Organisation for Economic Co-operation and Development

DELSA/ELSA/WD/SEM(2024)2

Unclassified

English - Or. English

18 March 2024

DIRECTORATE FOR EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS
EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS COMMITTEE

Cancels & replaces the same document of 11 March 2024

Faces of Joblessness in Switzerland: Feasibility Study - A People-centred Perspective on Employment Barriers and Policies

OECD SOCIAL, EMPLOYMENT AND MIGRATION WORKING PAPERS No. 306

JEL classification: C38, H31, J2, J6, J8

Authorised for publication by Stefano Scarpetta, Director, Directorate for Employment, Labour and Social Affairs.

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JT03539726

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Abstract

Open unemployment and joblessness in Switzerland are low compared to OECD standards. Yet, a comparatively high proportion of working-age individuals remain weakly attached to the labour market, with unstable jobs, or with limited working hours. As an initial step towards a possible in-depth project, this Faces of Joblessness feasibility study provides insight into the nature and incidence of the structural barriers that may prevent individuals from fully engaging in employment and speculates on their possible links with underutilized employment potential. It shows that lack of recent work experience and substantial non-labour or partner income are two key employment barriers in Switzerland. Partner income is a barrier for women in particular and might be one of the reasons why many women leave stable employment at childbearing age, alongside low supply and high cost of early childhood education and care programs. Workers over 60 also represent a significant underutilized employment potential, as many have taken early retirement. Non-EU migrant are particularly exposed to potential labour market difficulties at younger age, and many of them have low levels of education, poor professional skills or limited work experience. This study also suggests that many jobless are confronted with complex and inter-related employment obstacles. A more in-depth mapping of employment barriers at an individual level could reveal in detail which specific group faces which precise combination of barriers, suggesting priorities for co-ordinating employment-support measures across policy domains, and for outreach strategies to specific groups of jobless individuals.

Key findings

- Open unemployment and joblessness in Switzerland are low compared to OECD standards. Still, women, older individuals, lower educated and migrants are overrepresented among the jobless.
- At 12%, a comparatively high proportion of working-age individuals remain weakly attached to the labour market, with unstable jobs, or with limited working hours.
- Lack of recent work experience and substantial non-labour or partner income are two key employment barriers in Switzerland. Partner income is a barrier for women in particular and might be one of the reasons why many women leave stable employment at childbearing age, alongside low supply and high cost of early childhood education and care programs. In turn, the unequal division of earnings between partners and spouses might be partly explained by the high marginal taxation of second earners' incomes.
- Workers over 60 represent a significant underutilized employment potential, as many have taken early retirement.
- Non-EU migrant are particularly exposed to potential labour market difficulties at younger age, and many of them have low levels of education, poor professional skills or limited work experience.
- Many jobless are confronted with complex and inter-related employment obstacles that may hold them back from full participation in the labour-market. This suggests that policies focussing on addressing just one employment barrier in isolation may not have the intended effect on labour-market outcomes, as other remaining barriers can continue to impede participation. A more in-depth mapping of employment barriers at an individual level could reveal in detail which specific group faces which precise combination of barriers.

Acknowledgement

This review is the twelfth in the Faces of Joblessness series (http://oe.cd/FoJ). It was written by Alexandre Georgieff under the supervision of Herwig Immervoll, with extensive support from other ELS colleagues, in particular Emily Farchy. The report also benefitted from helpful comments provided by Erik Frohm from the Economics Department. The OECD Secretariat would like to thank the Swiss State Secretariat for Economic Affairs (SECO) for supporting this review, and is particularly grateful to Bernhard Weber, whose co-ordination was invaluable in the production of the review. Alain Vuille, Daminao Pregaldini, Dominique Aubert, Dorit Griga, Jonas Suess, Mirjam Strupler, Pablo Beyer, Stefan Leist and Thomas Oesch also provided valuable comments which helped to improve an earlier draft. Thanks to Agnès Puymoyen for providing statistical support, and to Marie-Aurélie Elkurd for providing publication support.

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1 Introduction

Following the large-scale job displacement throughout the COVID pandemic, the recent economic recovery saw labour shortages in many OECD countries, including Switzerland (Salvatori, 2022[1]). Across economies, volatile energy prices and the green and digital transitions have added, or will add, further momentum to job reallocation. When labour markets are in flux, a comprehensive understanding of employment barriers is essential – both when designing interventions to overcome the barriers, and for making good use of new job opportunities.

Employment barriers are complex, and can be linked to circumstances at the individual or household level, or to broader institutional and policy factors. Among these, weak *employability* (e.g. due to limited work experience, skills deficiencies, care responsibilities or health problems); a lack of *motivation* (e.g. financial disincentives), and scarce *opportunities* due to insufficient job creation play a prominent role (Fernandez et al., 2020[2]). Employment barriers can be associated with underutilized employment potential, i.e. joblessness (i.e. unemployment or inactivity), but also short-duration or unstable jobs, or limited working hours (Figure 1).

Open unemployment and joblessness in Switzerland are comparatively low, affecting 4% and 20% of the working-age population, respectively[1]. Yet, a significant share remains weakly attached to the labour market, with unstable jobs, or with limited working hours. Certain groups, such as women and migrants from non-EU countries, remain highly over-represented among the jobless.

Good-quality information on the incidence and extent of barriers to work is fundamental for targeting and tailoring support programmes to the complex needs of jobseekers. Yet, employment analysis that relies on common labour-force statistics tends to highlight broad characteristics, such as gender, age, or country of birth, which are poor indicators of the particular barriers that people face in practice. The OECD's Faces of Joblessness (FoJ) approach seeks to provide insight into the nature and incidence of the structural barriers that may prevent individuals from fully engaging in employment, see for example Immervoll, Pacifico and Vandeweyer (2019[3]), Fernandez et al. (2020[2]) or Farchy and Immervoll (2021[4]).

While in some cases obstacles may present themselves in isolation, in others, individuals face multiple barriers that are likely to keep them from taking up stable employment. Where individuals face two or more concurrent barriers, addressing one of them in isolation may not have the desired, or anticipated, effect on employment outcomes. The results of this study highlight the extent to which this is the case in Switzerland. Indeed, more than half of the Swiss without work, or with very low work intensity, face at least two barriers at the same time, and a quarter face three or more. Continued progress in helping more people into stable employment will require efforts to address employment barriers in a holistic and co-ordinated manner across policy domains and institutions.

[1] These figures exclude inactive persons in education or full-time training.

Figure 1. Employment barriers can be associated with underutilized employment potential

In recognition of the complex set of employment barriers faced by the majority of the jobless, many countries across the OECD increasingly attempt to account for individual circumstances, and capacities by means of sophisticated statistical profiling tools that often distil a large number of jobseeker needs and characteristics into an overall employability "score" (Desiere, Langenbucher and Struyven, 2019[5]). Complementing caseworker expertise, the results can be used to inform decisions about specific ALMP offers for specific jobseekers, or the preparation of broader individual action plans. By categorising jobseekers on the basis of administrative data, such tools therefore facilitate tailoring employment programmes to individual needs.

The Faces of Joblessness methodology (http://oe.cd/FoJ) is related to statistical profiling, but it casts the net wider and provides a birds-eye view on patterns of employment barriers across the entire jobless population, including those that may not be immediately "on the radar" of specific service providers.[2] The results seek to provide a map of the characteristics and employment obstacles of jobless individuals, the

[2] Statistical profiling tools relying on administrative data are only able to cover a subset of the out-of-work population – largely the registered unemployed. Those individuals who are not registered with the Public Employment Service, those with no, or weak labour market attachment, remain outside the scope of such profiling.

degree to which these barriers impede their return to work, and people-centred evidence to support policy efforts to design, target and co-ordinate employment support interventions.

As an initial step towards a possible in-depth project in Switzerland, this feasibility study first examines the scope and content of household microdata that can be used as input into an FoJ study and discusses the respective strengths and limitations of data sources. Using EU-SILC data complemented with EU-LFS data, it then identifies target groups for employment support policies and provides an overview of key employment barriers and their prevalence in Switzerland.

2 Employment barriers: Measurement and data sources

The key objective of FoJ is to provide insight into the incidence and the co-incidence of the employment barriers that people face which may give rise to underutilized employment potential through potential labour market difficulties, i.e. unemployment, inactivity or weak labour market attachment. These barriers reflect factors *potentially* impeding full engagement in the labour market. Later phases of the project could examine how these barriers actually hinder individuals from fully engaging in employment by looking at the impact of addressing these barriers on the probability of joblessness. The analysis excludes inactive persons in education or full-time training.

Data requirements

The data used should make it possible to construct detailed indicators that measure employment barriers at the individual level. Following earlier FoJ studies (see for example Immervoll, Pacifico and Vandeweyer (2019[3]), Fernandez et al. (2020[2]) or Farchy and Immervoll (2021[4])), four sets of barriers are considered (see Box 1 for a detailed description of barriers):

- Readiness / preparedness: low education, low work-related skills or no work experience;
- Capacity: health limitations or care responsibilities;
- Incentives: generous income-support benefits (referred to as “high earnings replacements”), or household income sources unrelated to own work effort (referred to as “high partner or non-labour income”).
- Unsuccessful job search: inability to find work despite being fully capable and motivated to work.

Measuring the extent of employment barriers requires wide-ranging information across different domains, such as incomes, work experience, skills, health and demographic details, as well as family links across all household members. In addition, the data used should make it possible to identify people with no or limited labour market attachment, i.e. the persistently jobless and people on short-duration or unstable jobs, or with limited working hours (more details on definitions are provided in Box 2 below). This requires granular information on people’s earnings and activity status over the course of a year.

