25 years of age for the third scheme) and need to have successfully completed compulsory school (Landert 2011; Landert, Eberli 2015; SECOa 2015; SECO 2015b).

*SEMO*: While the main goal of ‘bridging measures’ is to prepare young people for vocational training, the main goal of a ‘motivation semester’ (short: *SEMO*) is their integration in the labour market. The targeted group consists of people who are eligible for UI, between 15 and 24 years of age and who have not completed their upper-secondary education. The basic conditions of *SEMO* are defined by SECO, financed by the UI and carried out by the cantonal employment agencies. The cantons perform their own projects, which in turn are operated by different associations, unions or foundations. Similar to the ‘*Kombi*’, the *SEMO* programmes are composed of practical work in an organisation and individual coaching courses for six months. In addition, *SEMO* also offer integration schemes for immigrants, who came to Switzerland at an older age (Landert 2011; Landert, Eberli 2015; SECOa 2015; SECO 2015b; Villiger 2015).

## Second Transition

*Berufspraktikum/Ausbildungspraktikum*: All unemployed people who have completed their Vocational Educational Training (VET) and are registered at the RAV office are eligible to apply for a ‘work placement’ [*Berufspraktikum/Ausbildungspraktikum*]. These are internships that can take place in the private sector or in the public administration and 75% their costs are financed by the UI and 25% by the employer. This generous financial aid from the UI should encourage companies to create vacancies for job seekers who are in need of gaining more job experience. The goal is to offer the unemployed a chance to gather job experience after their VET, to deepen their knowledge, and to work on their skills (Landert, Eberli 2015; SECOa 2015; SECO 2015b)

*Praxisfirma*: Another general ALMP programme which is also accessible for young people is a scheme, which offers the unemployed to work in a ‘practice firm’ [*Praxisfirma*], which is an exercise firm trading with fictional products with other ‘practice firms’. Participants receive a monetary compensation for six months that are financed by the UI. The concept of a ‘practice firm’ is learning by doing and provides the participants with chances to improve their skills and to ease their entrance into the labour market by introducing them to work life (Landert, Eberli 2015; SECOa 2015; SECO 2015b).

### **3.3.2 Scope and targeting, regional distribution**

The general as well as the youth unemployment rate in Switzerland is relatively low compared to other OECD countries, while the participation rate in ALMP programmes is relatively high (OECD 2015). In the year of 2014 SECO measured 215’500 officially registered unemployed people in Switzerland, from which 150’916 people (79%) participated in at least one ALMP programme (Statistik Schweiz a). In the case of youth unemployment, SECO registered 53’600 people between the age of 15 and 24, from which 42.6% (22’811 people) participated in at least one ALMP programme (Statistik Schweiz a). In table 1 (see Appendix) detailed youth ALMP participation rates for three age groups are listed (Statistik Schweiz b). In table 2 (see Appendix) the expenditure on general and youth ALMP is listed. Further, the detailed expenditure for the specific programmes *SEMO*, *Berufspraktikum* and *Praxisfirma* are shown (SECO 2015a; SECO 2015 b).

### **3.3.3 Quality of the measures**

While there are many studies about regular ALMP programmes, systematic evaluations of the youth ALMP programmes are currently lacking. Only descriptive data such as the length of the programmes, their annual budget or the number of participants are available, some of which are displayed in table 1 and 2 (see Appendix). The best documented programme is *SEMO* (see section above 3.3.1), which was introduced in 1994 and currently there are 78 different programmes running in 19 Swiss cantons (Villiger 2015). In the years 2014/2015 the average stay in a *SEMO* programmes lay around 6.2 months. 59% of all *SEMO* participants are of Swiss nationality and the female proportion is 42%. About half of the participants are younger than 18 years old, 35% are 18 to 19 years old and 14% are 20 years old or older. The average age of the *SEMO* participants is higher than the average age of participants of ‘bridging measures’ (see section above 3.3.1), in which 85% are less than 17 years old. The difference in average age can be explained by the different selection criteria of the two programmes. The proportion of participants of foreign origin in ‘bridging measures’ lay around 40% in the years 2012/2013, which is similar to *SEMO*. Because of the different structures, regulations and target groups of the two programmes, the average duration of the participants staying in ‘bridging measures’, which is about a year, is considerably longer than the average duration of *SEMO* participants.



### 3.4 Assessment

In the existing literature four possible effects of general ALMP programmes can be identified: The ‘threat effect’ postulates that some of the job seekers are motivated to intensify their job search due to the assumed deterring effects of ALMP. The ‘Lock-in effect’ suggests that involvement in ALMP programmes might hinder the job search process of the individuals because the programmes might be too time consuming and would not allow enough time for job applications. The ‘human capital effect’ assumes that ALMP programmes can increase the participants’ human capital by supporting them in gaining knowledge and skill improvement. The signal effects can be either positive or negative, depending on the potential employer’s interpretation of the ALMP. The employer could either expect positive qualities, which the candidate has acquired during participation in ALMP schemes, or he/she could assume low productivity of such a participant, who would otherwise not need to participate in such a scheme (Morlok et. al., 2014).

