

Press Release

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The Rise of Unemployment in Switzerland: Which Groups are Particularly Affected?

Results of a new KOF study

Largely unnoticed by the public, unemployment in Switzerland has been creeping up over the last few years. A new KOF study takes stock of possible reasons for this increase, centring on the question which groups of persons are particularly affected by the rising risk of unemployment. Analysis shows that it is men, the medium-paid professions, the less educated and young people who have been worst affected.

Although, over the last twenty years, Switzerland has witnessed a regular 'job miracle' and its unemployment rate is still low in international comparison, the number of unemployed persons has been creeping up and the long-term unemployment rate has been rising.

Most likely, this rise is a structural as opposed to a cyclical phenomenon, as illustrated in graph 1. Following the definition employed by the International Labour Organisation (ILO), the graph juxtaposes the Swiss unemployment rate with the number of vacancies available. This approach is used to distinguish between cyclical and structural changes in unemployment. If the so-called Beveridge curve moves away from the point of origin, unemployment rises while the number of vacancies remains unchanged, indicating a rise in structural unemployment. This is what happened in Switzerland in the years 2003–2005 and 2012–2014. After 2012, unemployment actually rose despite a simultaneous increase in vacancies.

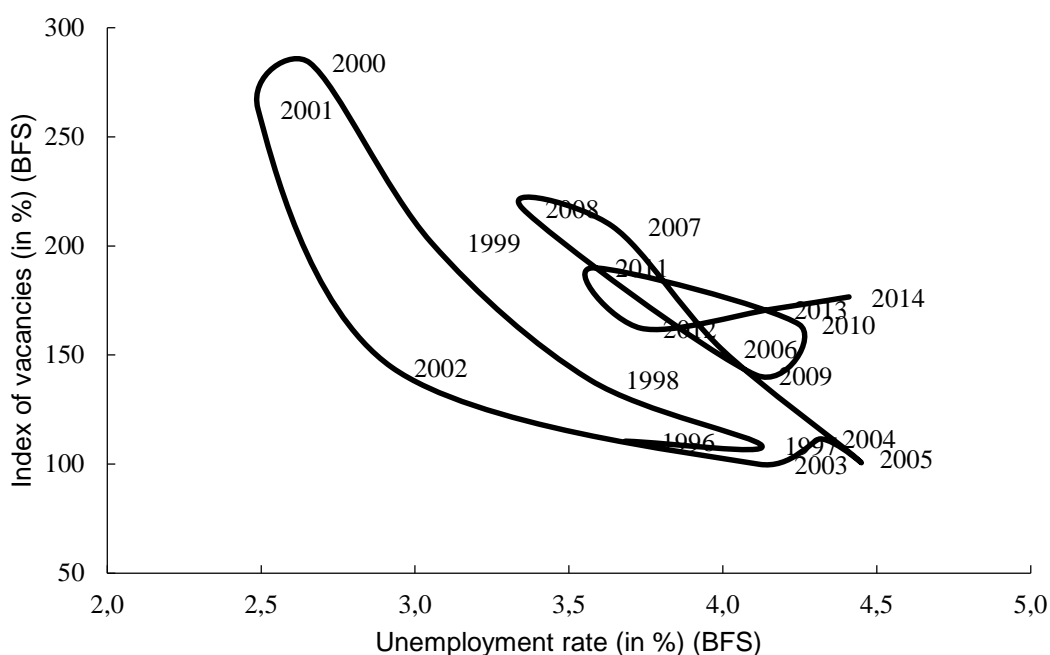
The KOF study entitled "Für wen erhöhte sich das Risiko in der Schweiz, arbeitslos zu werden?" (Which groups now face an increased risk of unemployment in Switzerland?) investigates the reasons for this increase. The authors analyse personal data from the Swiss Labour Force Survey (SAKE) to identify the specific groups among the labour force whose risk of becoming unemployed or lose gainful employment has risen in the last 20 years.

The study indicates that the employment situation among less educated people has deteriorated. Compared to the period 1991-1998, their risk of being unemployed and their risk of not being gainfully employed had increased in the period 2008-2013. People with a general school leaving certificate or teaching college diploma as highest qualification are also facing a higher risk of unemployment.

Unemployment risk by gender

Compared to males with the same characteristics (i.e. age, education/training, etc.), women's risk of unemployment has declined. Although women are still facing a higher risk of unemployment than comparable men, they have caught up considerably over the last 20 years. This is significant, not least because women's participation in the labour market has increased substantially since the 1990s. According to the authors, one possible exception may consist of older women who may have been facing a higher risk of unemployment since the retirement age for women was raised from 62 to 64 years in the context of the 10th AHV reform. This is due to the fact that the number of women looking for jobs has risen faster than the number of suitable positions.

Graph 1: Beveridge Curve - Switzerland, 1996–2014



Unemployment risks by age and profession

A break-down of unemployment by age shows that the rise in youth unemployment is particularly striking. While less than 5% of young people were unemployed in the period 1991–1993, this figure has risen to approx. 7% today. In contrast, there was no above-average increase in unemployment among older jobholders and their risk is still at a similar level as in the 1990s. However, both then and now, the risk of long-term unemployment has been much greater among older people who are out of work.

Finally, analysis indicates that, over the years, office clerks, machine operators and unskilled workers in particular have been facing a growing risk of unemployment. The situation among office clerks and machine operators reflects a trend that has also been observed in other economies: medium-paid jobs, such as those held by office clerks and machine operators, are disappearing while new higher- paid and lower-paid jobs (especially in the service sector) are being created and employment prospects in these categories are improving.

Note on the measurement of the unemployment rate

The authors' study is based on unemployment data originating from the Swiss Labour Force Survey (SAKE) which are also used in the unemployment statistics of the Swiss Federal Statistical Office (BFS). The unemployment rate thus measured meets international requirements. Alternatively, the authors could have used the monthly registered unemployed statistics published by the State Secretariat for Economic Affairs (SECO) on the basis of data collected from the unemployment agencies. However, these figures only include every second unemployed person in Switzerland since they exclusively record those that are registered with one of the

regional unemployment agencies (RAV). Adolescents as well as adults whose entitlement to unemployment benefit has expired ('Ausgesteuerte'), are often not, or no longer, registered with the RAV. The social stigma attached to registering with the RAV also affects people's decisions and the question whether or not they appear in the registered unemployment statistics.

Women register less frequently than men

In a brief side note, the authors show that unemployed women, for instance, appear to be much less inclined to register with the RAV than men with similar characteristics. On top of this, the authors have found that unemployed persons in French-speaking Switzerland tend to register with the RAV substantially more often than their counterparts in German-speaking Switzerland. Furthermore, registered unemployment provides an incomplete picture of the type of employed person that is at particular risk of unemployment in Switzerland.

The KOF study entitled "Für wen erhöhte sich das Risiko in der Schweiz, arbeitslos zu werden?" (Which groups now face an increased risk of unemployment in Switzerland?) by Thomas Bolli, Christoph Breier, Ursula Renold and is available on the [KOF website](#).

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