Finally, putting potential labour market difficulties in Switzerland into an international context and facilitating the identification of good practice in countries facing similar challenges, will necessitate drawing on an international dataset.

Box 1. Measuring structural employment barriers

The OECD Faces-of-Joblessness methodology identifies the nature and incidence of structural barriers that may give rise to potential labour market difficulties. The following barriers are considered:

Readiness / preparedness:

- 'Low' education: lower than upper secondary education;
- 'Low' professional skills: most recent occupation in the bottom (of ten) categories of the ISCO-08 classification system.
- No work experience at all.
- No recent work experience: has not worked (or earned income) during the reference year.[1]

Capacity:

- Health limitations: severe limitations to perform everyday activities due to long-lasting physical or mental health conditions;
- Care responsibilities: having a family member who requires care not covered by purchased or publicly available care services, while stating that care responsibilities are the reason for not working or being the only person in the household who can provide these. Family members requiring care include: (1) children under 13 receiving less than 30 hours a week of external care and (2) household members with severe health limitations who are unfit to work or, if over 65, are inactive.

Incentives:

- 'High' partner income or non-labour income: access to "substantial" income that does not depend on own work effort. The cut-off that is used for "substantial" income is 1.6 times the median value in the working-age population (adjusted for household size and excluding all work-related income of the individual).
- High earnings replacements: out-of-work benefits are "high" relative to the individual's potential earnings[2]. The cut-off used for "high" benefits is 60% of potential in-work earnings.

Unsuccessful job search:

Unsuccessful job search: "high" probability of being unemployed for at least 7 months during the reference year, despite active job-search and willingness to take up employment. The cut-off used for "high" probability is the average plus the standard deviation among the reference population.[3]

[1]Using EU-SILC data, the reference year is the income reference year. The individual should also be jobless at the time of the interview to be considered as having no recent work experience.
[2]Shadow earnings are modelled via a Heckman corrected wage equation on the basis of education, age, sex, region, degree urbanisation and health. The comparison between shadow earnings and out-of-work benefits is based on gross income, as, with the exception of unemployment benefits, only gross social benefits are available in EU-SILC data for Switzerland.
[3]This probability is estimated in a regression incorporating information on region, degree of urbanisation, age, gender, level of professional skills and education, migrant and health status. This barrier also captures discrimination, to the extent that such discrimination is based upon observable characteristics.

Box 2. Identifying individuals with potential labour market difficulties

The population of interest in this study includes those who are persistently out-of-work, as well as those with weak labour market attachment. Individuals studying for more than half of the reference period[1] are excluded. The persistently out of work (long-term unemployment or inactivity) are those individuals reporting no employment activity throughout the reference period. Individuals with weak labour market attachment are those reporting some but limited work during the reference period. It includes those working:

1. In *Unstable jobs*: individuals working only a limited number of months throughout the reference period. The threshold is equivalent to Eurostat's low-work-intensity measure: above zero but no more than 45% of potential working time.[2]
2. On *Limited hours*: workers who spent most or all of the reference period working 20 hours or less a week.[3] However, individuals working 20 hours or less mainly because of their education or training (full-time or part-time) are excluded.
3. With *Near-zero earnings*: individuals reporting some work activity during the reference period but negative, zero or near-zero monthly earnings.[4] In addition to possible classification or reporting errors, working individuals with no or very low earnings could signal underpayment, temporary losses from self-employment, low-productivity independent work and/or informal activities.

1. Using EU-SILC data, the reference period corresponds to 12 consecutive monthly observations in the income reference year (January-December of year T-1) plus one additional observation at the moment of the interview (in year T).
2. Potential working time is calculated based on the income reference year. To reconcile information reported for the income reference year and at the moment of the interview the following individuals are also considered in this group: a) Workers who report no work activity during the income reference year but who are working at the moment of the interview and, b) workers with between 45% and 50% of work activity during the income reference year who do not report any work activity in either the last month of the income reference year or at the moment of the interview.
3. When individuals have several jobs at the same time, all jobs are considered. The 20-hours threshold is approximately in-line with the 45% "part-year" threshold that identifies the group with unstable jobs. For a 40- hours working week in a full-time job, 45% of full-time would correspond to 18 hours a week. However, in SILC, the distribution of working hours shows a high degree of bunching at 20 hours a week. It is therefore likely that a large proportion of individuals working around 18 hours per week have in fact declared 20 hours. As a result, the threshold for limited working hours was set at 20-hours or less a week, so as not to lose those individuals who declared 20 hours per week when they were actually working 18 hours.
4. The near-zero earnings threshold is set to the 1st percentile of the earnings distributions. Using 2019 SILC data for Switzerland, this corresponds to 292 EUR/month.

Suitability of available micro-data

The EU Statistics on Income and Living Conditions (EU-SILC) and the EU Labour Force Survey (EULFS) are two international multidimensional datasets of potential interest for a FoJ study on Switzerland.

The EU Statistics on Income and Living Conditions (EU-SILC) offers detailed information on income sources and employment status during a 12-month period. EU-SILC data also covers a broad range of individual and family circumstances that may impact upon employment outcomes. In 2019, it provides an effective sample size of 7 762 for the Swiss working-age population (15-64) excluding students[3], and 1 884 for the population of interest, i.e. those who are persistently out-of-work, as well as those with some but limited work during the reference period. Further information on the number of observations by demographic group is provided in Table A.1 in Annex.[4]

The EULFS data also provide detailed labour market variables. They offer larger sample sizes than EU-SILC data, but they only give snapshots at specific points in time, do not provide income data and are more limited in the scope of information not directly related to the labour market (e.g. health limitations or care responsibilities). Still, EULFS data on employment status are also used as a complement, for a bird's eye analysis of potential labour market difficulties, mainly focusing on joblessness and part-time employment. In 2019, it provides an effective sample size of 45 732 for the working-age population excluding students.

The richer, multidimensional information of the EU-SILC, as well as the monthly employment status over the course of a year, makes it the most suitable dataset for the FoJ analysis. However, it is not without limitations: it leads to relatively small sample sizes, and non-response rates can be significant. In particular, the non-response rate to the EU-SILC personal questionnaire is high in Switzerland compared to other countries. Some key variables are obtained (or imputed) from register data (e.g. personal income) or from the grid questionnaire (e.g. education level), so that they remain available for all individuals. However, other individual-level information, including employment status or health limitations, is missing for more than 13% of potential adult respondents Figure 2).[5]

The significant non-response rate has the potential to bias the analysis because non-respondents differ significantly from respondents in some key characteristics that determine exposure to employment barriers. Indeed, in Swiss EU-SILC data, non-respondents are on average less educated and have lower wages than respondents (Table 1). This problem is addressed by using the appropriate weighting variable provided in the data: respondents who share similar characteristics (including age, education, employment, income and family characteristics) to non-respondents are given a higher weight in all calculations (Federal Statistical Office FSO, 2021[6]).

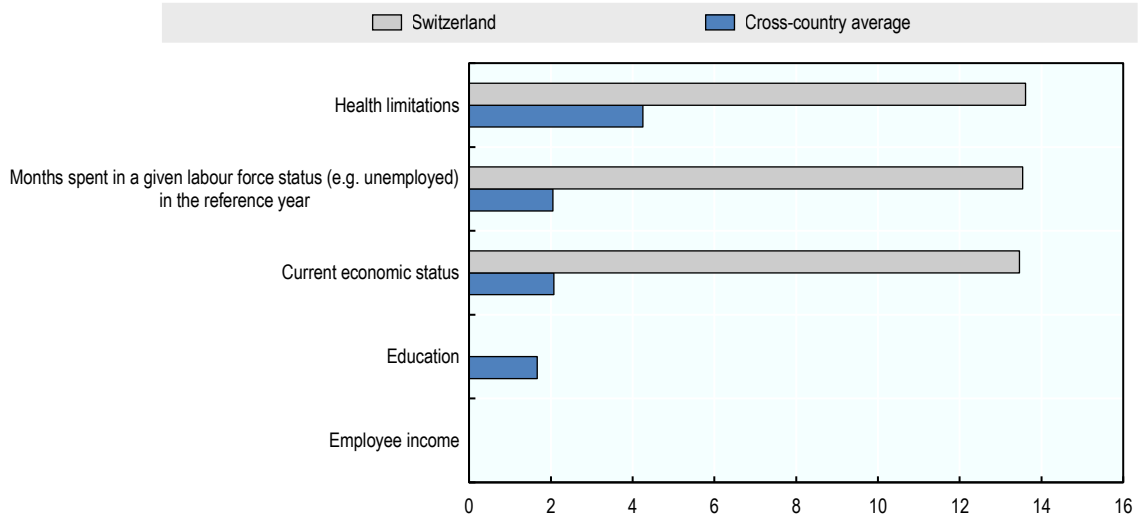
[3] Students are defined as those studying full-time for more than half of the reference period. The reference period corresponds to 12 consecutive monthly observations in the income reference year (January-December of year T-1) plus one additional observation at the time of the interview (in year T).

[4] The number of observations would be accounted for at the stage of clustering: policy-relevant groups are constructed in such a way as to include enough observations to be statistically relevant. In this way, FoJ makes optimal use of the available data.