To what degree these results can be generalised for youth ALMP is yet unclear, since very few scientific studies on youth ALMP exist. The few studies evaluating Swiss youth ALMP have mostly been commissioned by the federal government or the cantons. In addition, because the ALMPs vary from canton to canton, the results of studies that have concentrated on single cantons have a limited range of validity. On the other hand, studies that have looked at entire Switzerland often have heterogeneous results. Landert and Eberli (2015) found the entering rate from ‘bridging measures’ for VET or further upper-secondary education to be between 60% and 80%. The large variation is explained by the differences between the cantons. The success rate of finding a subsequent occupation after *SEMO* is found to be 45% (Landert, Eberli 2015). In contrast, Villiger (2015) measured a success rate of 63% for *SEMO*: 58% entered VET, 2% continued with further upper-secondary education and 3% found a job or an apprenticeship. Further studies that are sensitive towards the cantonal specificities as well as better data management of intercantonal results are needed in order to investigate the effects of youth ALMP in Switzerland.

With respect to research question Q1 (Do active labour market and activation policies and institutions and their recent reforms in each country favour the labour market entry of young people through insecure jobs and to what extent?) it can be summarised that the ALMP measures for the youth target the first and second biographical transition phases and include training courses, employment programmes as well as temporary employment. While the measures targeting the first transition aim to help young people to enter upper-secondary education – VET tracks or Gymnasiums – measures targeting the second transition aim at the integration of young people in the labour market. As described in section 3.3.1 ‘work placement’ and ‘practice firms’, the two bigger ALMP programmes for the second transition, prepare young people for their labour market entry by either helping them to find or providing them with paid internship places. The goal is to gain job experience during the internship and to increase their employability. Unlike for *SEMO*, there are few evaluations for the impact of the schemes ‘work placement’ and ‘practice firms’. However, there are indications that participants of ‘practice firms’ show an increased job searching intensity and have increased chances of finding a job (Lalive, Zweimüller 2011). There is also evidence that temporary work programmes can positively influence the motivation of the hard-to-place unemployed. However, if renewal of the participation in such programmes is allowed, it is possible that a lock-in effect could appear. Also, there are worries about the stigma participating in ALMP programmes. Yet, due to a lack of studies on the single programmes, the exact job finding rate, types and qualities of jobs or the duration of subsequent employment are still unclear. It is therefore uncertain to what extent these two programmes can be seen as ‘stepping stones’ or ‘dead ends’.

With respect to research question Q3 (Have recent reforms in active labour market and activation policies as well as labour market institutions, aimed at generating more flexibility or have they promoted flexi-curity (...)?) we can summarise: The share of fixed-term contracts in the labour population is highest amongst the youth (19% for the age group 15-24 versus 8% for the general labour population, cf. section 2.3.2). The ALMP measures that aim to integrate the young unemployed in the labour market by supporting young people with finding internships or directly providing internships are supposed to serve as 'stepping stones'. Since the internships are fixed-term contracts, these ALMP schemes can be regarded as generating flexibility, because no permanent work places are offered. Yet, they have the goal to help them to gain first job experiences, which should facilitate them in finding permanent work places later on. Another measure provides companies, which offer young people with no or few job experience a temporary job, financial compensations of six months of wages (cf. section 3.3). This incentive should encourage companies to hire young inexperienced workers. However, there is no guarantee that the companies will keep the young workers after the subsidy ends. In general, in comparison to other OECD countries the Swiss labour market is relatively liberal (cf. section 2) and has relatively few security measures.

Although compared to other countries the Swiss labour market has not been heavily affected by the recent economic crisis, the internship positions financed by the UI were doubled in 2010, since young people are especially prone to economic fluctuations and are more likely to end up being unemployed or in precarious working conditions (Seco 2015c).

## **Section 4: Unemployment and other relevant income protection**

### **Summary**

Focusing on relevant income protecting institutions for (young) men and women that are left without gainful employment, but fit for work, Switzerland's main income protecting institutions are its unemployment insurance system, which is part of Switzerland's social security system, and its social assistance system.

Even though unemployment insurance benefits are employment-related and follow the insurance principle, young women and men in Switzerland may claim unemployment allowances if they have not contributed to unemployment insurance. However, the regular framework for young women and men experiencing unemployment in Switzerland who hold too little or no job experience to fulfil the contribution criteria (e.g. students who experience unemployment when entering the labour market) encompasses longer waiting periods until daily allowances may be drawn upon (during these waiting periods activation measures such as training may be mediated by the regional unemployment offices), while further daily allowances are smaller and criteria of what constitutes reasonable work (that recipients are obliged to engage in) are stricter up until the age of 30 years. Occupational changes and longer commutes may have to be accepted. Contrary to unemployment insurance, social assistance is means-tested allowing for a subsidiary (e.g. to mandatory parental support until an adolescent comes of age) and complementary income that helps (young) adults and families to make ends meet (e.g. if unemployment insurance benefits are insufficient or entitlement has expired etc.).

