

Ageing Switzerland

How to Leverage Demographic Change for Public Sector Innovation

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About the study

This report draws on our baseline study «Ageing Switzerland – Time to act» and the accompanying in-depth study «Ageing Switzerland: Rethinking labour market dynamics for sustainable growth».

As part of this report on the influence of demographic change on Switzerland's public sector, we conducted interviews with a number of experts from government, business and academia. We would like to thank our interviewees for their valuable pinions and insights, especially those whom we quote in the study. The interviews and analysis were carried out between February and May 2025.



Executive summary

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1. Executive summary

Demographic ageing is one of the biggest challenges facing Switzerland's public sector. The working age population is shrinking as more and more of the 'baby boomer' generation retire and are not replaced because of the country's low birth rate. At the same time, many sectors actually have a greater demand for labour, resulting in bottlenecks and skills shortages across the Swiss labour market.

The Swiss public sector is affected more than the economy as a whole because the public sector workforce is older than the average across all sector. The growing number of employees now reaching pension age exacerbates the situation, with around one in every five current employees likely to retire by 2031. Nor can this gap be fully closed through migration; in fact, in some areas of the public sector, including childcare, education and healthcare, migration actually increases demand and, hence, puts greater pressure on employment. Moreover, some public sector jobs require country-specific expertise and Swiss nationality, making it harder to fill gaps with non-Swiss nationals.

The indirect effects of societal ageing, such as higher demand for health services, amplify the already substantial need for skilled labour in many parts of public administration. This is particularly true of the health sector, where hospitals and other care settings find it increasingly difficult to fill their vacancies for skilled staff. Meanwhile, demographic change is also posing substantial recruitment problems in the private sector, opening up further tensions between the private and public sectors and accentuating the challenges the public sector faces. Without targeted measures, there is a risk of serious bottlenecks and shortages and, potentially, even a deterioration in public services.

The report recommends three strategic approaches to ensure long-term resilience in Switzerland's public sector:



Reducing bureaucracy and reviewing roles to make state structures leaner.



Making use of digital technologies and automation to boost efficiency and productivity.



Designing targeted HR strategies to better exploit the pool of labour within the country and to tackle future skills requirements systematically.

The impact of demographic change on the public sector

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2. The impact of demographic change on the public sector

As a result of demographic change, Switzerland's labour market faces a structural shortage of labour that impacts on both the public and the private sector. At the same time, the continuing shift to knowledge-based societies means ever-higher skills requirements, driving up the demand for skilled labour. Analysis by Switzerland's State Secretariat for Economic Affairs (SECO) suggests that health professions and specialist IT and engineering roles are more likely than the average to face staff shortages.

Within the occupational group of public administration staff, individual roles in social administration, social security, and tax administration are now considered "structurally under-staffed", although this assumes that maintaining required service levels means that all these roles will continue to be necessary in future. Public transport and public-facing areas of public administration, such as postal services, also face an above-average demographic replacement demand.¹

Since 2019, new entrants to the labour market have not fully replaced Swiss public sector employees taking retirement. And a large number of older, experienced workers will be retiring over the next decade – many of them actually taking early retirement – which will only exacerbate existing shortages.² Over the next few years, then, there is no respite in sight for Switzerland from the challenges caused by the widening age gap on the labour market.³

SECO's breakdown by occupational group provides some important indicators of structural shortages, such as among administrative experts, IT specialists and social security administrators. Its analysis is, however, based on data for the economy as a whole rather than on sector-specific figures, so it does not shed light on the demographic replacement demand in individual areas of the public sector.

Identifying the challenges facing the public sector as a result of demographic change requires more than simply figures for individual occupational groups, however. Demographic replacement demand therefore needs to be considered at organisational level: different public sector organisations have different occupational structures and employ many different highly specialised staff across their operations, including lawyers, ICT specialists, engineers, and experts in taxation and social security.

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«Demographic change is a major challenge for the Swiss postal service. The decline in employee numbers, especially in skilled occupations, is making it increasingly difficult to recruit skilled staff. This includes traditional operational roles, which are often neglected in the public debate around skills shortages.»

