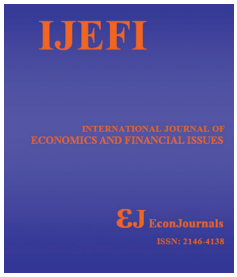

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Forecast of Employment in Switzerland: The Macroeconomic View

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ABSTRACT

Switzerland is a unique in its own way country which, although being located in the heart of Europe, is an independent state and non-European Union (EU) member. Its political structure and future development direction is very different from the rest of the Europe. Swiss economy, in comparison with others neighboring EU countries, is much stronger. Being inspired by highly competitive and successful economic performance of Switzerland, the aim of the present study is to conduct a macroeconomic analysis via observing and forecasting the employment/unemployment rates in Switzerland. Employing time series analysis and econometric calculations own forecast will be collated with the forecast published by the Federal Statistical Office of Switzerland. The practical importance of the obtained results will be, as expected, manifested in finding possible ways how to fight unemployment and achieve at least 70% employment rate in the Czech Republic.

Keywords: Switzerland, Unemployment, Employment, Forecast
JEL Classifications: E2, R1, R100

1. INTRODUCTION

The prospect of employment in Switzerland in recent years has improved. Data which has been published by the Federal Statistical Office of Switzerland (BFS) show that the annual increase in employment rate was during the last years around 0.4%. Thus, we can assume that the number of employees will increase in the next quarter, or at least the employment rate will remain the same. The most favorable prospects for employment development have the following sectors: Information technology, hotels and restaurants and gastronomy. The financial sector has been providing fewer jobs than it did in previous years. Given that the Switzerland government actively supports and promotes employment, the number of employees increased in the third quarter compared to last year by 0.7% to 4,227,000 of employed people. Industrial sector recorded 0.6% more new workers, employment in services grew by 0.8%. The fluctuations in the exchange rate of the Swiss franc towards to different currencies do not noticeably influence the attractiveness of Switzerland for tourists from all over the world. Number of tourists manifesting interest to Switzerland is growing from year to year, thereby increasing the number of new offered jobs in this and related spheres (Siliverstovs, 2013). Vast majority of industries in Switzerland are revealing positive development. Switzerland is the most industrialized country in Europe and the number of jobs continues to grow. Interesting and noteworthy is the increasing offer of jobs in health and social services (+1.6%) while the number of people employed in trade fell by 0.4%. At the same time, decreased employment is observed, as it was mentioned above, in financial intermediation (−0.3%). Currently, labor market is focused more on high-skilled workers. The labor market has more demanding requirements for skilled workers. Searching for workers is becoming more complicated now because companies specialize on products and develop production with high intellectual value added. The situation is much more difficult in industrial sectors than in services. The greatest difficulties in finding skilled workers are faced by companies that manufacture computers, watches and medicines. The particular interest is addressed to specialized mechanical engineers.

Switzerland is one of the few states where unemployment is maintaining below 5% very long time. The lowest value was indicated already in the Q1 of the 1st year in the period under analysis, and this value was 1.6%. During the years 1993-1994 it increased up to 4%, the peak was reached exactly in the turn of these years, when the unemployment rate reached 4.2%. Until 1998 the unemployment rate was almost steady and slightly fluctuated around 3-4%. After 1998 unemployment had began to decline gradually until it reached a local minimum of 2.2% in 2001. From this year the trend was again rising until 2010, when the unemployment curve reached its peak of 5.1%. Since 2010 the unemployment rate held steady between 4% and 5%, what can be seen is evident from the following table. In 2014, growth in the Swiss economy also developed favorably. In comparison with the previous year, gross domestic product (GDP) rose steadily. For the Czech Republic the Swiss model is very inspirative, and, therefore, it makes sense to be addressed in further macroeconomic analysis.