### **4.1 Policy objectives**

Unemployment insurance provides benefits in the case of loss of employment, shortened working hours, lack of employment due to weather conditions and insolvency on the part of the employer. This insurance also pays for re-integration measures.

Entitlement to unemployment insurance benefits follows the insurance principle. Eligibility for unemployment benefits depends on whether or not job seekers meet insurance prerequisites for claims and benefit levels depend on previous unemployment insurance contributions (work history and level of previous income from employment).

In contrast to unemployment insurance, social assistance is means-tested. The social assistance system grants a subsistence level of income for people and families falling below a pre-defined subsistence level of income as they are e.g. not eligible for social insurance allowances or if the benefits awarded are not sufficient for the individuals or families to make ends meet etc. (see BFS 2016). Social assistance is granted in case claimants have an income below the subsistence level and if contributions from other social insurances in Switzerland are exhausted or they are not eligible for them. By this, social assistance is subsidiary and complementary to potential benefits from other social insurances. Social assistance is also subsidiary with respect to other financial sources e.g. financial resources available within the family. An obligation exists to support (close) relatives and family members in need in ascending and descending order (children-parents-grandparents).

Social assistance aims not only at providing a subsistence level of income, thereby ensuring the survival of its recipients, but also targets the social and occupational integration of its recipients (see e.g. SKOS 2016a) and is thus also committed to the goal of supporting recipients in gaining independence from social welfare. The aim of re-integrating recipients into the labour

market is in line with the aim of other social insurance institutions in Switzerland, such as e.g. unemployment insurance or invalidity insurance.

Hence goals in both systems, unemployment insurance and social assistance are based on the labour market (re-)integration of claimants. Changes in these systems over the recent past (starting already before the financial crisis) seem to go in the direction of increased activation of the unemployed/non-employed in order to (re-)engage in the primary labour market or in case of social assistance to show at least an “active integration effort” when it is given that the individual situation of labour market integration does not really seem feasible.

## **4.2 The structure of the institutions and governance**

### **4.2.1 Unemployment insurance**

The Swiss unemployment insurance act is legislated at the state`s level, with the Directorate in the State Secretariat for Economic Affairs (SECO) responsible for the unemployment insurance act, monitoring its implementation on the cantonal and regional levels. The cantons, regional employment offices (RAV), the public unemployment funds (cantonal), recognised private unemployment funds as well as the logistical offices for labour market measures are responsible for the implementation of the unemployment insurance act. The tasks conferred to the regional employment offices (RAV) include checking applicant`s eligibility for unemployment benefits and the registration of the unemployed and job seekers, the management of job placements and the assistance of job seekers with their (re-)integration (e.g. to initiate potential upskilling and activation measures to support employability, counselling applicants regarding their job search and job application strategies as well as the supervision of the continuing effort of recipients of unemployment benefits to become (re-)employed and their compliance with measures concerning their (re-)integration). The responsible unemployment insurance fund pays the daily allowances to the respective claimants.

All people in gainful employment are obliged to contribute to the unemployment insurance scheme with the exception of some family members of individuals working in the agricultural sector and people who have reached retirement age. The self-employed do not pay unemployment insurance contributions and are hence not covered by the unemployment insurance (see FSIO 2016). 2.2% (employee: 1.1%; employer: 1.1%) of the salaries between 500 CHF and 10,500 CHF per month. 1% (employee: 0.5%; employer: 0.5%) of salaries between 10,500 CHF per month as a further solidarity contribution to the unemployment insurance.

### **4.2.2 Social assistance system**

The cantons are constitutionally obliged to establish and implement the social assistance in order to support families and people in need. Social assistance acts are legislated at the cantonal level, while recommendations and guidelines on the form and dimension of social welfare are issued at national level by the Swiss conference for social welfare (SKOS) (see SKOS 2016b). Thus social assistance is not harmonised and regulated in a standardised manner in Switzerland as laws and services vary to some extent across cantons. The social assistance system is financed through cantonal and communal taxes. (See further SECO 2016d)

## 4.3 Policy substance

### 4.3.1 Instruments available to young people and the scope of measures

#### Unemployment insurance

The calculation of unemployment allowances are based on the insured salary. The insured salary encompasses as a general rule the salary received during the last 6-12 months of contribution before registering for unemployment (max: 10,500 CHF per month may be insured as a salary). In general, daily allowances of about 70-80% of the insured salary are paid to unemployed who are entitled to unemployment benefits. The duration of unemployment allowances depends on the age of the person, their obligations towards others and the unemployment insurance contribution period within the reference period (qualifying period). To be eligible for unemployment allowances, 12 months of unemployment insurance contributions must have been paid within 2 years before the unemployment benefits are registered for (reference period for contributions). Some people are exempt from the contribution period conditions, but are still eligible for unemployment benefits, e.g. people who have not been able to be gainfully employed because of education/training, illness, accident, maternity or detention. Thus unemployment insurance also provides some financial support for young school leavers experiencing unemployment when entering the labour market.

