

Media release

Zurich/Geneva 12 March 2020

Switzerland loses out on global talent due to inflexible regulations – politicians and authorities need to act.

Is Switzerland still top of the list when it comes to attracting global talent? In a survey looking at the attractiveness of eight international business locations, Switzerland came last. This is because companies in Switzerland face complicated approval processes and unnecessary red tape when hiring individuals from abroad, and restrictive government regulations make it more challenging to prevent successful international university graduates from leaving the country. At the same time, the baby boomer generation is starting to leave the workforce, worsening the shortage of skilled workers. Lean, modern regulations that favour young and highly talented people, making it easier for certified companies to hire the talent they need, are some of the measures that Switzerland should consider to maintain its international competitiveness. In addition, Switzerland needs to digitalise and streamline work permit approval processes across the country to guarantee more efficiency.

Although Switzerland remains one of the most attractive business locations in the world, it is continuously losing ground. Clients of the consulting firm Deloitte, as well as members of the Swiss-American Chamber of Commerce (Swiss AmCham), have noticed this in several areas. However, the most frequent cause for complaint concerns a variety of hurdles preventing companies from hiring top international talent. The two organisations have now joined forces to measure the influence these individuals have on the Swiss economy as well as to compare the framework conditions of leading business locations regarding the mobility of professionals. After dozens of discussions with experts from various companies and associations, as well as with business leaders and politicians, we came up with a list of suggestions that could help improve the current situation.

Only four percent of all companies based in Switzerland are internationally active. However, they create a quarter of all jobs, generate about a third of Switzerland's gross domestic product and pay almost half of the country's corporate taxes – this includes large corporations as well as many innovative SMEs serving global markets. With their powers of innovation, these companies contribute significantly to the competitive strength and prosperity of our country. They also depend to a large extent on an internationally mobile workforce – including workers from outside the EU and EFTA.

























































A few individuals create most of the added value

Top global talent from non-EU member states currently accounts for a mere three percent of annual migration. Yet they make an above-average contribution to the added value of Swiss companies. For example, the 3,800 people from non-EU member states who work in highly productive sectors generated an average turnover of close to CHF 240,000 in 2017, compared to the Swiss average of around CHF 150,000. In addition, these individuals often set up their own companies and create new jobs.

“Companies in Switzerland are globally successful and rely on having the best workers in the world. Highly talented international employees are indispensable when it comes to reducing the growing shortage of skilled workers. They also counteract the influence of demographic ageing, promote knowledge exchange, increase tax and social security revenues, and boost productivity”, explains Reto Savoia, CEO of Deloitte Switzerland.

Switzerland comes last

Deloitte Switzerland, in cooperation with local Deloitte experts on talent mobility, conducted a non-exhaustive comparison of six criteria at eight internationally attractive locations. The results clearly show that work permit

	IE 	SG 	NL 	CA 	UK 	DE 	LU 	CH 
Special arrangements								
For foreign graduates from domestic universities								
For trainees/short-term assignments								
For companies that rely on many high-potential employees from abroad, in form of a priority service for companies								
Digitalisation								
Is there a 'one-stop shop'?								
Is digital submission of the application possible?								
Is digital tracking of the application possible?								

* Planned for 2020-21

Key:  Yes  No  Partially

Figure: Benchmarking factors for international mobility in leading business locations

approval processes for young, highly talented employees and intra-company mobility are too complex in Switzerland. Companies have to go through the same complicated process every time they apply for a work permit. Only in very few cantons can applications be submitted entirely online, not to mention monitoring the application's progress. It is particularly difficult to obtain work permits for young, highly talented people who do not yet have extensive work experience.

"Switzerland cannot compete with locations like Ireland, Singapore, Germany or Luxembourg in terms of the framework conditions governing the mobility of top global talent. In our ranking of eight countries, we came last. Switzerland's competitiveness and innovative ability could be effectively increased with improved framework conditions, boosting prosperity and creating jobs", clarifies Reto Savoia.

Swiss AmCham CEO Martin Naville adds: "We don't need a fundamental change in the existing immigration system nor the abolition of quotas for workers from outside the EU and EFTA. What we're proposing are minimally invasive adjustments that will noticeably improve Switzerland's competitiveness – without any side effects such as wage dumping, density stress or greater competition for jobs."

Improvements for graduates

There are two key measures that the Swiss authorities should consider to improve the framework conditions for young, highly talented individuals and start-up companies. Firstly, students from outside the EU or EFTA who have completed at least one year of a Master's degree at a Swiss university would be granted a residence permit for three years and could take up employment without being subject to provisions prioritising Swiss nationals. This would not only strengthen Switzerland as a business location but also increase the attractiveness of Swiss universities.

Secondly, people holding a master's degree in a STEM subject (science, technology, engineering and mathematics) from selected top universities worldwide would be allowed to apply for work in Switzerland. Provided they can prove that they have sufficient financial means, they would be granted a residence permit for up to three years without having an actual job offer. This solution would be particularly useful for start-ups. Despite being drivers of innovation, start-up companies are not very well versed in navigating the complex bureaucratic requirements of international mobility.