2. LITERATURE REVIEW

The recent related scientific literature in their econometric prognoses makes emphasis rather on production and industrial growth in relation to GDP (e.g. Abberger, 2007a; Hansson et al., 2005; Lemmens et al., 2005; Balke and Petersen, 2002; Kauppi et al., 1996; Bergström, 1995; Öller, 1990). In the present study the prognosis will be carried out in terms of employment, which is often dependent upon a number of endogenous and exogenous factors. In this case prognosis is therefore more complex and must be interpreted quite carefully. Already in 1958 Hartle (1958) analyzed all known approaches that predict employment, as well as accessed and summed up their accuracy. These prognoses are derived from the employment survey collected by the Agency of the Canadian Government in the period from 1946 to 1957. Unfortunately, it appeared that the theoretical predictions were of questionable value. Hartle argued in his study (1958, p.389) that "...There were only weak reasons for verification forecasts." For these reasons verification processes for forecasts of employment were discontinued. He advised to use only indexation model based predictions with employment indices. Relatively recently Abberger (2007b) examined whether qualitative surveys collected in the Ifo Institute can be used to assess employment rate changes in Germany. For this purpose were used various predicting non-parametric approaches, including regression methods and error correction models. Despite Hartle's (1958) negative about that conclusions, Abberger (2007b, p. 258) believes that "all methods applied are able to show the results that can appear very useful for evaluating current changes in employment." Published by Abberger (2007b) results are very strong and important for further examination. His conclusions inspired us to deal with forecasting techniques in relation to employment data and suggest an alternative methodological approach in forecasting employment as stochastic time series.

In 2013 Q1, the Swiss economy began to develop unexpectedly dynamically. Compared to the previous quarter, real GDP grew by 0.6% and compared to the 2012 Q1 even by 1.1% (Statistical Encyclopedia, 2015). The growth was stimulated mainly by the internal economic boom. Compared to the previous quarter expenditures on private consumption increased by 0.6%. Sectors of health and housing did also contributed to the growth. In contrast, however, government expenditures and social insurance spending decreased compared to the previous quarter by 0.9%. As for industrial production, compared with the previous quarter the value added increased by 0.3%, in construction - by 2.5% and in the financial sector - by 1.2%. Regarding services there was a significant downward trend mainly in tourism development. Even in 2014 Q3, real GDP rose compared with the previous quarter and by 0.5% compared to Q2 of 2013 by 2.5%. The GDP growth was affected by private consumption positively, which expenditures increased by 0.7%. Thank to increased investments in equipment by 2.9% compared to the previous quarter, gross investments in assets increased by 1.4%. Although exports of goods decreased compared to the previous quarter by 0.9%, imports of goods recorded, on the contrary, an increase of 1.4%. Both export of services and import of services increased by 0.3% and 0.6% respectively. In 2013 Q2 the GDP growth (its production side) was caused by the increased value added particularly in financial services, insurance, housing and land management, enlarged revenues from scientific and technical services, as well as health and social affairs. In contrast, industry and construction sectors recorded in the same period a negative development.

Real GDP in 2013 Q3 increased by 0.5% compared to 2013 Q2 and by 1.9% compared to 2012 Q3. Private consumption expenditures, as well as government expenditures and social insurance spending recorded growth by 0.2% and 1.1% respectively. In comparison with 2013 Q2, gross investments in assets increased in 2013 Q3 by 0.4%, investments in the construction industry by 0.1%. Both exports and imports of goods influenced GDP growth in this quarter positively. Exports of goods increased by 3.7%, imports of goods, in contrast, only by 0.7%. Also a positive influence on GDP was recorded from the production side, namely from construction industry. Services sector that stimulated GDP growth was mainly tourism, which had been developing very dynamically at this time compared to the previous quarter: Exports increased by 0.7% and imports - by 1.3%. In contrast, other remaining service sectors' indicators fell: Imports of services - by 1.7% and exports of services decreased by −0.8%. According to forecasts made by SECO (State Secretariat for Economic Affairs) it can be assumed that between 2015 and 2016 the Swiss economy will grow further. In 2015 SECO expects GDP growth of 2.3%. In 2016, GDP should grow by 2.7%. In comparison with other European countries the Swiss economy should, therefore, continue to flourish, as it has done in the past years. Yearly values of basic macroeconomic indicators in Switzerland are given above in Table 1.

3. METHODOLOGY

The methodology of the present study is composed of the following parts: (a) The calculation of time series with the use of ARIMA model, (b) the analysis of employment economics and (c) comparative trend analysis: Trend function and exponential smoothing. The data were obtained from the Eurostat database.

Table 1: Values of basic macroeconomic indicators in Switzerland

	2010	2011	2012	2013	2014
GDP growth, %	3.3	0.8	2.6	1.7	1.4
GDP at current prices, bln. CHF	134598	135690	137840	140183	
Inflation rate (consumer price index), %	0.7	2.4	0-5	0.7	

Source: Staatsekretariat für Wirtschaft - State Secretariat for Economic Affairs (SECO). GDP: Gross domestic product

Secondary data were processed with the use of the statistical software Gretl.