The general waiting period amounts to 5-20 days, depending on support obligations towards children under the age of 25 years and on the size of the insured salary.

For people exempt from the contribution period conditions because of training, illness, accident, maternity or detention an additional waiting period of 120 days exists. Thus young men and women who experience unemployment when entering the labour market upon their (full-time) training must wait longer until they can draw upon daily unemployment allowances than claimants who were previously employed and fulfil the contribution period criteria. Further, their daily allowances are calculated based on a flat rate, depending on the claimant's age, educational level and support obligations as they have not earned a salary previously. The reference period for allowances is in generally about 2 years. Within the reference period for allowances a maximum of 260 daily allowances (about 5 daily allowances per week) can be drawn upon if the insured person exhibits a contribution period of 12 months in total (approx. 1 year of allowances); 400 daily allowances are issued if the insured person's contribution period is at least 18 months in total (approx. 1,5 years of allowances). Some exemptions for higher numbers of allowances exist e.g. for older workers close to retirement or people receiving an invalidity pension etc..

Concerning young men and women in Switzerland, the number of daily allowances in the case of unemployment is less. For people under the age of 25 years with no support obligations towards children the number of daily allowances is reduced to 200 daily allowances. People who are exempt from the contribution period conditions due to e.g. (full-time) education/training can only draw upon up to 90 days of allowances.

Benefit recipients are obliged to make every reasonable effort (comply with the measures ordered by the regional employment offices) to limit unemployment and become (re-) employed. Recipients of unemployment benefits are obliged to accept job offers that are regarded as "reasonable". If recipients do not take on mediated jobs regarded as reasonable by the authorities, if they do not comply with requirements, activation or upskilling measures that are set in place or do not make every reasonable effort that is required in order to find a job

(e.g. regular job application) then their entitlement to unemployment allowances may be suspended. (see e.g. SECO 2016a,b; FSIO 2015)<sup>17</sup>.

### Social assistance system

In principle, social assistance allowances are unlimited and grant a subsistence level of income as long as the claimant's income is insufficient to cover their living costs. As mentioned earlier, social assistance benefits are subsidiary and complementary, providing a subsistence level of income to make ends meet (calculations depend on the claimant's household situation, e.g. obligations towards children).

Taking the subsidiary principle of social assistance and support of young women and men who do not have an income above subsistence level into consideration, one may note that according to Swiss law (e.g., Art 276 and Art. 277 ZGB, see ZGB, Bundesrat 2016) parents are in general obliged to support their children until they come of age (18 years). Yet, depending on whether or not children have completed an education that qualifies them for taking up work in the Swiss labour market, maintenance obligations may be prolonged (e.g. to age of 25 years). Young women and men who have come of age can in principle claim social welfare benefits and, following the subsidiary principle, social welfare offices will then consider parental maintenance obligations and check for potential benefits from further social insurances. E.g. insufficient familial financial backing for the pursuit of a first qualifying education (post-compulsory education) that enables an adolescent to take up decent work in the Swiss labour market, entitles young adults to claim for social assistance. A primary goal of social assistance is to provide financial support so that adolescents can complete a qualifying education, which plays an important role in the Swiss labour market for access to skilled employment. Further, if young adults have completed a first qualifying education and do not find a job guaranteeing a subsistence level of income and are no longer eligible for unemployment insurance benefits at a level that makes ends meet or if their eligibility for unemployment insurance allowances has come to an end etc. young men and women may also claim for (complementary) social assistance.

Overall, with respect to young recipients of social welfare in Switzerland (young adults between 18-25 years of age), the focus of social assistance is on educational upskilling and integrational (activation) measures targeted at improving their job prospects and chances of covering their own living expenses in future. Young adults entitled to social welfare who have not yet completed a first qualifying education should however not become better-off than other young men and women with low incomes and living at low expenses during this transitional period. Thus the SKOS guidelines recommend cantonal social assistance e.g. not to finance high rents, but rather to expect them to live at their parents' home if there are no irreconcilable conflicts and differences, or to otherwise live in shared apartments until the completion of their first qualifying education etc. (see SKOS 2016a).

