

Zeitschrift: Swiss review : the magazine for the Swiss abroad
Herausgeber: Organisation of the Swiss Abroad
Band: 23 (1996)
Heft: 3

Artikel: SMEs - the backbone of the Swiss economy : small businesses - but pillars of industry
Autor: Raupp, Judith
DOI: <https://doi.org/10.5169/seals-907747>

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Swiss Confederation as a state is no longer in a position to say what the relationship between the global economy and local economies should be. This is what lies behind the phenomenon of the new regionalisation. In order to remain competitive things in Switzerland are increasingly rarely being organised at the national level, but rather in supra-regional units made up of several cantons. The Swiss plateau, the Regio Basiliensis, central Switzerland, the Lake Geneva area and eastern Switzerland are trying to face the challenges from abroad by concentrating anew on their own identities. But this process must remain moderate and be kept well under control – otherwise it could indeed weaken our national unity.

How can we avoid tearing a hole in our social and federal structure?

The citizens of our country must rediscover solidarity. They must rely on themselves more and do without so much government intervention. This is the real challenge with which we are faced today. Switzerland's success in the industrial revolution of the last century was possible thanks only to our society's ability to grow and to develop. And this was true not only in economic terms. For example, the economy of Canton Neuchâtel shows that the answer must be a collective one. In the 1970s Neuchâtel's watch industry was hit by a dramatic crisis, and 60% of all its jobs simply disappeared. But now the region has recovered – thanks to its capacity to exploit collective know-

how. Companies which used to specialise in precision mechanics have switched over to micro-electronics. This example is something which is in the best tradition of Switzerland.

What is the lesson of this for the rest of the country?

The function of Switzerland as a nation is to act as a sort of roof over the regional units and to work against the tendency to drift apart by promoting national cohesion. The supra-regional areas – with between one and two million inhabitants each – must join forces in order to match up to the challenges of the international economy. Switzerland as a state must defend its big regions against the outside world and carry out policies of economic integration at the European, intercontinental and global levels. Nor should it forget its relations with the third world, for if we concentrate only on highly developed countries the world economy will suffer in the end.

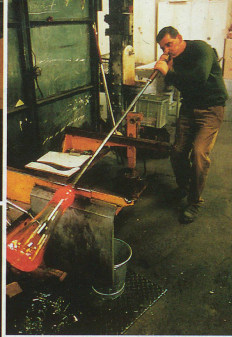
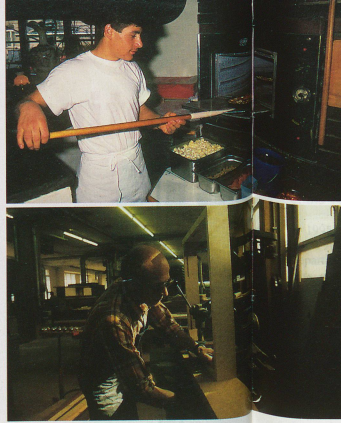
In some cantons the rate of unemployment has already passed the 8% mark. Do you share the opinion that it will continue upwards?

Unemployment in Switzerland is in large measure structural. So we must expect further job losses. All the economic branches which were protected in the past – like textiles and engineering – will see a lot more scaling down. In addition, today work does not have the same role in the international economy as it used to have. The technological revolution permits us to produce wealth without creating jobs. So we shall have to think of new ways of distributing that wealth.

Has the decision not to take part in European integration had negative consequences for the Swiss economy?

In the short term, yes. But we should not exaggerate this. The No to the EEA is not to be seen as final but as an invitation to the government to think about the situation again. In the past Switzerland's success was based on the capacity to face up to the world with its strong inner cohesion founded on democracy and dialogue between all the various interest groups. Today the prerequisites for these strategies at the national level no longer exist. Switzerland must adjust to the new requirements, but without losing its identity in the process.