The analysis conducted in the present study will be gradually supplemented by and compared with the researches from Eurostat and the Federal Statistical Office (FSO). Data evaluation was carried out using statistical tools, with applying forecasting methods subsequently. The latter are based on progressive model of prediction points and multistage forecasting models for interval-valued time series (Chevillon, 2007). The research will also employ ARIMA model, the very notion of which implies integrated autoregressive moving average. This method is widely used both in Statistics and Econometrics, especially when dealing with long time series (Öller, 1990). The results of the modeling enables understanding the analyzed phenomena development or/and anticipating its future developments. Non-seasonal ARIMA models are usually referred to as ARIMA *(p, d, q)*, where parameter *q* is a positive integer, *p* – is the order of autoregressive model, and *d* is the degree of modulation.

Seasonal ARIMA model is denoted usually as ARIMA (*p, d, q*) (*P, D, Q*), where *m* refers to the number of periods in every season. Capital letters *P, D, Q* refer to the autoregressive moving average and differentiation. First, we need to determine for calculating a time series data X_t, where *t* is an integer. All *X* are real numbers. In this case, ARMA (*p', q*) model is represented by the following equation:

$$\left(1-\sum_{i=1}^{p'}\alpha_i L^i\right)X_t=\left(1+\sum_{i=1}^{q}\theta_i L^i\right)\varepsilon_t \quad (1)$$

where *L* - is a lag operator. It is also indicated as parameter θ and which is a part of the moving average, comprising εT error conditions. Error conditions εT, which are generally assumed as independent, are equally distributed variables, such as sample of normal distribution with zero (Chevillon, 2007). ARIMA (*p, d, q*) helps to model and determine the process, which expresses the polynomial factorization parameter p = d p'. It is given by:

$$\left(1-\sum_{i=1}^{p}\phi_i L^i\right)(1-L)^d X_t=\left(1+\sum_{i=1}^{q}\theta_i L_i\right)\varepsilon_t \quad (2)$$

Calculation process may display autoregressive polynomial *d*, which is a unit with the roots. For this reason, all models ARIMA with $d>0$ are not, thus, stationary models. The above can be entered by the formula:

$$\left(1-\sum_{i=1}^{p}\phi_i L^i\right)(1-L)^d X_t=\delta+\left(1+\sum_{i=1}^{q}\theta_i L^i\right)\varepsilon_t \quad (3)$$

The model can be extended to cases that relate to the moving average polynomial and droughts special influencing factors (Mitchell and Wallis, 2011). There may be the only one factor (*1-L2*). The model is designed seasonally unsteady. This factor has resulted in repeated statements by a number of data and with changes for the period. Another example is the factor:

$$(1-\sqrt{3L}+L^2) \quad (4)$$

That factor determines and includes non-stationary during the period of seasonality. ARIMA model can be considered as a "cascade" composed of two parts (Hendry and Hubrich, 2011). The first is non-stationary model,

$$Y_t=(1-L)^d X_t \quad (5)$$

while the second one is stationary in a broad sense:

$$\left(1-\sum_{i=1}^{p}\phi_i L^i\right)Y_t=\left(1+\sum_{i=1}^{q}\theta_i L^i\right)\varepsilon_t \quad (6)$$

Used projections can explain Y_t process and used for the generalization of the method Autoregressive predictions. ARIMA (*0,1,0*) model (or *I (1)* model) is given by:

$$X_t=X_{t-1}+\varepsilon_t \quad (7)$$

ARIMA (*0,1,0*) is constant:

$$X_t=c+X_{t-1}+\varepsilon_t \quad (8)$$

Which is a random walk with drift. ARIMA (*0,2,2*) model, which is given by:

$$X_t=X_{t-1}+X_{t-2}+(\alpha+\beta-2)\varepsilon_{t-1}+(1-\alpha)\varepsilon_{t-2}+\varepsilon_t \quad (9)$$

The measurement of unemployment will be consistent with the approach suggested by Jones and Riddell (1999). Tests of conditional predictive ability were done in accord with Giacomini and White (2006).