Focusing on statistics of recipients of social assistance in Switzerland, it is noted that young adults have a disproportionate risk of becoming dependent on social assistance (see e.g. BFS 2009). Insufficient education (e.g. no post-compulsory education – which in the case of Switzerland is mainly the VET that enables graduates to take up work in skilled positions), which again is clearly related to the socio-economic status of families (inter-generational

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<sup>17</sup> One may note that an OECD paper on a cross-national comparison of overall strictness of eligibility criteria concerning unemployment insurances exists, rating Switzerland's overall eligibility criteria as rather strict (less so with regards to entitlement conditions, but more so with regard to job search and availability criteria as well as job search monitoring) (see Venn 2012). Yet Switzerland's unemployment insurance has also been reported as being rather generous regarding the level of benefits granted to eligible claimants compared to other European countries (SECO 2016c).

inheritance of social status), is a major (structural) risk factor for becoming unemployed (or only marginally employed or employed in low-skilled/low-paid positions) and dependent on social welfare later on (also see table 3-4, in the annexe). Lacking post-compulsory and qualifying education is in particular a risk factor for long lasting social welfare careers among young women and men in Switzerland. As labour demand shifts towards more highly skilled workers (see Sacchi, Salvisberg and Buchmann 2005) and job requirements have been found to increase (see Salvisberg and Sacchi 2014), young people holding no post-compulsory education may be seen to be at increased risk of labour market exclusion processes in Switzerland. Furthermore, among young adults, young parents with maintenance obligations towards their own young children (in particular young single mothers) and people with a migrant background are at risk of longer social assistance dependency. These characteristics are further related to low education. (SKOS 2011; SKOS 2014; BFS 2009).

Besides “the right for help in situations of need” embodied in Swiss law (Art. 12 BV), the recipients of social welfare are in return obliged to justify considerations for receiving social welfare support. E.g. they need to prove that they make all reasonable efforts in improving their employability and in becoming independent of social assistance. Financial incentives exist with the aim of motivating recipients to take part in upskilling or other activation measures (also targeted at youth). Further, a supplementary income is paid to recipients who engage in work that (e.g. after tax deduction) may result in them having a disposable income at a lower level than they would if they received social welfare alone, rendering work with lower pay attractive. Benefit levels may be reduced if recipients do not comply with the (control) requirements and do not make all reasonable efforts to improve their employability and become independent of social assistance. Furthermore, activation measures may be set in place in which recipients have to participate in return for receiving social assistance (counter obligation), showing an “active” effort in improving their employability by doing so (see e.g. SKOS 2016a).

#### Health insurance

One may note that health insurance is compulsory for all people living in Switzerland (financed on the basis of per capita premiums). Costs induced by compulsory (basic) health insurance in Switzerland are recognised as living expenses and paid for by social assistance for people who don't receive an income that is sufficient enough to cover these costs and are entitled to social assistance benefits.

#### **4.3.2 Quality of the measures**

In light of increasing (long-term) unemployment in Switzerland since the 1990s (see e.g. Weber 2001, Streckeisen 2012a) coinciding with increasing deficits in the budget of unemployment funds, four reforms concerning unemployment insurance have been taking place. While the first reform besides increasing the contribution rate for employees and employers also increased the number of daily allowances that may be drawn upon by the unemployed (the expansion of the period during which the unemployed receive benefits), the further reforms may be seen in the light of an “activation” of the unemployed (welfare to work). The reintegration of the unemployed has become the main target and recipients are obliged to make all reasonable efforts to improve their employability and gain a foothold in the labour market and are more closely monitored in their active effort to reintegrate. Waiting periods until allowances may be drawn upon were introduced and criteria for what constitutes reasonable work, which recipients of benefits are obliged to accept, were expanded. E.g. a mediated job that offers 70-80% of the salary of a job held before unemployment as well as a commuting period of two times two hours per workday is nowadays regarded as acceptable. Recipients may be obliged to participate in activation and upskilling measures or may otherwise face a reduction in or loss of their entitlement to benefits. For a more harmonised

registration, monitoring as well as the support of the unemployed, regional employment offices (RAV) were introduced. The third revision of the unemployment insurance act in 2003 resulted e.g. in an increase of the contribution period (qualifying period for eligibility) from 6 months of unemployment insurance contributions to 12 months of contributions within the reference period of 2 years before unemployment. Thus, temporary employment (<12 months within the reference period of 2 years) that coincides with unemployment may not the entitlement for unemployment benefits anymore. Regarding the fourth and so far last reform in 2011, the number of daily allowances was e.g. more closely linked to the period of contribution. Young people exempt from the contribution period due to their pursuit of full-time education were thus especially affected by a reduction in the number of potential allowances they may draw upon. Furthermore, young people below the age of 25 years who actually fulfil the contribution requirement since face reduced numbers of unemployment allowances (see e.g. Streckeisen 2012a).

#### **4.4 Assessment**

A strength of unemployment insurance in the Swiss case may be that even though the right for unemployment allowances is employment-related following the insurance principle, young adults transitioning to the labour market (holding no prior job experience) may still claim some benefits.