[5] The high non-response rate to the EU-SILC personal questionnaire in Switzerland is due to the survey methodology. Until 2022, interviews were conducted by telephone. All members (aged 16 or over) of households in which at least one person answered the personal questionnaire were eligible for the survey, and it was common for only one household member to agree to answer the survey. In this case, all other household members were considered non-respondents. On the other hand, in countries that rely mainly on face-to-face interviews or registers, unavailable household members are covered, where possible, by interviewing another household member.

Figure 2. Non-response rate is high in EU-SILC Switzerland

% of interviewed individuals with missing information, EU-SILC 2019



Note: Cross-country averages are calculated over the 19 EU-SILC countries where income variables are defined.
Source: EU-SILC

Table 1. EU-SILC non-respondents are less educated and poorer than respondents

A. Distribution of education levels in EU-SILC, Switzerland, 2019

	Pre-primary	Primary	Lower secondary	Upper secondary	Tertiary
Respondents	0.09	0.76	12.12	46.87	40.16
Non-respondents	0.11	2.14	21.88	47.40	28.47

B. Mean wage in EU-SILC, Switzerland, 2019

	Net employee income
Respondents	35 380 €
Non-respondents	32 228 €

Note: Based on responses to the "Current economic status" question (1 865 non-respondents, 11 996 respondents).
Source: EU-SILC

3 Possible target groups of employment support policies

In addition to the unemployed, employment support may need to be extended to others facing potential labour market difficulties: jobless individuals who are not, or no longer, seeking work; as well as the underemployed and those with unstable employment, who often work less than they could or would like to. With the right support measures, these individuals may constitute a major source of potential employment growth. For example, with the right support and workplace adaptions, individuals with a health problems or a disability will be able to engage in productive work; with appropriate training, discouraged workers may discover new employment opportunities. This section provides a descriptive overview of the groups that experience potential labour market difficulties using the 2019 EULFS and EU-SILC data.[6]

Joblessness is low but remains a concern for certain vulnerable groups

Not all jobless individuals are equally "on the radar" of existing activation approaches and labour-market integration measures. In addition to the unemployed, jobless individuals include discouraged and incapacitated workers, and others who are labour-market inactive or out of paid work for longer.

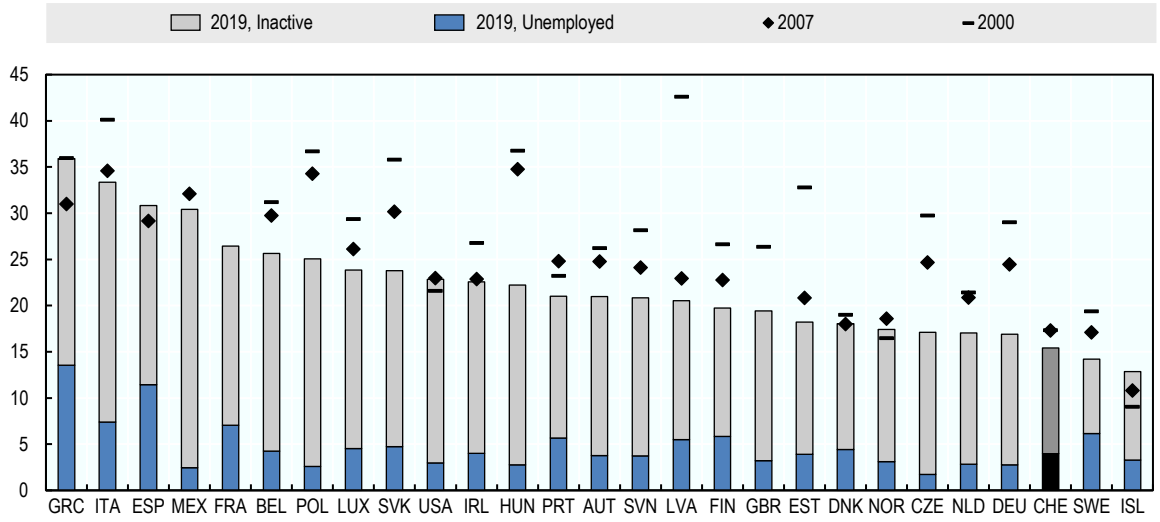
Nevertheless, the joblessness rate in Switzerland is among the lowest in Europe (Figure 3). In 2019, only 15% of Swiss working-age adults did not have a job, and only 4% were unemployed. In Belgium, France, Mexico and a number of Mediterranean countries, the joblessness rate was a quarter or more, and more than a third in Greece and Italy. In most countries, joblessness declined over the past two decades, but it remained virtually constant in Switzerland.

In all European OECD countries analysed, jobless persons are more likely to be labour-market inactive than unemployed (Figure 4 Panel A). In Switzerland, the stated reasons for joblessness are quite evenly split between family responsibilities, illness and disability, early retirement, and unemployment, similar to Germany. This contrasts with countries such as Ireland, Italy, or Mexico where family responsibilities weigh more heavily on labour force participation. In several Central European countries (e.g. Austria), the low statutory or effective retirement ages lead to an over-representation of early retirement among the reasons for joblessness. Finally, in most Nordic countries, and in Belgium and the Netherlands, the share of jobless individuals reporting illness or disability as a reason for joblessness is well above average.

[6] EU-SILC data for 2021 are available, with 2020 as the income reference year. To avoid any overlap with the Covid year, 2019 data are preferred. EULFS data for 2021 are also available, but show some discontinuity with previous series.

Figure 3. Joblessness is low in Switzerland

% of population aged 15-64 excluding inactive in education or training

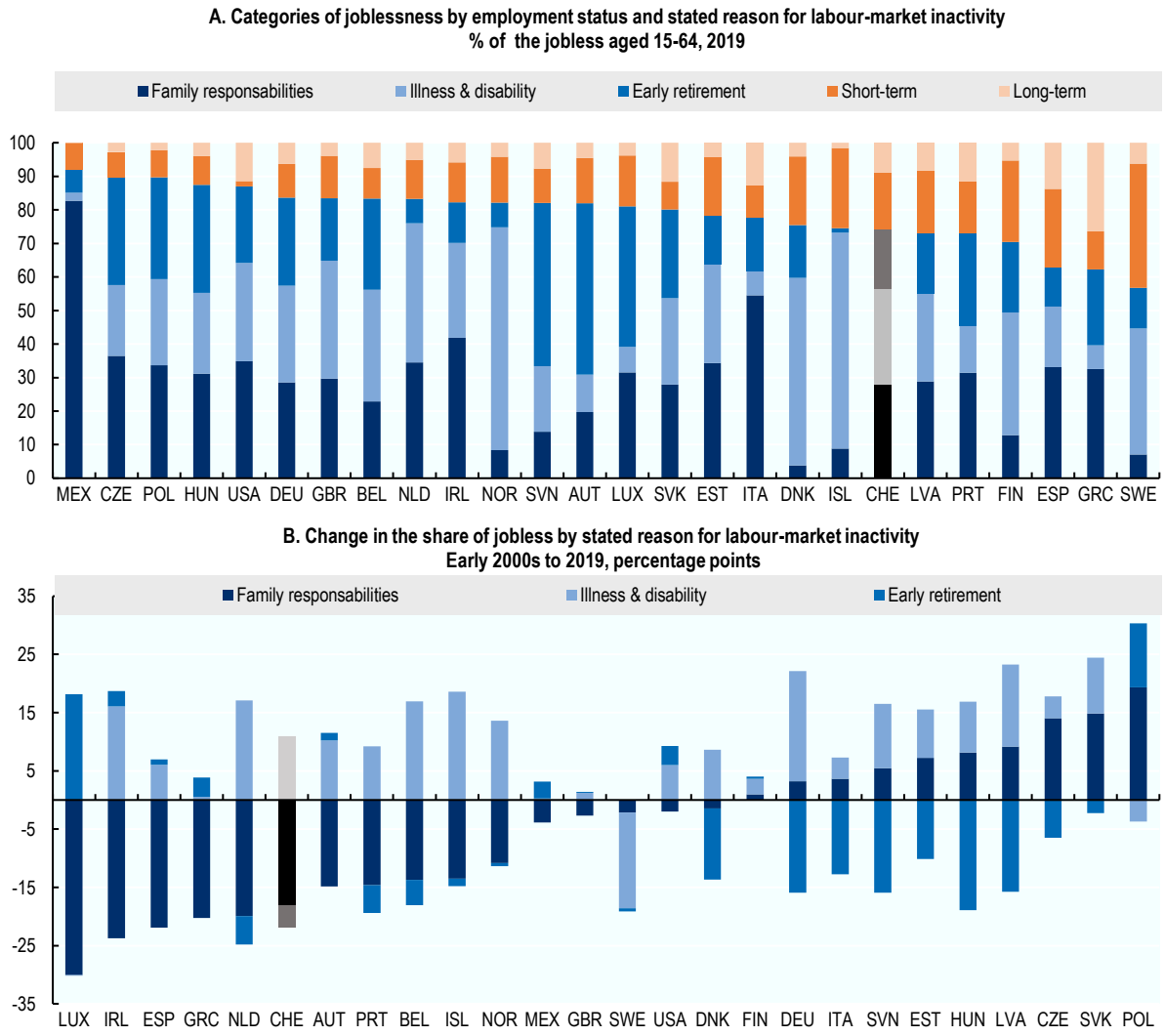


Note: Inactive persons in education or full-time training are excluded. 2005 instead of 2007 for Norway.
Source: EU-LFS for European countries, Encuesta Nacional de Ocupación y Empleo (ENOE) for Mexico, Current Population Survey (CPS) for the United States.