4. RESULTS AND DISCUSSION

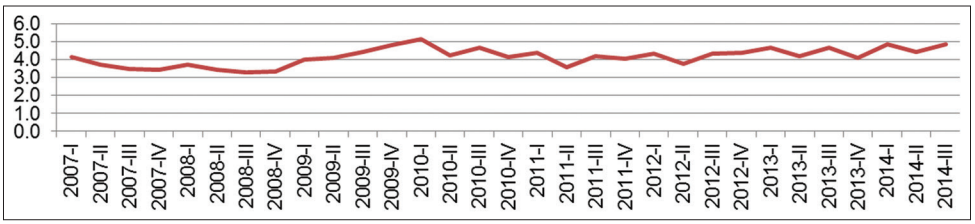
Unemployment rate in Switzerland remained unchanged between February and January in 2015 year and counted for at 3.50%. It averaged 3.34% from 1995 till 2015, reaching its period maximum (5.40%) in March 1997 and minimum (1.60%) in November 2000 (Graph 1). Unemployment rate in Switzerland is reported by the State Secretariat for Economic Affairs. In Switzerland, the unemployment rate figure measures the number of people actively looking for a job as a percentage of the total labor force.

Table 2: Prediction of the development of unemployment rate in Switzerland for the years 2014-2020, in %

Period	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3	2016-Q4	2017-Q1	2017-Q2	2017-Q3	2017-Q4
Prediction	4.8	5.4	5.1	5.7	5.9	6.3	5.6	6.2	5.5	6.2	5.5	6.2	6.1
The upper limit	5.3	6.2	6.0	7.0	7.5	8.1	7.4	8.4	7.7	8.8	7.9	9.0	9.3
The lower limit	4.5	4.7	4.3	4.6	4.7	4.8	4.2	4.5	4.0	4.4	3.9	4.2	4.1
Period	**2018-Q1**	**2018-Q2**	**2018-Q3**	**2018-Q4**	**2019-Q1**	**2019-Q2**	**2019-Q3**	**2019-Q4**	**2020-Q1**	**2020-Q2**	**2020-Q3**	**2020-Q4**	
Prediction	6.7	6.2	7.0	7.2	7.6	6.9	7.7	7.0	7.9	7.2	8.0	8.0	
The upper limit	10.5	10.0	11.6	12.3	13.4	12.5	14.1	13.1	15.2	14.3	16	16.7	
The lower limit	4.3	3.9	4.2	4.2	4.4	3.9	4.2	3.7	4.1	3.7	3.9	3.8	

Source: Eurostat, the authors' processing

Graph 1: The unemployment rate in Switzerland in the years 2007-2014, in %

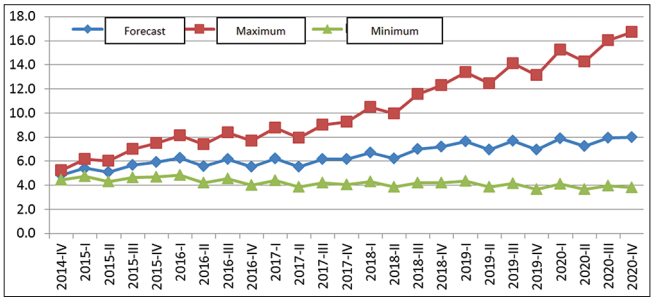


Source: Eurostat, the authors' processing

Swiss unadjusted unemployment rate remained unchanged at 3.5% in February 2015 in comparison to the previous month as the number of unemployed was down while the amount of jobseekers were slightly up. In February 2015 there were 149,921 unemployed people enrolled at the regional employment centers, what is about 1025 fewer than in the previous month. Compared to the same month of the previous year, the number of unemployment people increased by 662 persons (0.4%). The number of jobseekers totaled up to 206,369 in February 2015, recording 231 people more than in the previous month and 435 persons more that in 2014 (0.2%). Youth unemployment (age group from 15 to 24 years old) decreased by 470 persons (−2.4%) to 19,041 people, and decreased by 378 people (−1.9%) in comparison to a previous year.