Interview: Ilaria Bignasci



In both the services sector and in manufacturing small and medium-sized businesses are the backbone of the Swiss economy (Photo: RDZ)



SMEs – the backbone of the Swiss economy

Small businesses – but pillars of industry

Switzerland is in the midst of structural change. Small and medium-sized enterprises (SMEs) could cushion the negative consequences. But politicians and businessmen cannot agree how.

Switzerland has an absolutely textbook SME structure*, says Rudolf Walser of the Swiss Federation of Commerce and Industry, Vorort. He is referring to small and medium-sized enterprises employing up to 500 people.

*Judith Raupp**

Statistics support his view, and nearly 98% of all Swiss businesses in the manufacturing and servicing sectors are small and medium-sized. They account for between 60% and 65% of all workplaces.

This is why economists think that small and medium-sized enterprises have a stabilising effect. They contribute to maintaining employment and help

* Judith Raupp is economics editor of "Basler Zeitung".

ensure that the economic structure is regionally balanced. It is not without reason, for example, that Basle is hoping to attract more such enterprises in the future. They would be able to replace some of the roughly 3,000 workplaces which will be lost by the merger of CIBA and Sandoz to form the new pharmaceutical giant, Novartis.

Walser points out that the Swiss economy has always had a high proportion of small and medium-sized enterprises, but their number has been increasing in recent times. The Vorort spokesman sees the reason for this in the conduct of big businesses. These have been shifting an increasing part of their production abroad so as to profit from lower wage and wage-associated costs. In addition, large firms are contracting out more work than before in order to concentrate on their core activities. Both these factors – the shift abroad and outsourcing at home – offer small and medium-sized companies big opportunities.

Structural change

Evidence of this may be found in the trade register. Rudolf Walser reports that in spite of the difficult economic situation with a lot of companies going out of business many new ventures are

being started. He believes this indicates that SMEs are playing an important part in changing structures.

But what exactly is structural change? As early as 1954 the French economist, Jean Fourastié, prophesied that as national economies developed agriculture (the primary sector) and manufacturing (the secondary sector) would shrink and be replaced by services (the tertiary sector). He forecast that by the end of the twentieth century 80% of all jobs would be in the service sector, while the two others would be down to 10% each.

SMEs need promoting – but how?

Fourastié's figures have not – yet – proved entirely correct. Present statistics show that in Switzerland now there are 161,000 jobs in agriculture and forestry (about 4%), 1,109,000 in manufacturing (about 29%) and 2,531,000 in services (about 67%). But Fourastié was certainly quite right about the trend. And in terms of gross value added the tertiary sector accounts for 66% at Sfr. 234 billion, with manufacturing providing 31% at Sfr. 110 billion and agriculture just 3% at Sfr. 10 billion.

Although small and medium-sized companies are best represented in the two sectors with the highest value added, Walser believes they still need help. For it is precisely here that the long-sought economic revival could start. But there is much controversy between Swiss politicians and businessmen on the subject. The politicians keep saying they want to support SMEs, while the owners of small and medium-sized businesses bitterly complain that they are confronted with new obstacles all the time.

"If an SME wants to fulfill all its obligations under tax, labour and licensing law and auditing it has to work for the government only for about two months", says Rudolf Walser and quotes in evidence a Vorort research project carried out in 1986. He claims that the burden has grown even more since then, and he names new labour and environmental protection legislation as examples.

He is of course touching on a very delicate point. Do we really want to overcome economic recession at the cost of environmental and social achievement? In the next few years Swiss citizens will have to give much consideration to this question.

Graduates without jobs: one way of helping

More than 6% of university graduates are still without a job a year after the end of their studies. Many students have no idea how to set about looking for work. To help remedy this situation the International Association of Students of Economics organises a forum at the University of Lausanne each year. This enables more than 200 students from various faculties to meet potential employers from the private sector. These start by describing their work and their requirements, and in exchange they receive the curricula vitae of the future graduates and are able to select those they would like to interview. This is followed by a period of preparation for the students and finally the interviews themselves – which are usually for about 100 jobs.

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