In Switzerland as in the majority of OECD countries, family responsibilities have become a less frequently stated reason for joblessness since the early 2000s (Figure 4 Panel B), which can partly be related to changing gender roles and rising female education. Early retirement has also tended to become a less frequently stated reason for inactivity over time as effective labour market exit ages have increased (OECD, 2021[7]). By contrast, illness and disability have become a more frequently stated reason for joblessness, which could be linked to the growing incidence of mental disorders (OECD, 2014[8]).

As in other countries, women, older individuals, less educated people and migrants are over-represented among the jobless in Switzerland (Figure 5). The over-representation of women is somewhat more pronounced compared to other OECD countries (Panel A), suggesting that policies and/or societal attitudes still represent employment hurdles for women in Switzerland. With foreign-born individuals accounting for a much larger population share than in other countries, Switzerland stands out for the fact that almost half of the jobless are foreign-born (Panel D). On the other hand, people with a low level of education are somewhat less likely to be out of work in Switzerland than in most other OECD countries (Panel C).

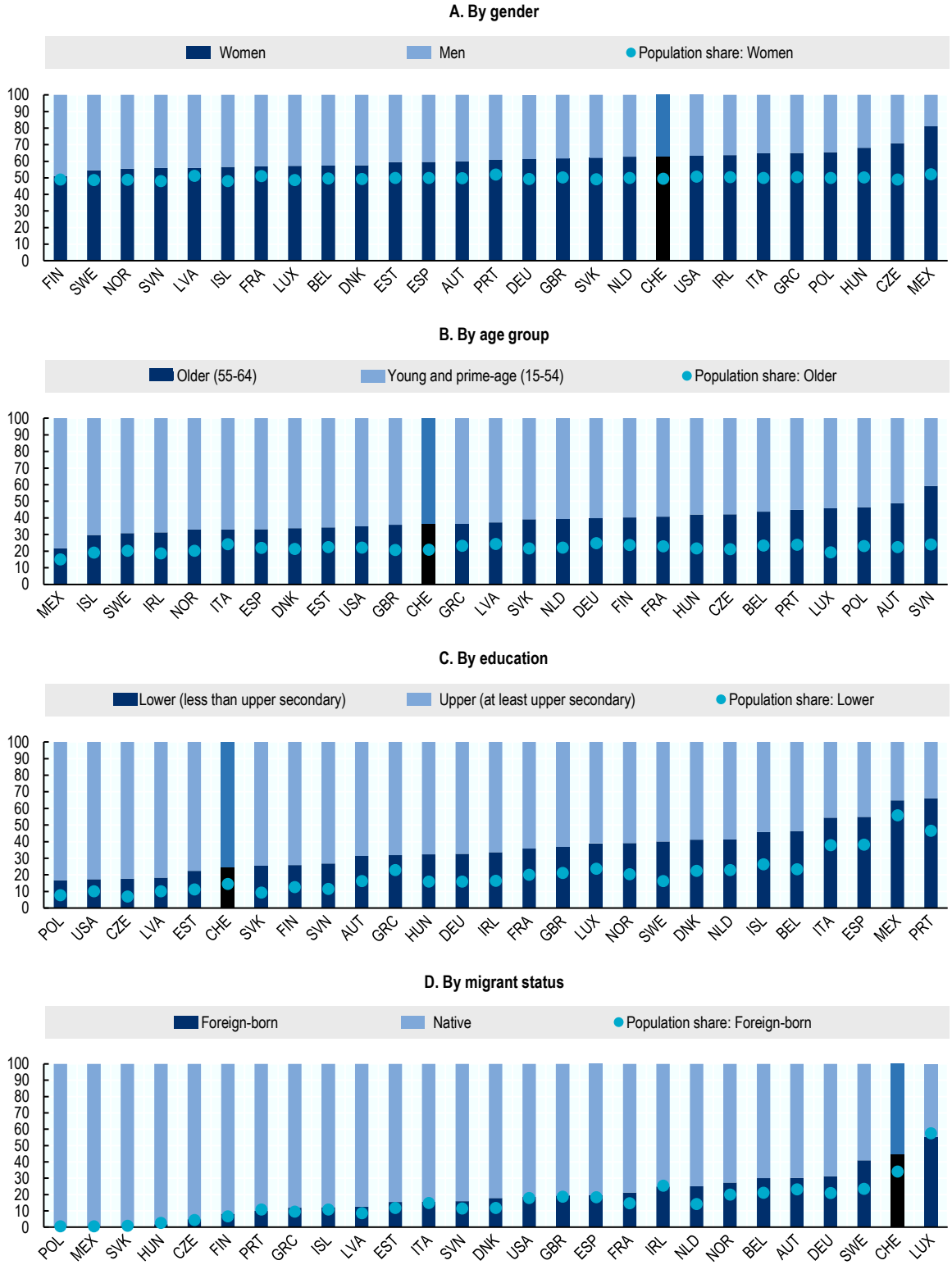
Figure 4. Jobless persons are more likely to be labour-market inactive than unemployed



Note: Inactive persons in education or full-time training are excluded. Those reporting to be inactive due to "other reasons" or who do not state a reason are excluded from the analysis (about 4% of the working-age population on average among the countries shown). Panel B: data refer to 2002-19, except 2006-19 for Spain and 2005-19 for Mexico. France is not shown because of a data break.
Source: EU-LFS for European countries, Encuesta Nacional de Ocupación y Empleo (ENOE) for Mexico, Current Population Survey (CPS) for the United States.

Figure 5. Women, older individuals, lower educated and migrants are overrepresented among the jobless

% of the jobless aged 15-64, 2019



Note: Inactive persons in education or full-time training are excluded.
Source: EU-LFS for European countries, Encuesta Nacional de Ocupación y Empleo (ENOE) for Mexico, Current Population Survey (CPS) for the United States.

Many working individuals remain weakly attached to the labour market

Limiting attention to "snapshots" of jobless individuals at a particular point in time, as done in Figure 3 to Figure 5 , may not capture the true extent of potential labour market difficulties individuals are facing. Indeed, people with potential labour market difficulties frequently move between joblessness and different states of "precarious" employment characterised by a weak labour market attachment. Figure 6 examines such short-term employment dynamics, accounting for employment status and earnings over an entire year. As discussed above (Box 2), people with potential labour market difficulties are defined as those who are persistently out-of-work (long-term unemployed or inactive), as well as those with some but limited work during the reference period.

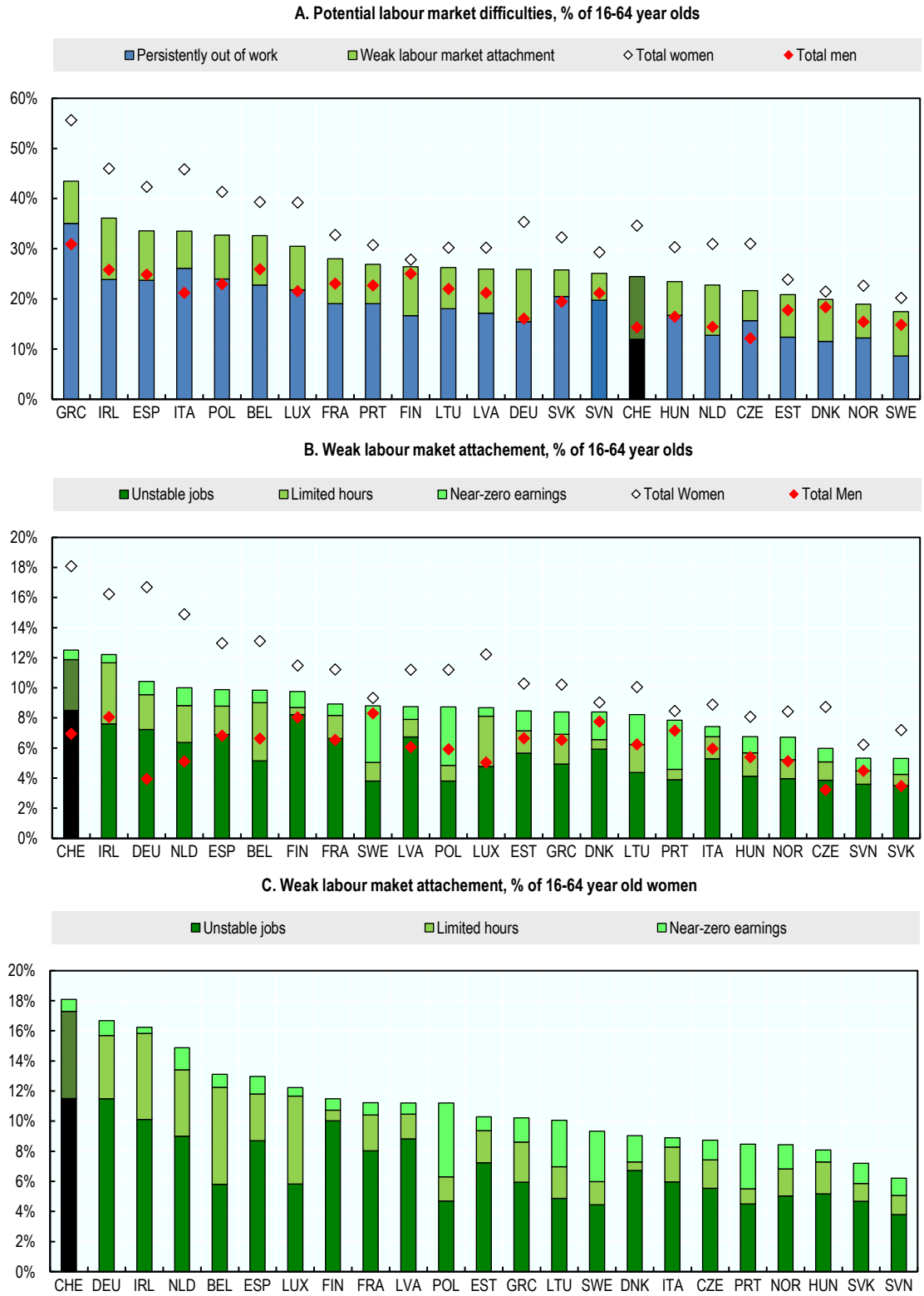
Applying this broader concept of labour-market difficulties shows that one fourth of Swiss working-age individuals are affected, in spite of the comparatively low joblessness rate (Figure 6 Panel A). This share is similar to Germany, Slovak Republic or Slovenia, but higher than in some Nordic and other eastern European countries. The overall share is evenly split between persistent joblessness and weak labour market attachment. While the rate of persistent joblessness is one of the lowest across countries (Figure 6 Panel A), with 12%, a very high share of individuals are weakly attached to the labour market in international comparison (Panel B). This is mostly due to the high prevalence of weak labour market attachment among women: the gender gap in weak labour market attachment is one of the largest among the countries shown (Panel B), as is the gender gap in potential labour market difficulties overall (Panel A).