The forecast, which is given in the Table 2, was created using the ARIMA model. Values are calculated with a 70% likelihood of this development. It can be seen, that unemployment should rise in the near future, up to 8%, which is for Switzerland unusually high. Low values are expected to be reached at the end of 2020, when the unemployment rate will drop to 3.82%. This prediction, according to the modeled optimistic forecast, has no significant fluctuations, neither essential increases nor dramatic decreases. The decline is supposed to be very slow. Conversely, pessimistic scenario envisages a relatively strong increase in the unemployment rate in the Switzerland. Already in early 2016, the unemployment rate will reach 7%, and a year later even 8%. This value will maintain until early 2017, when the upward trend will bring the unemployment rate values to the level of 10%. During 2018 there will be the next increase, this time by 2%. Another 2% increase in the unemployment rate will be expected during the next year and a half and mid-2020, this value should exceed already very critical one of 16%. At the end of 2020, according to pessimistic forecasts, unemployment rate will be 16.69%. Graphical visualization of the prediction is given in the Graph 2.

Graph 2: Prediction of unemployment rate development in Switzerland for the period from 2014 to 2020, in %



Source: Eurostat, the authors' processing

After entering all the available data to the software Statistica 12 for the analysis, the strength test was performed via calculation of correlation coefficient, coefficient of determination and chi-square testing. These tests indicate that the selected data have a high predictive value. After analyzing time series, the prediction for these data was carried out, which is based on ARIMA model. The 96 cases were entered into the model and considered, from which the further predictions were derived, Predictions were calculated with 70% probability of development (Geweke and Amisano, 2009). Partially the aim of the present analysis is to compare the obtained data with the corresponding available European Union (EU) reports for the end of the planning period. But since Switzerland is not part of the EU, it is not possible to make such a comparison.

Since 2010 the employment rate decreases. The annual decrease counted for 0.21% in average. The forecast shows values, which follow the trend started in 2010. The values resulting from forecasts based on ARIMA model have an annual downward trend, however, the difference between the value in 2015 and 2020, is quite low, i.e. 0.20%. The results of the forecast suggest that the trend is beginning to be constant in nature, since the annual differences between the years 2016-2020 are not statistically very significant. Being based on the relative constancy

of the parameters, in case of forecasting for a longer period it would clearly occurred the same situation, when employment rate continue to fall slightly.

In 2013, the employment rate in EU-28 among people aged 15-64 years, as it was mentioned in the EU Labor Force Survey (EU LFS), reached 64.1%. The average employment rate for EU-28 reached its peak of 65.7% in 2008, in subsequent years it was falling to reach 64.0% in 2010 (Eurostat, 2015). This decrease (in total 1.7% points) associated with the financial and economic crisis. When crisis halted in 2011, the employment rate in the EU-28 increased slightly to 64.2%, subsequently decreased by 0.1 percentage points and from 2012 remains at 64.1%. In 2013, the highest values of the employment rate (between 72% and 74%) were recorded in the following EU member States: Austria, Denmark, Germany and The Netherlands. The highest value among all was then in Sweden - 74.4% (Eurostat, 2015).

Conversely, in eight EU member states out 28, employment rate was less than 60%. The lowest rate was recorded in Croatia (49.2%) and Greece (49.3%). In the period after the financial and economic crisis starting from 2013, the performance of individual labor markets varied considerably. The overall employment rate for the EU-28 in 2013 held something about 1.6% points below the level of 2008. At the same time nine EU countries showed considerable positive change in employment. The biggest increase was recorded in Malta (5.3% points) and Germany (3.2 points). In Luxembourg, Hungary and the Czech Republic employment rate increased by more than 1% point. Conversely, the employment rate in Greece fell from 61.9% in 2008 to nearly 50% in 2013. In Spain, Cyprus, Croatia, Portugal, Ireland, Denmark and Slovenia a significant drop also took place in the period between 2008 and 2013, by at least 5% points. The employment rate is generally lower among women and older workers. In 2013, the EU-28 average employment rate among men was 69.4%, while for women it was 58.8%. A long-term comparison shows that while men's employment was lower in 2013 than a decade earlier (70.3% in 2003), the number of employed women has increased significantly, namely by 4.0 percentage points from 54.8% in 2003 and has reached 58.8% in 2013 (Eurostat, 2015).

Data on employment in Switzerland show the range from 94.796% in 1997 to 98.143% in 2001. Difference therefore takes the value 3.347%. Since 2010 the employment rate increases. The annual average increase was 0.21% (Graph 3). The forecast shows values, which follow the trend started in 2010. The forecasts values obtained through ARIMA modelling have an upward trend (Graph 4 and calculations given in Tables 3 and 4). The Chi-square test revealed that the degree of correlation reaches 42.11% (0.4211). Conversely coefficient of determination almost reaches 100%, more precisely a value of 99.28% (0.9928). The correlation coefficient varies depending upon Fisher's Z transformation which takes the value 51.87% (0.5187). Swiss macroeconomic indicators were in 2013 very good (Table 1). According to the forecasts they are expected remain at the same level. Switzerland's GDP growth reached 1.7%, while inflation rate was 0.7% in 2013 (Table 1). The average unemployment rate in 2013 was 2.9% (Statistical Encyclopedia, 2015).

