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Swiss companies underpaying foreign workers



Garden work, construction, security and cleaning services were the worst sectors for salary breaches in 2010 (Keystone)

by **Clare O'Dea**, swissinfo.ch

Just days after eight more countries gained free access to the Swiss labour market, figures on wage dumping in 2010 have prompted political parties to take positions.

The report on the control measures which were set up alongside the extension of free movement of people to new European Union members shows that more than a third of companies with collective work agreements were caught underpaying foreign staff.

The State Secretariat for Economic Affairs (Seco), which compiled and presented the report, says the figures show that the checks and balances built into the system are working effectively.

The high rate of wage dumping is not as dramatic as it sounds, according to the report's author Claudio Wegmüller, with most cases quickly resolved.

"We see that only about 30 per cent of these reported breaches lead to sanctions being imposed, so we are often talking about minor infringements such as a slight underpayment of the minimum wage or one

employee in 20 who is not receiving the right salary," he told swissinfo.ch.

" We can all benefit from free movement but only if everyone plays by the rules, which is not the case today. "

*Social Democrat
Hans-Jürg Fehr*

"Worrying picture"

More than 50 per cent of foreign workers posted to Switzerland in 2010 were monitored.

The parity commissions monitor businesses who employ staff under a collective work agreement, which includes a minimum wage. It is easier to identify

transgressions in this category, according to Seco.

The parity commissions found 38 per cent of foreign contractors and 41 per cent of Swiss firms in this category had not respected the agreed salary conditions. This is a significant increase on 2009 when the rates were 21 per cent and 30 per cent respectively.

To the trade union umbrella group SGB it is “a worrying picture”, and the group is calling for a minimum wage to ensure that foreign workers are only brought in to fill labour gaps and not to replace workers already based here.

“We are very concerned about wage dumping here in Switzerland,” Peter Lauener told swissinfo.ch.

“The measures [against wage dumping] are good but are not being used to their full extent and some sanctions, especially for those pretending to be self-employed, are not strong enough,” he added.

The number of sole traders from abroad active in Switzerland has tripled since 2005.

The SGB has called for the urgent introduction of a legal tool to tackle false self-employment, where an individual who is economically dependent on a particular employer is being passed off as a self-employed contractor, thus remaining beyond the protections and norms of employment law. Painters, tilers and carpenters are the worst offenders, according to Seco.

Fair play

The centre-left Social Democrats said the Seco report confirmed that wage dumping was widespread and even on the increase in Switzerland. The party called on employers to stick to the legal requirements of free movement.

“We can all benefit from free movement,” former Social Democrats president Hans-Jürg Fehr is quoted as saying in a party statement, “but only if everyone plays by the rules, which is not the case today.”

The Social Democrats want more power for the inspectors, including greater sanctions against rogue companies, and measures against phony self-employment.

The centre-right Radicals responded to the wage dumping figures by extolling the benefits of free movement, especially to business. However it also said the success and attractiveness of Switzerland was leading to problems of abuse – wage dumping, social welfare tourism and phony self-employment.

The party referred back to its wish list of measures presented in 2009, which include a test period for the issuing of a five-year permit, matching the duration of residence permits to work contracts and better cooperation between labour and immigration authorities in cases of unemployment.

The most extreme sanction that the authorities can take against a foreign company breaching Swiss employment law is to bar it from operating in the country for up to five years. Some 580 companies were barred last year, according to Seco.

Garden work, construction, security and cleaning services were the worst sectors for salary breaches in 2010 and will remain the focus areas for inspectors in 2011, Seco said.

Clare O'Dea, swissinfo.ch

VIDEOS



Wage dumping

A young German received his correct salary retroactively with union support.

ACCOMPANYING MEASURES

The measures were introduced on June 1, 2004 to accompany the entry into force of the progressive free movement of people between Switzerland and the European Union.

The aim of the measures is to avoid the undercutting of salaries and/or working conditions.

The 1999 law on posted workers (travailleurs détachés or entsandten Arbeitnehmerinnen und Arbeitnehmer) is an important element of the accompanying measures.

The law guarantees that workers posted to Switzerland to carry out work have the right to minimum conditions with regard to salaries and work.

FREE MOVEMENT

May 1 was the beginning of a new stage in the progressive introduction of free movement of people between Switzerland and the European Union.

It marks the end of a transitional period for eight Eastern European countries – Czech Republic, Slovenia, Hungary, Slovakia, Poland, Lithuania, Latvia and Estonia – whose workers now have free access to the Swiss labour market.

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