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# HOW DOES EDUCATION PLAY A ROLE IN GENERATING SKILLED WORKFORCE IN SWITZERLAND?



## ABSTRACT

Switzerland ranked as the best education system in the world but ranked third overall in the entire human capital report. Switzerland's education system is one of the most advanced in the world. This distinctive characteristic of the Swiss education system is taking into account the wishes and the abilities of students. This attribute is done by diversifying the different directions a student can take once they're done with their education. at the same time, there are few sectors where it gets flatter. It is analyzed in detail perspective and the suggestion that brings out the best practice to eradicate the same is mentioned here.

There is a clear and strong correlation between the educational attainment of a state's workforce and median wages in the state. States can build a strong foundation for economic success and shared prosperity by investing in education. Providing expanded access to high quality education will not only expand economic opportunity for residents, but also likely do more to strengthen the overall state economy than anything else a state government can do. States can increase the strength of their economies and their ability to grow and attract high-wage employers by investing in education and increasing the number of well-educated workers. Investing in education is also good for state budgets in the long run, since workers with higher incomes contribute more through taxes over the course of their lifetimes. Skill acquisition is measured directly through subjective assessments. We find that higher educated workers are more likely to acquire additional skills. While this is primarily explained by between and within the occupation effects. Over educated workers with a vocational degree acquire fewer transferable and additional skills compared to similar educational backgrounds. Thus, higher-educated employees are more likely to acquire skills during their first jobs than lower-educated people. And this is very applicable for Switzerland which possess skilled workforce.




**TABLE 1 : SWITZERLAND HIGHER EDUCATION ATTAINMENT**

YEAR	SHARE OF EDUCATIONAL ATTAINMENT OF THOSE AGED 25
2014	88%
2015	88.2%
2016	88.5%
2017	88.8%
2018	88.9%
2019	90.2%
2020	90.1%
2021	90.3%

There is a high consensus among economists that education is one of the key determinants of people's earnings. According to the human capital theory by Mincer, education is an investment that increases the market skills and productivity of individuals who undertake it. Consequently, these individuals earn higher wages in the labor market for their higher skills and productivity. While monetary returns to education take the form of higher earnings that people command in the labor market, there may also be non-monetary returns since higher education is often associated with psychic gains, such as increased respect from others. Like any other investment decision, investing in human capital through education entails costs that are borne in the short term with the expectation that benefits will be captured in the long term. The question of whether returns to education are high enough to justify the costs of additional education is an important question, not only for individuals but also for policymakers. It is often argued that government policies can improve the economic well-being of the poor by subsidizing their education, offering loans for college students, and imposing minimum education requirements. The typical method for estimating the rate of returns to education requires data on the earnings and levels of education of different individuals, along with estimations of the percentage change in earnings. The discussion above assumes that education increases individuals' earnings by raising their productivity.






An alternative argument is that education can increase earnings even if it does not make individuals more productive. The most common approach for determining the rate of returns to education includes data on different individuals' wages and levels of education, as well as estimates of the percentage change in earnings. The preceding explanation implies that education boosts people's wages through increasing their productivity. Another point is that education can enhance incomes even if individuals weren't more productive.

Switzerland was an impoverished country in the nineteenth century, with a major portion of the people surviving on subsistence farming. The number of job opportunities has expanded as a result of rapid urbanisation and industrial expansion. Because Switzerland has so many multinational corporations, the demand for job seekers increased, and more people were employed at the same time. However, this is only applicable to the business and manufacturing sectors. This indicates that the service sector dominates the Swiss economy. Switzerland's tourism business is booming, with jobs in the hospitality industry available all around the country. Many international workers, particularly those with advanced degrees, find work in Switzerland.

Professionals can improve their earning potential by honing and honing their abilities and skills. Switzerland has placed a higher focus on making an educational system capable of producing individuals capable of working in emerging sectors such as healthcare and industry. A push to strengthen the public's basic education arose as well, with a growing notion that everyone has the right to an education. Better-trained people stimulate good outcomes and economic consequences throughout the society. In other sense, sense, having a skilled labour source from which to acquire personnel is an external aspect that all businesses profit too.