Table 3: The employment rate in Switzerland from 2003 till 2015: ARIMA modelling

Evaluation function: 78; Evaluating gradient: 26; Model 1: ARIMA, using observation 2004:1-2015:4 (T=48); Estimation made by the Kalman filter (ML); Dependent variable: (1-Ls) Schwitzerland; Standard errors based on Hessian		
Parameters	**Coefficient**	**Standard error**
Const	0.205836***	0.0654078
phi_1	0.611016***	0.145769
Phi_1	0.274870	0.185115
theta_1	0.313851*	0.164072
Theta_1	−1,00000**	0.175454

The average value of the dependent variable 0.154167; Standard error of the dependent variable 0.875423; Mean value of innovation −0.032710; Standard error of the innovation 0.446381; logarithm of credibility −33.87373; Akaike criterion 79.74747; Schwarz criterion 90.97467; Hannan-Quinn information criterion 83.99024				
Parameters	**Real**	**Imaginary**	**Abs. value**	**Frequency**
AR - Root 1	1.6366	0.0000	1,6366	0.0000
AR (seasonal) Root 1	3.6381	0.0000	3.6381	0.0000
MA - Root 1	−3.1862	0.0000	3.1862	0.5000
MA (seasonal) Root 1	1.0000	0.0000	1.0000	0.0000

Source: Eurostat, the authors' processing, *, *** indicate significance levels of 10% and 1% respectively

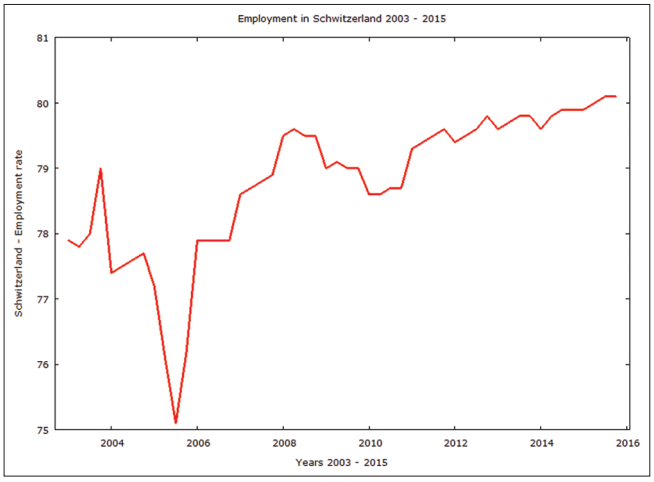
Table 4: Forecast

For 60% confidence intervals, z (0.2)=0.84;				
Schwitzerland		**Forecast**	**Standard error**	**60% confidence interval**
2013:4	79.8	80.0		
2014:1	79.6	79.7		
2014:2	79.8	79.7		
2014:3	79.9	79.9		
2014:4	79.9	80.1		
2015:1	79.9	79.8		
2015:2	80.0	80.0		
2015:3	80.1	80.0		
2015:4	80.1	80.3	0.45	79.9-80.7
2016:1	80.2		0.61	79.7-80.7
2016:2	80.2		0.66	79.7-80.8
2016:3	80.2		0.68	79.7-80.8
2016:4	80.5		0.71	79.9-81.1
2017:1	80.4		0.73	79.8-81.1
2017:2	80.4		0.74	79.8-81.0
2017:3	80.4		0.74	79.8-81.0
2017:4	80.7		0.74	80.1-81.3

Source: Eurostat, the authors' processing. Statistically evaluated forecast: Mean error −0.18958; Mean square error 0.03594; Root mean square error 0.18958; Mean absolute error 0.18958; Mean percentage error −0.23668; Median absolute percentage error 0.23668