However, the reduced eligibility for unemployment benefit allowances of students who do not meet the unemployment insurance contribution criteria makes them become dependent on social assistance benefits more quickly (SKOS 2011). Following reforms concerning unemployment insurance, invalidity insurance and cantonal social assistance systems (as well as revised SKOS guidelines following their reformation) were implemented in a similar vein in the recent past. Nowadays these institutions are more closely committed to fostering the activation and reintegration of welfare recipients, requiring claimants to show an active effort in improving their employability and reengagement in the labour market. While people in need may not be barred from social assistance, several financial incentives have been introduced to encourage labour market activity and participation in activation measures directed at benefits recipients (among these also the lowering of the general minimum benefits level to render low pay work more attractive) in the case that they do not comply with activation measures. The level of social welfare benefits may further be reduced to a minimal standard in case compliance with active efforts to reintegrate aren't made (see e.g. Wyss 2006). With regard to the reforms of Swiss social security institutions as well as social assistance one may speak of a move from the passive receipt of benefits towards an activation of the unemployed and non-employed, with the aim of (re-)integrating welfare recipients into the primary labour market "as quickly as possible" (see e.g. Streckeisen 2012 a,b).

All in all longer waiting periods for young adults experiencing unemployment when entering the labour market before they may draw upon unemployment benefits, reduced periods during which young graduates may draw upon unemployment benefits while searching for (adequate) employment as well as stricter criteria concerning what may constitutes reasonable and adequate work (set in place particularly for young adults below 30 years of age e.g. going through an occupational change), may lower standards of employment that are seen as acceptable, increasing the integration in inadequate and insecure employment and hence may potentially increases the risk of instable and unfavourable employment among young women and men in Switzerland in long run. So far however, there seems to be no studies that empirically evaluate this issue. Work incentives such as supplementary pay to social welfare recipients engaging in low-paid work which does not allow them to cover their living expenses



may further support an expansion of (governmentally subsidised) low-pay employment (see e.g. Wyss 2006).

An assessment concerning the research question if unemployment policies and other relevant forms of income protection provide adequate protection from risks of social exclusion among youth in terms of material deprivation, social exclusion and other indicators of life quality (who are the groups of young people that are most at risk and how are they protected?): Even though the Swiss unemployment insurance system stands out in international comparison in that school leavers are eligible for benefits, they face long waiting periods, lower levels and a shorter duration of benefits coupled with stricter criteria concerning what jobs they have to accept. In this regard, unemployment insurance is not really set up to protect the unemployed young adults from social exclusion and deprivation. This is what social assistance is set up for – it provides financial support for young adults who cannot make ends meet, protecting the young from social exclusion and deprivation.

As noted, youths without post-obligatory (vocational) education are most at risk of long run social exclusion and social welfare dependency. Here, unemployment insurance and social assistance both do not target a direct labour market integration of these young adults, but rather try to motivate and support them (e.g. by ALMPs and financial support from social assistance) to first finish a post-obligatory education (see e.g., SECO 2015; SKOS 2016a), which in terms of a more sustainable integration into the labour market seems a much better strategy than a simple activation of these youths in order to engage in the primary labour market.

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## Annexe

Section 1:

**Table 1**

Numbers of participants in ALMP programmes				
Age	Absolute numbers	Relative to population	Absolute numbers	Relative to population
	2011		2013	
All	138'356	1.7%	144'782	1.8%
15-19	7'662	1.7%	8'070	1.8%
20-24	14'939	3%	14'358	2.9%
25-29	18'569	3.5%	19'904	3.7%
	2012		2014	
All	135'973	1.7%	150'916	1.8%
15-19	7'834	1.7%	8'344	1.9%
20-24	14'393	2.9%	14'467	2.9%
25-29	18'780	3.5%	20'585	3.7%

Sources: SECO Data ("AMM-Teilnehmende total"); BFS:  
[https://www.pxweb.bfs.admin.ch/Selection.aspx?px\\_language=de&px\\_db=px-x-0103010000\\_101&px\\_tableid=px-x-0103010000\\_101&px\\_x-0103010000\\_101.px&px\\_type=PX](https://www.pxweb.bfs.admin.ch/Selection.aspx?px_language=de&px_db=px-x-0103010000_101&px_tableid=px-x-0103010000_101&px_x-0103010000_101.px&px_type=PX)

**Table 2**

ALMP expenditures 2014			
Measure	Expenditure in Swiss Francs	Expenditure in Euro	Percentage of GDP (real)
All measures (beyond ALMP for youth)	CHF 591'500'000	EUR 530'800'000	0.091%
<b>ALMP for youth</b>			
Motivation semesters ['Motivationssemester']	CHF 72'800'000	EUR 65'320'000	0.0113%
Work placements ['Berufspraktika']	CHF 3'300'000	EUR 2'961'000	0.00051%
Practice firms ['Praxisfirmen']	CHF 13'500'000	EUR 12'110'000	0.0021%

EUR-CHF exchange rate: 09.02.16.

