

Additional government regulation of temporary work is counterproductive

A regulatory impact assessment shows that staff leasing functions efficiently

Restrictions on temporary work quickly become a boomerang. This has been highlighted by a regulatory impact assessment conducted by Swiss Economics on behalf of the industry association swissstaffing, which evaluates the impact of new government regulations. There are four additional regulations currently on the table in Switzerland: adopting EU law, restrictions in public procurement and in the healthcare sector, and limiting temporary assignments. However, Swiss Economics was unable to identify any market failure in staff leasing, so the experts feel that the proposed regulations offer “no added value” and could cause inadvertent economic damage as a result of regulatory failure. The sector is now striving to further improve the quality of its services and continue the well-proven path of social partnership.

The industry association swissstaffing commissioned the experts at Swiss Economics to conduct a regulatory impact assessment (RIA). Studies like this evaluate the impact of potential new government regulations in terms of the action required, practicability, and effects. The staff leasing sector in Switzerland is facing demands for more and specific government regulations across a wide range of areas. There are currently four additional regulations under discussion for temporary work in Switzerland:

- Adopting EU law: equal treatment of temporary and permanent employees
- Restrictions in public procurement
- Restrictions on temporary work in the healthcare sector
- Limiting the length of temporary assignments, for example to 18 months as in Germany

To illustrate the impact of the regulations currently being proposed, the experts at Swiss Economics analyzed the role of temporary work from an economic perspective. This analysis was conducted in accordance with the regulatory impact assessment (RIA) framework provided by SECO and regularly used for law revisions.

Regulatory projects offer no added value

Based on their analysis, the labor market experts at Swiss Economics came to a clear conclusion: “The regulation already in place largely prevents any market failure. Although there is a certain conflict of objectives between flexibility on the labor market and job security, the question that urgently arises is that of the alternatives to temporary work: Without this form of work, we would see an increase in self-employment, fixed-term positions and on-call work, which are significantly less well regulated, as well as

an increase in unemployment or even illegal employment.” Fundamentally, there is currently no discernible need for any additional government regulation of temporary work. In fact, quite the opposite: additional regulation would be counterproductive as it would encourage an increase in other, poorly protected forms of flexible work.

Staff leasing plays a vital pivotal role on the Swiss labor market

Swiss Economics’ observations show that staff leasing providers can play a vital role in breaking down barriers on the labor market: “Firstly, job seekers’ and companies’ search costs are directly reduced, and secondly, staff leasing providers can efficiently support the process of seeking and selecting employees and hiring companies, which reduces costs for the entire labor market. This allows companies to focus on their core business. In addition, temporary work enables companies and employees to operate more flexibly on the market. Staff leasing providers thus have a positive impact overall on the Swiss economy.”

Additional regulation harbors risks

Ultimately, there is a danger that restricting temporary work would adversely affect companies’ and employees’ flexibility, but without markedly improving working conditions for temporary workers. According to Swiss Economics, stricter self-regulation for staff leasing providers and training for staff would be more useful and (from a macroeconomic perspective) efficient measures. Another helpful measure could be an optimized monitoring regime – for quality and processes in particular – with leaner reporting procedures for breaches of statutory regulations and heavier penalties.

The industry association swissstaffing agrees with the conclusions drawn by the RIA. Given this, since 2021 swissstaffing has been working with its member companies to identify areas where there is potential for improvement, and is therefore continuing to develop its own quality label. There are improvements to be achieved in terms of internal staff training and occupational safety in particular. In addition, the label aims to monitor compliance with statutory requirements more closely, e.g. in the field of social security and with regard to data protection. As part of the introduction of the quality label, investigations are being conducted to determine how central minimum standards could be enforced industry-wide in the form of self-regulation. The CBA on Staff Leasing (declared to be generally applicable) already sets out and ensures compliance with working conditions and monitors them closely.

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swissstaffing is a service center and center of excellence for staff leasing companies in Switzerland. As an employers' association, swissstaffing represents the interests of its over 500 members in matters of policy, the economy and society. swissstaffing is a social partner of the CBA on Staff Leasing, the CBA covering more employees in Switzerland than any other.

Studies on temporary workers and staffing service providers in Switzerland

The market research institute gfs-Zürich completes regular surveys on behalf of swissstaffing. The latest studies can be found at [this link](#).