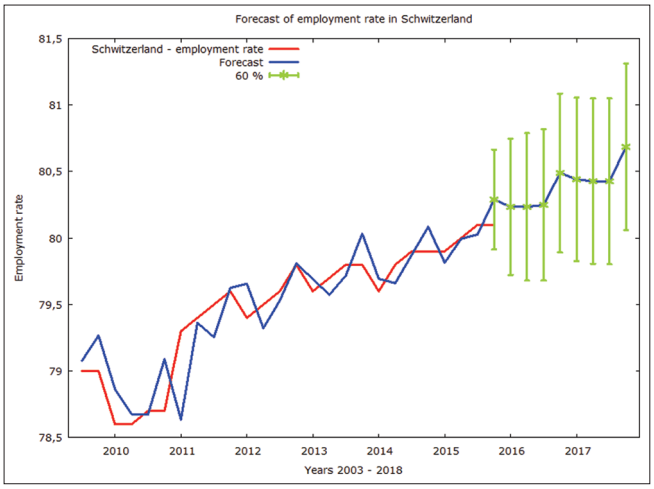
All positive features found in Switzerland labor market can be applied in the Czech economy, may be except the Swiss banking and watchmaking. There is no fundamental reason why the Czech unemployment rate could reach Swiss values. But according to some opinions, the Czech market is rather typical of the lack of staff (Brdek and Jirova, 1998). It is necessary to import workers from other countries. Currently the wave of immigration to the Czech Republic rather limits the development and economic growth. The answer could be explained from the standpoint of the effective marginal tax rate. This indicator takes into account

Graph 3: The employment rate in Switzerland, 2003-2015



Source: Eurostat, the authors' processing

Graph 4: Forecast of the employment rate in Switzerland for 2018



Source: Eurostat, the authors' processing

the real rate of taxation, including all "negative" taxes, as, for example, social benefits for different income groups. Low-income groups are exposed to high marginal tax rate of almost 100%. So Czechs have no economic motivation to escape from the trap of poverty and dependency on social welfare benefits. As income increases, social welfare benefits decline and marginal effective tax rate becomes practically one hundred percent (Halásková, 2008). This situation requires the revision of the existing social support programs.

5. CONCLUSIONS

Switzerland, although located in the heart of the Europe, is a unique state in a sense that it is neither the EU nor Eurozone member. Moreover, it has independent political order that is very different from the rest of the European countries. Swiss economy, being a strong and highly competitive one among other countries, demonstrates quite positive dynamics of unemployment rate, holding it for a long time below 5%. In this regard, the unemployment rate in Switzerland served as a main focus of the present study.

The annual employment growth in Switzerland is approximately 1.4%. The average unemployment rate is quite low, what allows saying that Switzerland belongs and will belong, according to the forecast done in the present study, to one of the successful countries. Economic success is seen, among others spheres, in the development of employment. EU members facing the growing unemployment and decreasing employment. The average Swiss unemployment rate is just 3.6%. It might be even lower if a large number of immigrants do not live in the country. The high proportion of them arriving to Switzerland as adults with relatively little education and bad knowledge of language what negatively affects getting a job.

The highest unemployment rates are characteristic for Geneva, which is 7.9%. However, foreigners represent 38% of the total population in Geneva. Usually, regions with lower number of foreigners have a lower unemployment rate: Uri (1.2%), Obwalden (1.7%), Schwyz (2.3%), Graubünden (2.1%).

Causes of low unemployment in Switzerland are seen in good labor legislation, decentralized departments, friendly business administration and easy for companies access to capital. The emphasis in employment policies is done on the support of small businesses.

The number of people employed in Switzerland in the first quarter of 2015 slightly increased. The most of new jobs were created in the service sector. Furthermore, the employment rate in the industrial sector has increased, but not significantly compared to previous years. The employment rate has increased most in Bern. According to the report published by the FSO in the first quarter of 2015 a total number of employed in Switzerland was 4,225,000 workers. The overall increase in employment rate was 0.8% points more than a year ago. 3,566,000 people have a full-time job. This number also represents an increase of 0.8% points. In services, the number of jobs increased by 1% (31,000 employees). Switzerland is a highly industrialized country and what is, therefore, an important condition for high employment rate in the secondary sector. In the secondary sector employment grew by 0.2% to 1.036 million employees. A positive development in employment rate was noticed in the construction sector, it raised by 0.6%. For the coming quarter, we expect, being based on calculations and forecasts, that employment rate will grow again. Growth is expected, but a slight one. Switzerland is very successful in the development of employment. We tend to think that Swiss labor market model might be followed by the Czech Republic, which is also historically and economically based on a solid secondary sector.

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