About two-thirds of individuals with weak labour market attachment in Switzerland are in unstable jobs; the remaining one-third work limited hours (Figure 6 Panel B). The high gender gap in weak labour market attachment can be explained by the comparatively high incidence of both job instability and limited hours among women (Panel C). Box 3 looks in more detail at the gender gap in limited hours using EULFS data.

In addition to women, older individuals, the poorly educated, migrants from non-EU countries and those with health limitations are also less engaged in the labour market than other groups in Switzerland (Figure 7). This is mainly due to a higher incidence of persistent joblessness among these groups. Women, on the other hand, are simultaneously more exposed to persistent joblessness, job instability and limited hours. Individuals with children are more exposed to job instability and limited hours, not significantly to persistent joblessness. These demographic groups may be further broken down into a variety of policy relevant groups of individuals facing similar sets of employment barriers (e.g. mothers of young children with care responsibilities). Identifying these groups would be part of the next phases of the project.

Figure 6. Weak labour market attachment is widespread in Switzerland

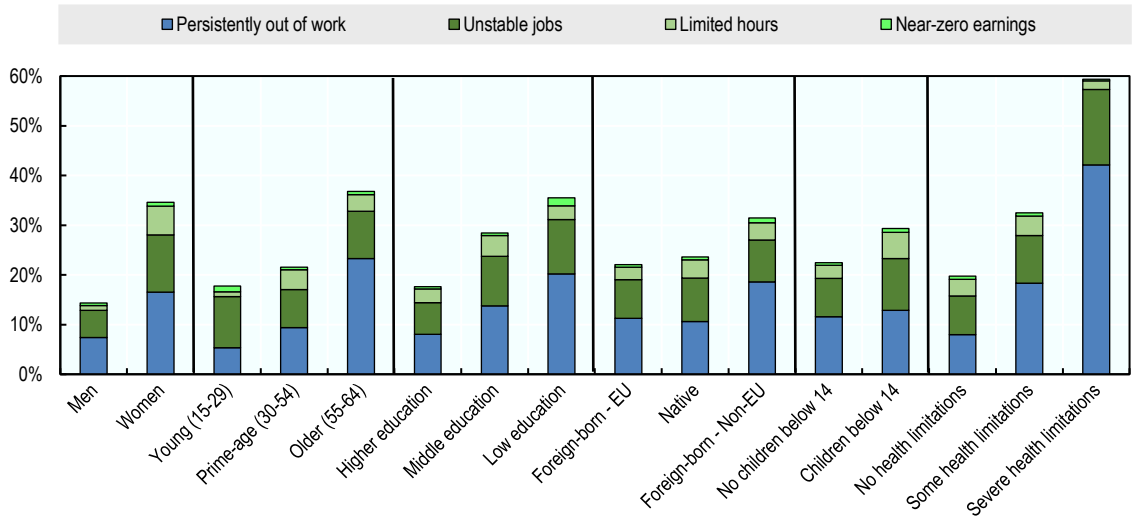
Incidence of potential labour market difficulties, 2019



Note: Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis.
Source: EU-SILC

Figure 7. Women, older individuals, lower educated and non-EU migrants in Switzerland are less engaged in the labour market

Share of 16-64 year olds with potential labour market difficulties by demographic characteristic, Switzerland, 2019



Note: Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis.
Source: EU-SILC

Box 3. Extending the analysis of limited working hours using EULFS data

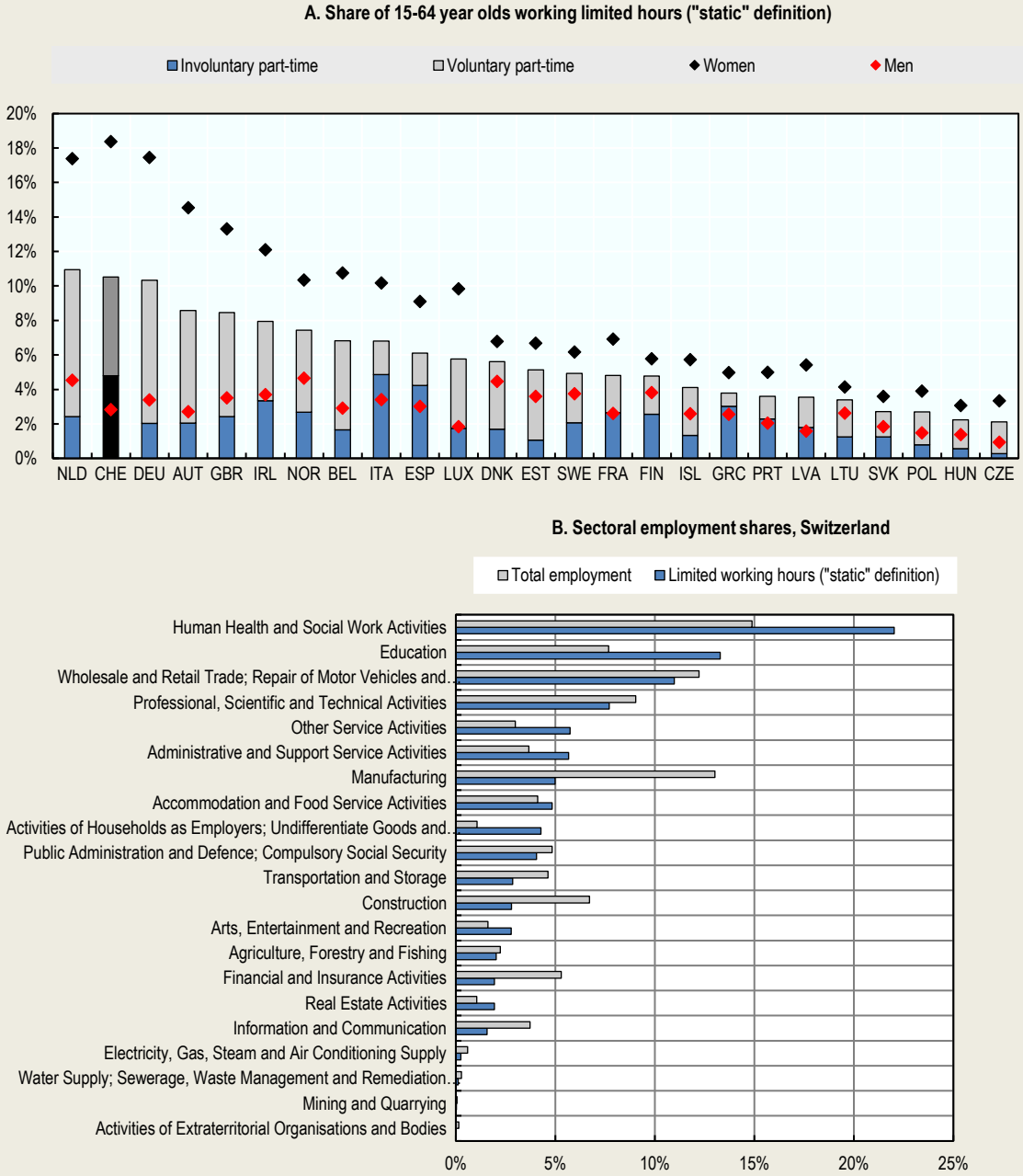
It is possible to look at individuals working limited hours from a different perspective by using "snapshots" of working-age individuals from EULFS data, which provide much larger sample sizes. In the absence of calendar information, only usual weekly working hours at the time of the interview are considered ("static" definition).[1] Individuals working 20 hours less a week because of their education or training are again not considered to be working limited hours.

Looking at EULFS data, limited working hours are again very common among Swiss women (Figure 8 Panel A), but not at all among Swiss men (again, the gender gap is one of the highest). Consistently, they are heavily over-represented in some service sectors traditionally dominated by women, notably human health and social work activities, education, and activities of household as employers (Figure 8 Panel B). Typically, these sectors offer part-time jobs at various degrees.

Both voluntary and involuntary part-time[2] are behind the high incidence of limited working hours in Switzerland: the share of working-age individuals who work 20 hours or less a week involuntarily is also one of the highest among the countries analysed (Figure 8 Panel A). It should be noted that the preference for part-time work may, to a large extent, stem from social norms and institutions (e.g. choosing part-time work to care for children or to retain unemployment benefits entitlements), so that both voluntary and involuntary part-time work may be relevant to identifying and addressing underutilized employment potential.