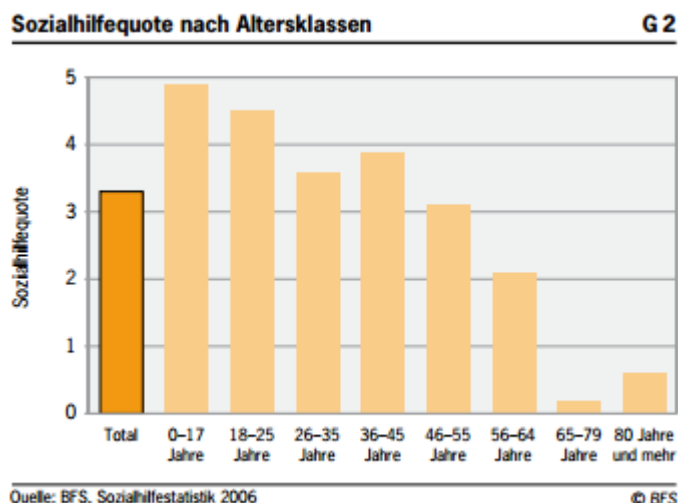
Sources: SECO (2015a): Faktenblatt: Wie die Arbeitslosenversicherung junge Arbeitslose unterstützt.  
 SECO (2015b): Zahlen Daten Fakten 2014. Jahresbericht Arbeitsmarkt/Arbeitslosenversicherung.



Section 4:

**Table 3: Rate of social assistance benefit recipients by age**

(“Sozialhilfequote” = share of recipients in one socio-demographic group on the total socio-demographic group in the population)



Source: Retrieved from BFS (2008a, 9)

**Table 4: Share and rates of social assistance benefit recipients by age (2005/2006)**

**T2 Sozialhilfeempfänger/-innen nach Altersklassen**

Altersklassen	2005		2006	
	Anteil an allen Sozialhilfeempfänger/-innen	Sozialhilfequote	Anteil an allen Sozialhilfeempfänger/-innen	Sozialhilfequote
<b>Total</b>	<b>100%</b>	<b>3,2</b>	<b>100%</b>	<b>3,3</b>
0-17 Jahre	31,0%	4,8	30,9%	4,9
18-25 Jahre	13,2%	4,4	12,9%	4,5
26-35 Jahre	17,1%	3,6	16,8%	3,6
36-45 Jahre	19,2%	3,8	18,9%	3,9
46-55 Jahre	12,3%	2,9	12,8%	3,1
56-64 Jahre	5,7%	1,9	6,2%	2,1
65-79 Jahre	0,8%	0,2	0,8%	0,2
80+ Jahre	0,7%	0,6	0,7%	0,6

Quelle: BFS, Sozialhilfestatistik 2006 © BFS

Source: Retrieved from BFS (2008a, 10)

We can see that compared to other age groups children and youths (0-17 years) and young adults (18-25 years) are at a higher risk of becoming social welfare benefit recipients. E.g. about 4.4% of young adults between the age of 18-25 years receive social welfare benefits while among the 56-64 year-olds, who are close to retirement age, only 1.9% do so (see table 3 & 4). In years 2005/2006, around 13% of all recipients are between 18-25 years old (see table 6). If children and youths receive welfare benefits, this has mainly to do with their family situation, e.g. if they grow up in large families or in single-parent households that cannot make

ends meet (hence, insufficient resources concerning the parental home) as well as their transition from school-to-work, as they are in a particularly vulnerable situation until they have established themselves in the labour market as they usually depend on “external” support if they do not receive financial backing from their families (see BFS 2008a, 9-10; BFS 2009) and do not qualify for comprehensive unemployment benefits. Several “types” of young benefit claimants exist: Of the young adults (18-25 years) receiving benefits, about one quarter is still in education and in need of financial support in order to conclude their post-obligatory education as their parents quite often lack the necessary financial resources to support them. Somewhat less than one fifth of claimants are young adults who became parents at an early age. Youth parents aside, somewhat more than one third of young adults that receive benefits are not in gainful employment, of which two-third have no post-obligatory (vocational) education. About one eighth of young benefit recipients are at work, but can still not make ends meet, of which half has no post-obligatory education (see BFS 2009). These findings show that young adults with no post-obligatory education are at an increased risk of becoming benefit dependent on benefits as the integration and in particular a sustainable integration into the primary Swiss labour market is very difficult for them.