## TABLE 2: EMPLOYMENT RATE OF SWITZERLAND

YEAR	EMPLOYMENT IN MILLIONS
2014	4.82
2015	4.9
2016	4.97
2017	5.01
2018	5.07
2019	5.1
2020	5.09
2021	5.1
2022*	5.14

\*-on the basis of speculation

SOURCE: World Bank Data

Nonetheless, because the labour market is so limited, it can be difficult for international graduates to find job. Job competition is tough, especially as Swiss firms have begun to favour locals over foreigners in recent years. International workers may have a better chance in major Swiss cities than in smaller towns and villages. However, the cost of living in Swiss cities is considerable, which is offset by the country's high incomes.


Switzerland is currently experiencing a labour shortage in the following areas:

- **Engineering**
- **Financial services**
- **Information Technology**
- **Pharmaceuticals.**

## TABLE 3 : EDUCATIONAL ATTAINMENT RATE AND LABOUR RATE IN CONCERN TO EMPLOYMENT SHORTAGE SECTORS

NAME OF THE SECTOR	EDUCATIONAL ATTAINMENT RATE	LABOUR RATE
Engineering	68.66%	44.2%
Financial service	76.3%	39.27%
Information technology	81.5%	57.6%
Pharmaceuticals	88.7%	67.4%

SOURCE: OECD Data.




**Graduates with these abilities and qualifications, on the other hand, are in high demand. How can we resolve the issue in the same manner?**

### **1.Engineering**

Engineering advancement and innovation are always changing. Technological breakthroughs occur on a regular basis. Prior to anything else, mastery of the subject is required. Candidates with some practical experience are preferred by employers. The frameworks/skills required by the corporate sector and those being learned by students are vastly different. This particular requirement of enabling comprehensive and intense experience learning is missing among the many up-skilling and re-skilling options accessible. As a result, the large skill-to-technical-changes divide must be bridged.

### **2. Financial Service**

Starting a career in finance requires a combination of experience and education. Finance education can also educate students to financial concepts and essential information that they can apply in their future careers. An apprenticeship allows you to gain experience in the financial industry while learning more about it. Graduates must conduct research in order to gain a better understanding of the financial system. This will provide an opportunity for exposure. As a result, in finance occupations, academic competence and the ability to deal with numbers are required.



### **3. Information Technology**


Only with the support of the IT sector can a prosperous economic growth be achieved. The pattern or character of growth, on the other hand, is important. Economic growth has an impact on the development of productive jobs not just because of the rate of increase, but also because of the efficiency with which growth is translated into productive jobs. When there is breakthrough in IT, the efficiency of diversification can be improved. Because the constraint operates as a roadblock to providing an efficient output rate, the answer may be to expand international trade and adjust the employment market on a regular basis. This may result in an increase in a company's overall earnings.

### **4. Pharmaceuticals**

Jobs in pharmacies and pharmacies may not be the same as they were in the past. According to recent assessments, it is a profession that will continue to be in demand. Regardless of the changes that occur around it, pharmacy will always be an employees service that revolves around patients and medicine. The pharmaceutical and biomedical industries both rely heavily on research. New drugs, composition and quality integration, toxicity tests, and the establishment of drug testing are all tasks that trained field workers must complete.

## **SUMMARY OF FINDING AND CONCLUSION**

The pay scale is put under downturn as the labour supply grows. Wages frequently fall when employers' demand for workers does not keep up with the labour supply. Employees in industries with minimal barriers to entry for new employees—those with occupations that don't require a degree or any specialised training—are particularly harmed by an excess supply of labour. In contrast, sectors that demand more knowledge and training tend to pay greater earnings.



The higher compensation is owing to a limited labour supply capable of operating in certain industries, as well as the large costs of required education and training. A successful economy has a workforce that can operate industries at a level that gives it a competitive advantage over other countries' economies. Nations attempt to incentivize training through tax breaks, training facilities, and a number of other methods aimed at producing a better competent workforce.

A prosperous economy has a workforce that can operate areas of the economy at a level that creates a competitive advantage over other economies' gdp. Nations may attempt to incentivize training through tax incentives, the provision of training facilities, or a variety of other methods aimed at producing a better competent workforce. Since educated people can more precision and reliability out tasks that involve reading and critical thinking, a country's economy becomes more productive as the proportion of skilled employees increases.

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