Figure 8. Limited hours are much more common in female-dominated service sectors

2019



Note: In the absence of calendar information in EULFS data, limited working hours correspond to usual weekly working hours in the main job of 20 hours or lower ("static definition"). Individuals working part-time because of their education or training (full-time or part-time) are not considered to be working limited hours. Panel A: Inactive persons in education or full-time training are excluded from the analysis. Incidence is calculated within total employment by group considered. Involuntary part-time workers are workers working 20 hours or less a week and who wish to work more than their current number of hours or who declare that they are working part-time because they could not find a full-time job.

Source: EULFS

[1] This different characterisation of working hours explains why the incidence of limited hours is considerably higher using EULF data.

[2] Involuntary part-time workers are workers working less than 20 hours a week and who wish to work more than their current number of hours or who declare that they are working part-time because they could not find a full-time job.

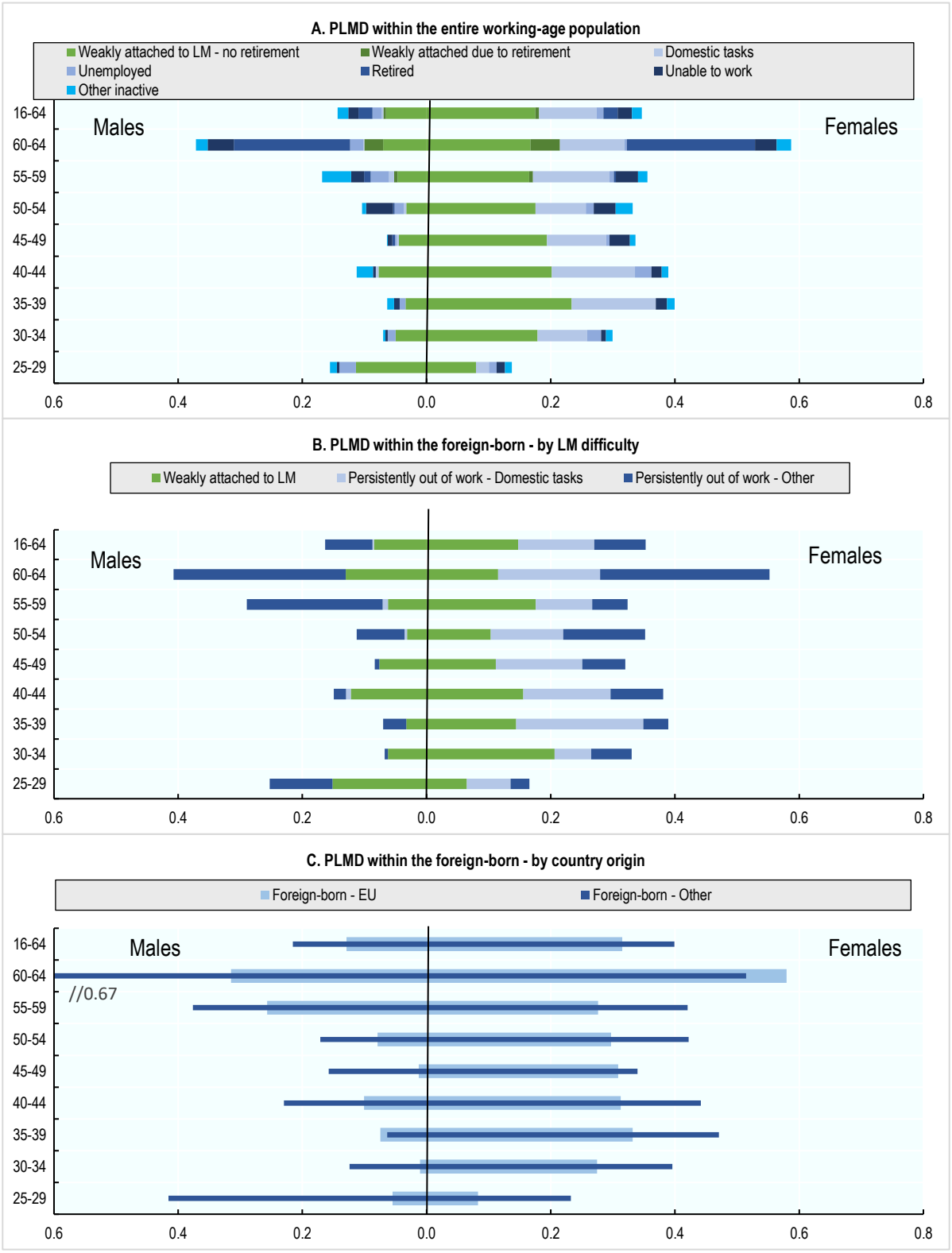
Women over thirty and migrants from non-EU countries are particularly exposed to potential labour market difficulties

In Switzerland, the gender gap in potential labour market difficulties becomes substantial around age 30 (Figure 9 Panel A). Large numbers of women in Switzerland leave stable employment at childbearing age for a long period of time: the incidence of persistent joblessness or weak labour market attachment doubles from 14% at age 25-29 to 30% at age 30-34, and remains above 30% at older ages. Looking in more detail, this is due to the share of women who are out of the labour market due to domestic tasks (which rises from 2% to 8%), and the incidence of weak labour market attachment (which rises from 8% to 18%). By contrast, men become more engaged in the labour market around age 30. The incidence of weak labour market attachment is much higher among young men aged 25-29 (11%) than among older men (aged 30-65) (mostly around 5%). For both women and men, older individuals are by far the most exposed to potential labour market difficulties – 37% for men and 59% for women – as many have taken early retirement. The slightly higher share of women who are retired (21% compared with 19% for men) or weakly attached to the labour market due to retirement (5% compared with 3% for men) could be explained by the fact that the official retirement age is 64 for women compared to 65 for men.

Overall, foreign-born individuals from non-EU countries are more exposed to potential labour market difficulties than Swiss natives and EU migrants (Figure 9 Panels A, B and C). This may be explained in part by language difficulties, as well as the limited recognition of qualifications and experience acquired in their country of origin (Liebig, Kohls and Krause, 2012[9]). Young migrant men (aged 25-29) from non-EU countries are particularly exposed to potential labour market difficulties compared to young men overall, so the contrast with older men (aged 30-54) is much greater than that observed in the population as a whole. This may be related to the fact that these migrants are likely to suffer more discrimination and/or to have had a shorter period of residence and therefore less time to acquire work experience in Switzerland. Migrant men aged 55-59 – whether from the EU or non-EU countries – are also significantly more exposed to persistent joblessness than native workers of the same age. Higher invalidity propensity could play a role, particularly for migrants from non-EU countries. This could also be partly explained by a high share of family migrants, who are less likely to leave the country, at older ages.

Figure 9. Women over 30 and migrants from non-EU countries are particularly exposed to potential labour market difficulties

Incidence of potential labour market difficulties (PLMD) by age, gender, and migrant status, Switzerland, 2019



Note: Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis. Those weakly attached due to retirement are defined as those who are both in unstable job (as defined in Box 2) and retired for more than half of the reference period. Age category 16-24 is excluded due to an insufficient number of observations.
Source: EU-SILC

4 Anatomy of employment barriers

Lack of recent work experience and high partner or non-labour income are the most common employment barriers in Switzerland. Lack of recent work experience mainly affects young people and non-EU migrants. High partner or non-labour income appears to be a strong disincentive to employment for women in particular.

Figure 10 presents an overview of the employment barriers described in Figure 1 and Box 1. Blue bars denote prevalence of readiness / preparedness barriers, green bars capacity barriers, orange bars incentive barriers and purple bar unsuccessful job search.

Lack of recent work experience and high partner or non-labour income affect about 37% and 31% of people facing potential labour market difficulties, respectively (Figure 10 Panel A). The unequal division of earnings between partners and spouses might be partly explained by the high marginal taxation of second earners' incomes (OECD, 2022[10]).

Working age individuals with potential labour market difficulties are on average poorer than those without potential labour market difficulties. Their equivalised disposable household income is on average 27% lower, with a number of children (under 14) that is on average 39% higher.[7]

Employment barriers are more likely for those persistently out-of-work, than for those weakly attached to the labour market (Figure 10 Panel A). The very high incidence of lack of recent work experience among the persistently out of work is not surprising, given that these two concepts are defined in very similar ways (see Box 1 and Box 2).[8] Individuals facing potential labour market difficulties also face different barriers depending on their demographic characteristics.

High partner or non-labour income affects women in particular (Figure 10 Panel B) and could be linked to the large number of women leaving stable employment at childbearing age, discussed above. Many of these women may also face care responsibilities, a barrier that almost never affects men and which further reinforces gender inequalities. Indeed, a number of limitations in the childcare system impede mothers' full engagement in the labour market in Switzerland, including the high cost of childcare, the lack of early childhood education and the organisation of the school day, which is poorly adapted to working hours (OECD, 2022[10]). The fact that men with potential labour market difficulties are more likely to look for work without success is not surprising, as women are less likely to be active in the labour market and therefore less likely to look for work.

A low level of education is a barrier for around a quarter of young people with potential labour market difficulties (Figure 10 Panel C), as is the case for unsuccessful job search. By contrast, the lack of recent experience is relatively limited among young people. Figure 10 Panel C also shows that older individuals are often faced with a lack of recent experience, which is due to early retirement.