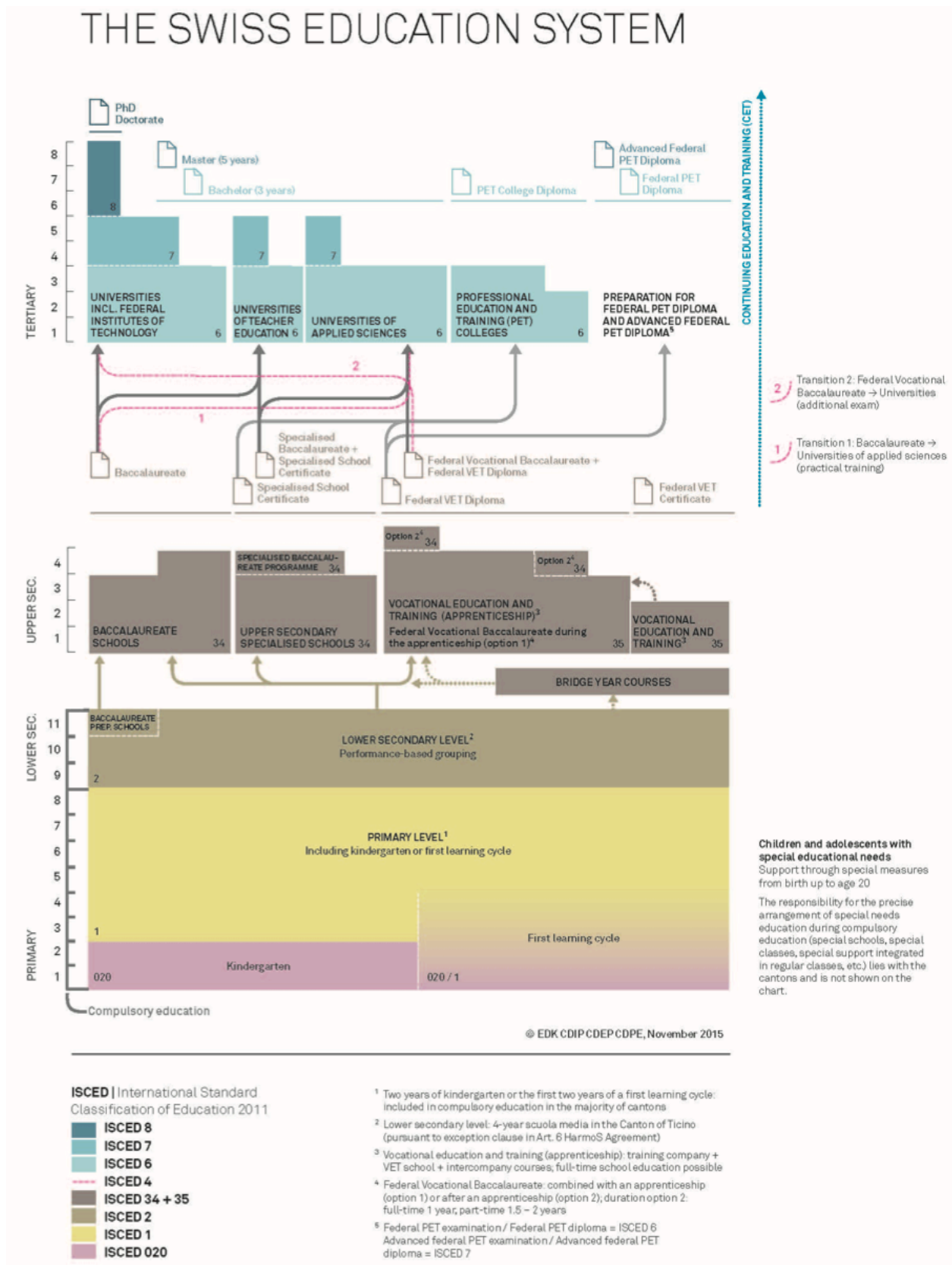
**Table 5: Officially registered unemployed young adults vs. youth unemployment according to ILO-definition (no job and actively in search / available for a job)**

Yearly average (in %)					
	2010	2011	2012	2013	2014
Age group:					
15-24 years (ILO-definition, BFS 2016)	7.8	7.7	8.4	8.5	8.6
Age group					
15-24 years (registered, SECO)	4.3	3.2	3.2	3.4	3.2

Source: BFS (2016b) and SECO (2015d)

Table 5 shows that only a share of jobless youths in search of gainful employment is registered at a regional employment office (RAV), which among other things has to do with the fact that youths that have little to no job experience are often not eligible for (comprehensive) unemployment benefits, face longer waiting periods, receive benefits at a lower level and of a shorter duration and, in some incidences, may not claim benefits as they receive a financial backup by their parents who support their transition from school-to-work until they have found gainful employment. Furthermore, of those registered at a regional employment office (RAV), not all receive unemployment benefits as some may be registered as unemployed but still waiting and taking part in e.g. a ‘motivation semester’ (SEMO) etc.

Figure 1: The Swiss education system<sup>18</sup>



<sup>18</sup> [http://www.edudoc.ch/static/web/bildungssystem/grafik\\_bildung\\_e.pdf](http://www.edudoc.ch/static/web/bildungssystem/grafik_bildung_e.pdf)