

# Job retention schemes in Europe

## Switzerland

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**Note on ETUI classification of job retention schemes (JRSs):** All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

**(1) Short-time Work Scheme (STW):** The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

**(2) Furlough Scheme (FS):** FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

**(3) Wage Subsidy (WS):** The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

## Key characteristics of the job retention scheme

<b>ETUI classification of the job retention scheme (JRS)</b>	Short-time work scheme (STW)
<b>Name of the scheme</b>	<b>Kurzarbeitsentschädigung (KAE) (short-time work compensation)</b>
<b>Start date of the implementation of the special Covid-19 JRS rules</b>	<p>Short-time working (STW) has existed since the introduction of the Federal Act of 25 June 1982 on Compulsory Unemployment Insurance and Insolvency Compensation (Unemployment Insurance Act, <i>Arbeitslosenversicherungsgesetz, AVIG</i>).</p> <p>Since 13 March 2020, the Federal Council has adopted various changes to STW by emergency legislation, some of which were only temporary and others are still in force (KAE Covid-19). In December 2020, Parliament passed amendments to STW for the first time since the outbreak of the Covid crisis.</p> <p>The dates of extensions of the scheme and the key changes involved are as follows:</p> <p><b>Decided by the government (Federal Council)</b></p> <p>13.3.2020: extension of STW to fixed-term employment relationships and temporary agency workers; waiting period for employers reduced to 1 day; summary registration procedure.</p> <p>25.3.2020: per application, the duration of the permit will be increased from 3 to 6 months; the advance notification period will be abolished.</p> <p>1.7.2020: extension of the maximum period of entitlement from 12 to 18 months.</p> <p>12.8.2020: more than four months of entitlement are possible in the event of a loss of working hours of over 85%.</p> <p>28.10.2020: entitlement for employees with work on demand.</p> <p><b>Passed by Parliament</b></p> <p>18.12.2020: monthly waiting days (must be paid by the employer) will be abolished; low earners will receive a higher STW allowance; many of the regulations facilitating access to STW are limited in time.</p>

1. UNIA.

<b>Eligibility</b>	<p>Employees whose normal working hours are reduced or whose work has ceased completely are entitled to STW allowance – provided that the employment relationship has not been terminated. Working time needs to have been reduced by at least 10%. The following groups are temporarily entitled to STW support: employees with a fixed-term employment relationship; temporary agency workers; employees working on call; apprentices; people in at-risk groups (for example, with high blood pressure); people with quasi-employer status.</p> <p>For companies, the temporary loss of work must be due to economic reasons. The loss of work must amount to at least 10% of the usual working hours. The temporary loss of work shall be presumed as long as there is no sufficient evidence to conclude otherwise.</p>
<b>Exceptions (category of workers or companies excluded from support)</b>	<p>Normally the following categories of employees are excluded: employees with a fixed-term employment relationship; temporary agency workers; employees working on call; apprentices; people with quasi-employer status. During the crisis, these categories are temporarily entitled to STW allowance.</p>
<b>Duration of support (maximum duration for which JRS support is paid)</b>	<p>STW allowance was extended from 6 to 12 and then to 18 months until 31 December 2021. The company must submit a new application after 3 (temporarily 6) months.</p>
<b>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</b>	<p>The STW allowance amounts to 80% of the gross wage (including parts of the 13th monthly salary). The employer is obliged to pay the full statutory and contractually agreed social security contributions corresponding to normal working hours.</p> <p>Higher percentages apply to low-wage earners. Employees whose full-time monthly wages are CHF 3,470–4,340 (approximately €3,220–4,030) basically receive CHF 3,470 (€3,220) for a complete loss of earnings. This means that in this salary range the percentage of the STW allowance decreases linearly in relation to the salary (from 100% at CHF 3,470 to 80% at CHF 4,340). This regulation applies from 1.12.2020 to 31.3.2021.</p>
<b>Cap on support (maximum amount of JRS support payable)</b>	<p>The maximum amount of STW allowance is CHF 9,880 (approximately €9,170) per month. The maximum amount of insured annual salary is CHF 148,200 (approximately €137,500).</p>
<b>What share of the support is covered by the state and by the employer?</b>	<p>The employer must pay 1–3 days out of the total 23 days per month (so-called waiting days). The number of waiting days is determined by the Federal Council. Due to Covid-19, the waiting days were initially set at 1 day and as of 1.9.2020 they have been completely waived. The employer is obliged to pay the full statutory and contractually agreed social security contributions corresponding to normal working hours.</p>
<b>Dismissal protection</b>	<p>There is no dismissal protection.</p>
<b>Role of collective bargaining in the adoption and implementation of JRS support</b>	<p>Some trade unions have their own unemployment funds. Unemployment funds pay daily unemployment benefits and STW compensation. The largest unemployment fund in Switzerland is that of the trade union Unia. The trade unions have campaigned at the political level (in talks with the Federal Council) for better regulations on STW. Some companies top up the STW allowance to a level of 100% or the original wage.</p>
<b>Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)</b>	<p>Parliament rejected a ban on dividend payments at companies implementing STW. An investigation of 37 very large corporations revealed the following picture: seven of the corporations investigated took advantage of the government's STW compensation because of Covid-19, but nevertheless paid out dividends to shareholders during the crisis, amounting to almost CHF 4 million. Five of them even increased dividend payments compared with the previous year. One group has also announced a mass lay-off.</p>
<b>Special provisions as regards training/ requalification/ reorientation of employees on JRS</b>	<p>There is no programme that links STW and further training. There have, however, been individual pilot projects on short-time working and further training.</p>

## Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	Workers actually on STW
March 2020	955,532
April 2020	1,310,199
May 2020	1,058,813
June 2020	611,145
July 2020	401,758
August 2020	332,851
September 2020	204,191
October 2020	219,388
November 2020	296,592
December 2020	365,286

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)

Most affected sectors in April:

**HORECA**: out of 254,400 employees, 175,200 were on STW (68.9%)

Most affected sectors in October/November:

October: in the **Machinery, electrical and metal industry** 47,600 out of 327,000 employees were on STW (14.5%); in **HORECA** 43,200 out of 254,400 employees were on STW (16.9%).

November 2020: in **HORECA**, 80,407 out of 254,400 employees were on STW (31.6%).

Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)

In 2020, the state spent CHF 10.78 billion (€9.85 billion) on STW. This is around 1.53% of GDP which in 2020 was CHF 702.22 billion (€641.90 billion).

## Information on non-standard workers and JRS<sup>2</sup>

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?<sup>3</sup>

The following **categories of employees** are **temporarily entitled** to STW compensation:

- employees with a fixed-term employment relationship;
- temporary agency workers;
- employees working on call;
- apprentices;
- people belonging to at-risk groups (for example, with high blood pressure);
- people with quasi-employer status.

There is new support for the self-employed.

Platform workers (for example, Uber drivers) have no support because they have to work as bogus self-employed.

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.

<b>What are the eligibility criteria?</b>	<p>In the event of STW the same conditions apply to non-standard workers as to employees with a permanent employment relationship.</p> <p><b>Self-employed</b> persons are entitled to compensation if they are affected by a company closure or a ban on events, or if they suffer a loss of earnings due to the measures taken to combat the virus.</p> <p><b>Parents with children</b> who have to interrupt employment because outside childcare is no longer guaranteed are also entitled to support</p>
<b>How is the financial support for non-standard workers calculated?</b>	<p><b>Self-employed:</b> monthly turnover in the month of application for entitlement must be at least 55% or 40% lower (from 19 December 2020) compared with the average monthly turnover of the years 2015–2019. The maximum amount of the daily allowance is CHF 196 per day (approximately €182).</p> <p><b>Parents:</b> In the event of full absence, compensation amounts to 80% of the income subject to pension insurance contributions that was earned before entitlement to the allowance began, but not more than CHF 5,880 per month (approximately €5,455).</p>
<b>Which sectors were most affected in terms of providing support to non-standard workers?</b>	<p><b>Culture, event industry, sport, hospitality industry.</b></p> <p>There are other programmes at the federal level: bridging loans for companies, programme for sports event organisers.</p> <p>There are further measures at the level of the cantons. There are hardship measures for companies (joint programme of the federal level and the cantons).</p>
<b>Are there any measures for training/requalification/reorientation for non-standard workers?</b>	No.

#### Sources

Rules on STW:

<https://www.arbeit.swiss/seco/de/home/menue/unternehmen/versicherungsleistungen/kurzarbeit-covid-19.html>

Overview of general supporting measures:

[https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus.html)

Support for self-employed:

<https://www.bsv.admin.ch/bsv/de/home/sozialversicherungen/eo-msv/grundlagen-und-gesetze/eo-corona.html>

Support for companies in case of hardship:

<https://covid19.easygov.swiss/haertefaelle/>

Government, press and media releases:

[https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen/bundesrat.html?dyn\\_startDate=01.01.2015](https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen/bundesrat.html?dyn_startDate=01.01.2015)

Statistical data:

<https://www.amstat.ch/v2/index.jsp>