[7] The calculations are based on 2019 EU-SILC data.

[8] Both concepts require the absence of employment activity throughout the reference period, but the lack of recent work experience requires the absence of income during the income reference year as an additional condition (see Box 1 and Box 2). In this way, the lack of recent work experience better reflects the barriers to employment arising from joblessness beyond the activity dimension alone, such as the lack of professional contacts and network.

Low levels of education and low professional skills each affect around a third of non-EU migrants with potential labour market difficulties (Figure 10 Panel D). This may, for example, be related to the issue of transferability and recognition of qualifications obtained in their country of origin, or to a lack of basic language skills. It is therefore not very surprising that these foreign-born individuals are also particularly affected by the two barriers related to lack of experience. They are, however, less likely to face high partner or non-labour income, which is in line with their greater economic difficulties: among those facing potential labour market difficulties, the equivalised disposable household income of non-EU migrants is on average 17% lower than that of EU migrants and 23% lower than that of native Swiss.[9]

Overall, Switzerland performs relatively well compared to the other countries analyzed using the FoJ methodology (Australia, Belgium, Estonia, Finland, Ireland, Italy, Korea, Lithuania, Norway, Portugal and Spain). In particular, it has one of the lowest incidences among people facing potential labour market difficulties for the three readiness barriers, for earnings replacement, and for health limitations (Browne et al., 2018[11]; Browne et al., 2018[12]; Düll et al., 2018[13]; Fernandez et al., 2018[14]; Pacifico et al., 2018[15]; Pacifico et al., 2018[16]; Immervoll, Pacifico and Vandeweyer, 2019[3]; Fernandez et al., 2020[2]; Farchy and Immervoll, 2021[4]). However, it should be noted that most of the data used for these other countries refer to 2014, so the incidence of barriers is not fully comparable with that for Switzerland, based on 2019 data.

This descriptive analysis provides only an overview of the main employment barriers in Switzerland and speculates on their possible links with other barriers and potential labour market difficulties. Further steps of a complete FoJ study would reveal which specific group faces which precise combination of barriers as well as the impact of addressing each of these barriers on the probability of joblessness. For example, different groups of mothers may require different policy actions, as different sets of barriers may prevent or deter them from fully engaging with the labour market at childbearing age. In addition to their family responsibilities, some mothers may, for example, face different barriers depending on their age and social background (e.g. in terms of skills, work experience or partner income). Similarly, different groups of foreign-born individuals may face different employment barriers and require different policy support depending on their gender, education level or duration of residence.

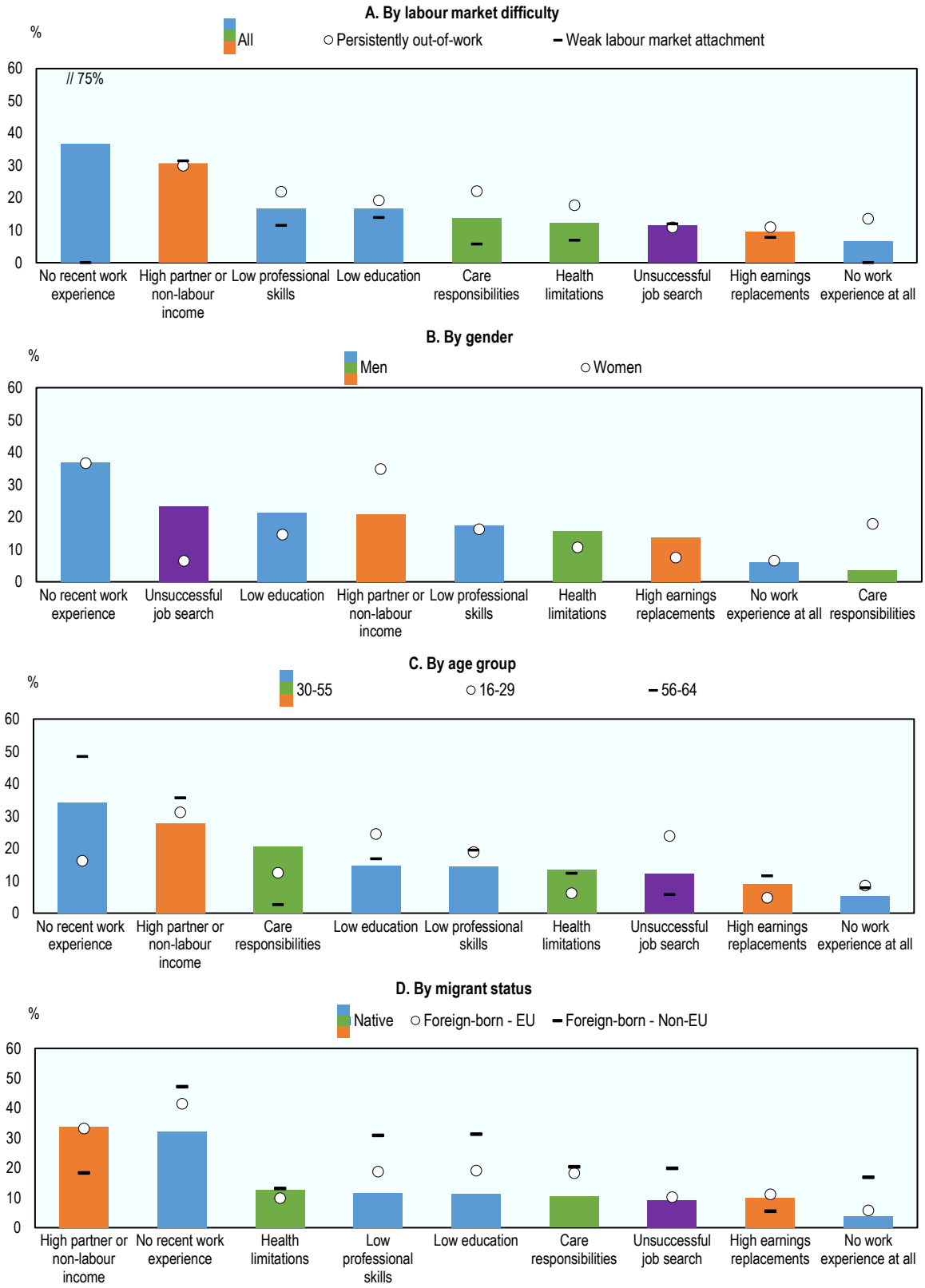
In practice, people's individual and household circumstances are indeed complex and often lead to situations where they face multiple employment barriers. Figure 11 Panel A indicates that about half of the individuals with potential labour market difficulties in Switzerland face at least two of the nine barriers shown in Figure 10. As expected, individuals persistently out-of-work face on average more simultaneous barriers than those with a weak labour market attachment. This underscores that the number of simultaneous barriers can be considered a crude measure of distance to the labour market or labour market exclusion, although this is again partly due to the fact that most of the persistently out of work are faced with a lack of recent work experience, by definition. If anything, men with potential labour market difficulties on average face slightly more employment barriers than women (Figure 11 Panel B). The number of simultaneous barriers also increases with age, and it is higher among migrants, particularly those from non-EU countries.

FoJ aims to examine the structural barriers that actually hinder individuals from fully engaging in employment. This section therefore focuses on the incidence of employment barriers among those facing potential labour market difficulties. However, Table A.2 in Annex shows that the relative incidence of employment barriers between different demographic groups is similar when considering the whole working age population.

[9] The calculations are based on 2019 EU-SILC data.

Figure 10. Overview of employment barriers in Switzerland

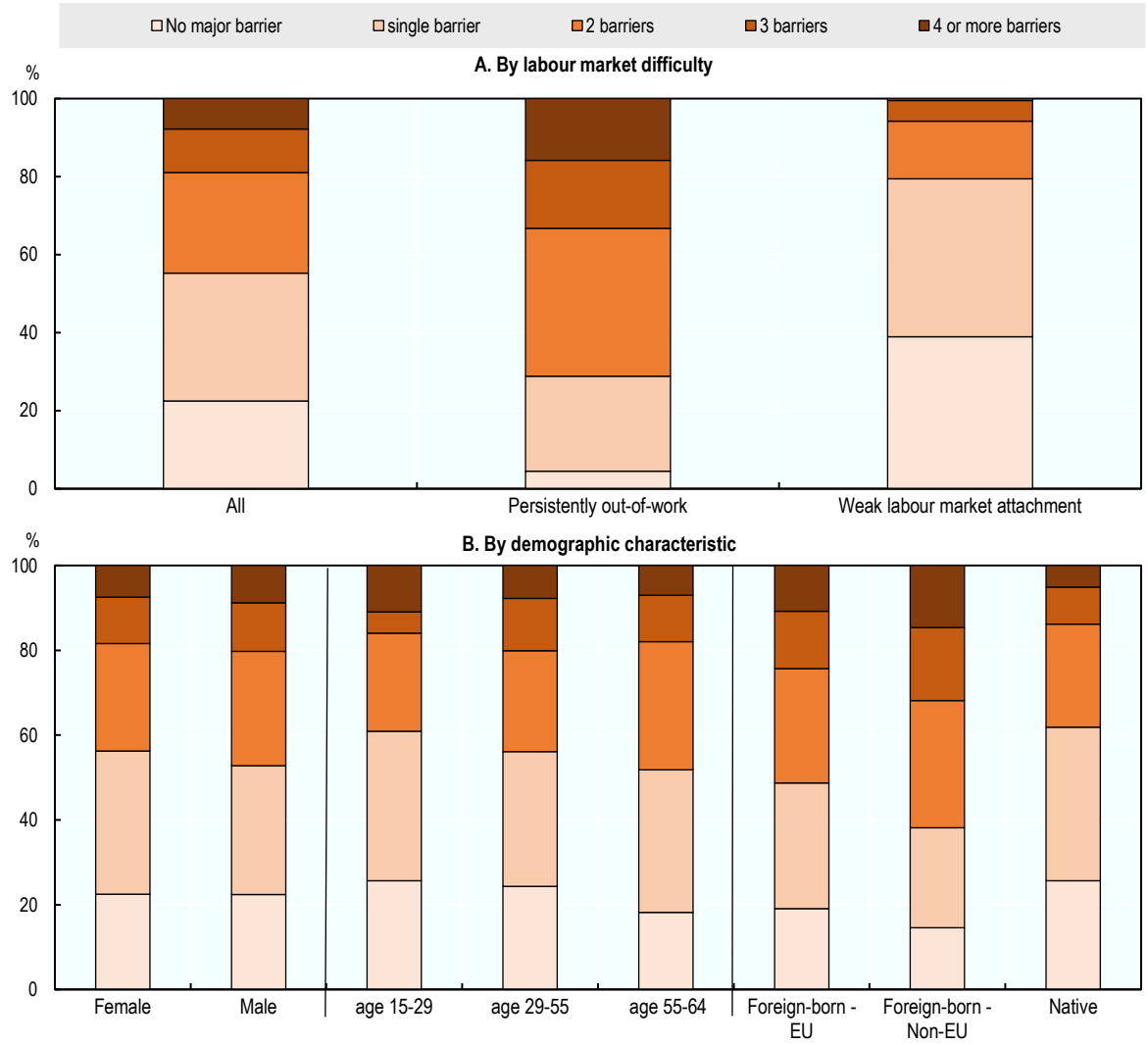
Incidence of a particular employment barrier among the population facing potential labour market difficulties, 16-64 year olds, Switzerland, 2019