Simplifying international trainee programmes

Intra-company mobility of employees across borders is becoming increasingly important. Some examples are international traineeships, internal company training programmes, business trips or temporary placements of employees on site. Swiss authorities should consider creating a certification system for selected companies to

simplify intra-company mobility, which would allow companies to obtain permits more quickly or, ideally, to no longer need them at all. These companies would have to prove compliance with all the relevant regulations and would be heavily penalised in the event of non-compliance.

Authorities need to digitalise

The federal and local governments should consider streamlining and digitalising administrative procedures to optimise the approval processes for work permits, without undermining cantonal autonomy and decision-making powers. This would allow authorities to measure performance indicators such as processing time while also improving process transparency. Additionally, cantons should introduce ways of direct communication between companies and authorities, such as a customer service desk.

“Our discussions with companies and government authorities have shown that the need for greater digitalisation is widely recognised. Taking this path wouldn't require any political decision-making. So I would like to call on everyone involved to push ahead with the digitalisation of foreign worker registration processes, for example via the existing EasyGov business portal”, says Martin Naville.

No need to abandon quotas

The new regulations would require a moderate increase of about 1,500 in the annual quota for individuals from non-EU member states. One half would be longer-term residence permits, and the other half would be short-term stays. This rough estimate corresponds to about one percent of all people who come to Switzerland to live every year.

“The proposed adjustments do not represent a departure from the proven system of quotas. Nor do they change the fact that we should not jeopardise the established system of bilateral agreements, nor the ongoing efforts to create a framework agreement with the EU. The selected initiatives to improve the mobility of highly talented workers are very important for Switzerland as a business location. We are talking about individuals here whose activities drive innovation, enrich society and who generally create new jobs”, clarifies Savoia.

Real-life examples from current practice to illustrate specific action areas:

- **Non-EU/EFTA graduates from universities in Switzerland:** After completing her doctoral studies at ETH Zurich in Applied Mathematics, an Argentinian woman receives an attractive job offer from a start-up company in eastern Switzerland. However, the complexity, cost and unpredictability of the approval process puts the company off and they withdraw the offer. The young woman subsequently accepts a job offer in London and leaves Switzerland after graduation.
- **Non-EU/EFTA graduates of STEM departments from top foreign universities:** An Indian national who graduated in computer science from Oxford, works on a temporary basis in Switzerland and receives a permanent contract offer from another employer. The employer, however, is hesitant because of the complex approval process, and the uncertainty of a successful outcome. While the employer is still considering whether to invest the required resources, the graduate receives a job offer from the USA and leaves Switzerland.
- **Business trips:** The employees of an international company headquartered in Basel regularly travel to Switzerland, usually fewer than 20 days per employee per year. The company currently applies for 120-day permits for its business travellers, just to be on the safe side. This causes considerable additional expenses for the company and government authorities.
- **Top talent traineeships:** A large Swiss company wants to open a training centre for international junior staff at its headquarters in Biel/Bienne. However, the approval processes in Switzerland for the junior staff prove to be too complex. The company opens the training centre in Ireland instead.

Contact: Reto Savoia
Position: CEO, Deloitte Switzerland
Tel: +41 58 279 70 50
Email: rsavoia@deloitte.ch

Contact: Martin Naville
Position: CEO, Swiss-American Chamber of Commerce
(Swiss AmCham)
Tel: +41 43 443 7201
Email: martin.naville@amcham.ch

Contact: Michael Wiget
Position: Head of External Communications,
Deloitte Switzerland
Phone: +41 58 279 70 50
Email: mwiget@deloitte.ch

About the "[Top Talent Attractiveness Study](#)"

For the purposes of the study, Deloitte and Swiss AmCham analysed and compared over a dozen global locations in terms of their attractiveness to global top executives. In addition to external sources, the analysis also included our own calculations as well as the assessments by Deloitte experts in those countries. We also surveyed the needs of internationally active companies, met with representatives of relevant associations and political parties, and derived several essential reform proposals based on that.

Swiss-American Chamber of Commerce (Swiss AmCham)

The Swiss-American Chamber of Commerce is the largest association of internationally active companies based in Switzerland. Fully funded by the private sector, Swiss AmCham, with its 1'800 members deals with all economic policy issues that make up an ideal business location for these companies – Swiss, American and other foreign companies, large and small. An important focus of Swiss AmCham is the business relationship with the USA, Switzerland's second most important business partner. www.amcham.ch

Deloitte Switzerland

Deloitte is a leading accounting and consulting company in Switzerland and provides industry-specific services in the area of Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal. With more than 2,000 employees at six locations in Basel, Berne, Geneva, Lausanne, Lugano and Zurich (headquarters), Deloitte serves companies and organisations of all legal forms and sizes in all industry sectors.

Deloitte AG is an affiliate of Deloitte North South Europe (NSE), a member firm of the global network of Deloitte Touche Tohmatsu Limited (DTTL) comprising of around 310,000 employees in more than 150 countries.

Note to editors

In this press release, Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ch/about to learn more about our global network

Deloitte AG is an affiliate of Deloitte NSE LLP, a member firm of DTTL. Deloitte NSE LLP and DTTL do not provide services to clients. Deloitte AG is an audit firm recognised and supervised by the Federal Audit Oversight Authority (FAOA) and the Swiss Financial Market Supervisory Authority (FINMA).



© 2020 Deloitte AG. All rights reserved.