Note: Blue bars denote prevalence of readiness / preparedness barriers, green bars capacity barriers, orange bars incentive barriers and purple bar unsuccessful job search. Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis.
Source: EU-SILC

Figure 11. Different employment barriers are often experienced simultaneously

Number of simultaneous barriers among the population facing potential labour market difficulties, 16-64 year olds, Switzerland, 2019



Note: Number of barriers calculated among the 9 barriers shown in Figure 10. Overview of employment barriers in Switzerland
Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis.
Source: EU-SILC

5 Conclusion

This FoJ feasibility study provides a descriptive overview of the main employment barriers in Switzerland and speculates on their possible links with other barriers and underutilized employment potential. It shows that lack of recent work experience and substantial non-labour or partner income are two key employment barriers in Switzerland. Partner income is a barrier for women in particular, and might be one of the reasons why many women leave stable employment at childbearing age, contributing to Switzerland's place among the European OECD countries with the highest incidence of weak labour market attachment (e.g. unstable job or limited working hours). In addition, young people are particularly vulnerable to low education and unsuccessful job search, their difficulties consisting more of weak labour market attachment than of joblessness. Workers over 60 represent a significant underutilized employment potential, as many have taken early retirement. Non-EU migrant are particularly exposed to potential labour market difficulties at younger age, and many of them have low levels of education or professional skills.

Later phases of the project could provide a more in-depth mapping of employment barriers at an individual level, and reveal in detail which specific group faces which precise combination of barriers. For example, although partner income is a barrier for many women, it is far from the only employment barrier that women in Switzerland can face (Freundt, 2023[17]). Different groups of women may require different policy actions, as different sets of barriers may prevent or deter them from fully engaging with the labour market at childbearing age. Women may, for example, face different sets of barriers (e.g. in terms of family responsibilities, skills, work experience or partner income) depending on their age and social background. Similarly, different groups of foreign-born individuals may face different employment barriers and require different policy support depending on their gender, education level or duration of residence.

More generally, the employment-barrier indicators described above can be used in conjunction with a statistical segmentation method to reveal groups of jobless and underemployed individuals that are meaningful for designing, tailoring and targeting activation and employment support policies. This method would uncover interrelations between employment barriers (possible additional barriers are discussed in Box 4), how they jointly relate to observed labour-market outcomes, and identify clusters of jobless people with similar sets of barriers.[10] These statistical "faces" of joblessness would facilitate an evidence-based inventory of available employment-support measures and remaining gaps.

In practice, the economic and social circumstances of jobless people are indeed rarely straightforward. Results above suggest that many of them are confronted with complex and inter-related employment obstacles that hold them back from full participation in the labour-market. These patterns suggest that policies focussing on addressing just one employment barrier in isolation may not have the intended effect on labour-market outcomes, as other remaining barriers continue to impede participation. That is to say, it might be more effective, or even necessary, to tackle multiple barriers concurrently, or in a suitably sequenced manner. In addition to the adverse consequences for the individuals concerned, the pervasiveness of multiple barriers also has implications for evaluating policy interventions, and for interpreting results. For instance, a programme that is actually effective at addressing a specific barrier,

[10] This type of analysis is conceptually different from a traditional regression analysis. Regression models isolate the impact of one factor, while controlling for others. They would, e.g., show how each barrier in isolation affects the risk of facing potential labour market difficulties while holding all other barriers constant.

may be deemed ineffective when evaluated, if programme participants fail to show improved employment outcomes due to the existence of other simultaneous barriers. While commonly used profiling approaches seek to help with employment-integration strategies at the individual level, the aim of a broader perspective on employment barriers and needs is to inform decisions about policy priorities, policy design, and co-ordination of efforts across institutions, service providers and programmes.

By addressing real-world combinations of different labour-market obstacles, rather than one specific barrier at a time, the patterns of key barriers would suggest priorities for co-ordinating employment-support measures across policy domains, and for outreach strategies to specific groups of jobless individuals. Now, more than ever, it is fundamental to recognize the complex set of barriers that prevent the jobless from fully engaging in the labour market. The Faces of Joblessness analysis can provide the basis to tailor, to target and to combine policy interventions in a manner that maximizes their impact on the prospects of stable employment. Results would aim to inform policy efforts to enhance the effectiveness of activation and employment-support measures by making them accessible and suitably targeted to those who need them most. By highlighting the complexity of people's potential labour market difficulties, and the prevalence of multiple simultaneous barriers, they would also support a dialogue about sequencing and coordinating policy interventions across institutions and levels of government.

Box 4. Additional employment barriers

Depending on data availability, a number of possible additional barriers could be considered for future work:

- *Linguistic barriers:* As discussed above, many individuals in the Swiss labour force were not born in Switzerland. Migrants face a number of additional barriers to work however, these can vary substantially across different groups of migrants. Future work could build upon data recording the mother tongue of the individual, and the year of their arrival, to build a measure of linguistic distance and the extent of the barrier that language poses.
- *Mental-health barriers:* Mental disorders have been an increasingly prevalent reason for receiving disability benefits (OECD, 2014[8]). Follow-up work could build on the measurement of health-related capacity limitations using medical reimbursements and measures of access to health services to disentangle mental from physical disabilities.
- *Labour-market slack (employment opportunities):* While a number of indicators of labour demand exist at a national or regional level, depicting demand-related constraints at the microlevel is a challenge and requires capturing the availability of vacancies in the particular labour market segment that is relevant to the individual given their skills, experience, location etc. Follow-up work could build on granular local vacancy rate data and job search by sector, using this alongside information of each individual's sector specific education and experience to gage the tightness or slack of the relevant labour market segment.

Annex A. Additional Tables

Table A.1. Numbers of observations by socio-demographic groups

Number of EUSILC observations among the working-age population (16-64) by demographic group, Switzerland, 2019

	Total	Age 15-29	Age 30-44	Age 45-54	Age 55-64	Native	Foreign-born - EU	Foreign-born - Non-EU
Men	3,653	449	1,205	1,013	986	2,761	607	285
Women	4,109	498	1,341	1,129	1,141	3,083	661	365

	No children below 14	Children below 14	No health limitations	Some health limitations	Severe health limitations
Men	2,535	1118	2,817	700	129
Women	2,864	1245	2,942	970	188

Note: Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded.
Source: EU-SILC

Table A.2. Incidence of employment barriers among working-age individuals

Prevalence of employment barriers among working-age individuals (16-64) by demographic group, Switzerland, 2019

	All	Men	Women	16-29	30-55	56-64	Foreign-born - EU	Native	Foreign-born - Non-EU
Readiness / Preparedness									
Low education	11%	11%	12%	18%	10%	12%	13%	7%	30%
Low professional skills	7%	6%	9%	5%	7%	10%	9%	4%	17%
No recent work experience	9%	5%	13%	3%	7%	19%	9%	8%	15%
No work experience at all	2%	1%	2%	1%	1%	3%	1%	1%	5%
Incentive									
High earnings replacements	3%	3%	4%	2%	3%	6%	3%	3%	3%
High partner or non-labour income	23%	15%	31%	29%	20%	27%	24%	25%	14%
Unsuccessful job search	3%	3%	2%	4%	3%	2%	2%	2%	6%
Capacity									
Care responsibilities	3%	1%	6%	2%	4%	1%	4%	2%	6%
Health limitations	5%	4%	6%	2%	5%	7%	4%	5%	8%

Note: See Box 1 for definitions of barrier indicators. Those studying full-time and those in compulsory military or community service for more than half of the reference period are excluded from the analysis.
Source: EU-SILC

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