Jesko Herre, Head of HR Strategy and Head of HR Business Partners – Operations, Swiss Post

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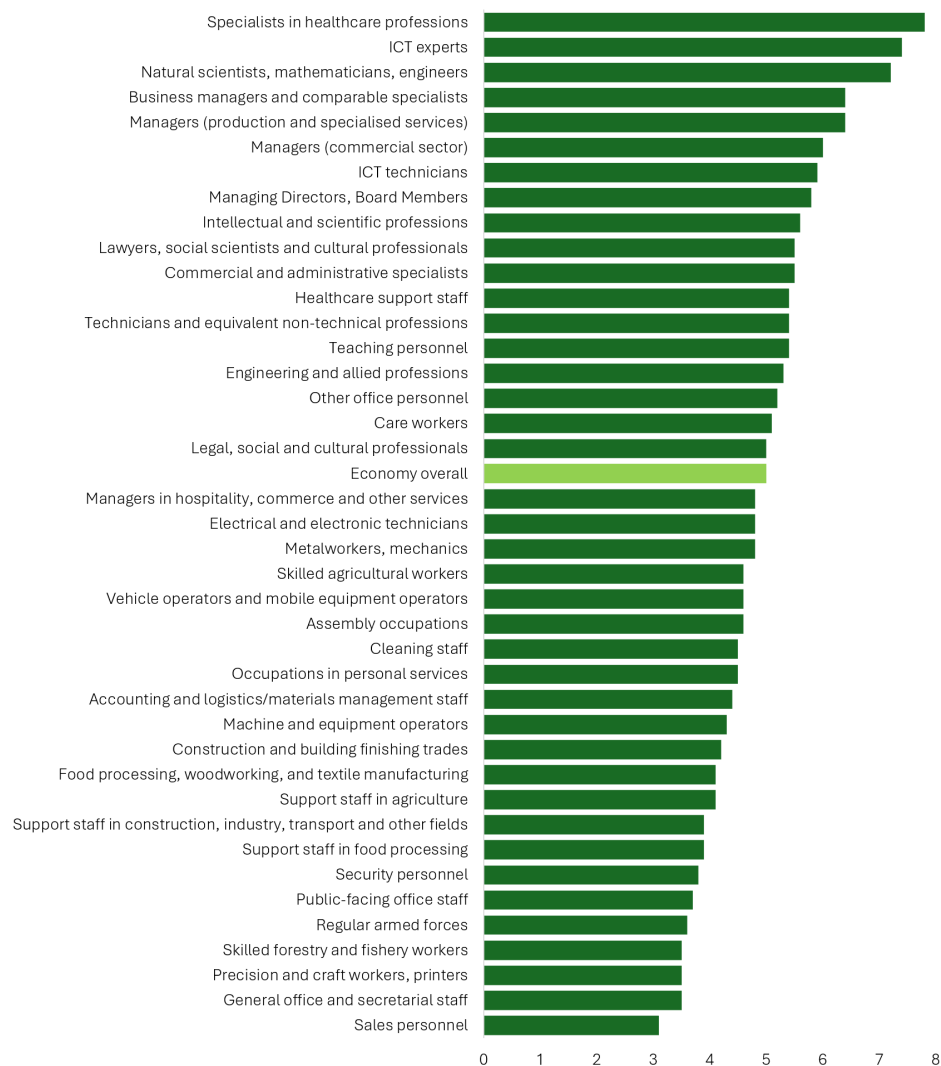


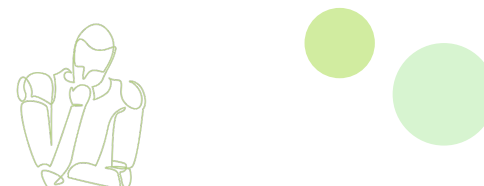
Chart 1: Labour shortages by occupational group. Source: Swiss State Secretariat for Economic Affairs (SECO) (2023)

Higher numbers retiring boosts demand for staff

Based on an average of surveys from 2019 and 2021, 20.7% of all staff are expected to reach retirement age within 10 years. This means that by 2031, one in five current Swiss employees will have retired and will need to be replaced by younger staff, assuming that their posts continued to exist.⁴

As the most recent business trends reporting by the Canton of Zurich shows, migration cannot completely fill these gaps: in fact, it creates additional challenges in other areas. To maintain the current age structure up to 2050 with the current low birth rate would require twice as many migrant workers as have actually entered Switzerland over the last 10 years. However, Switzerland's neighbours are also facing the challenge of demographic change and are themselves likely to need more skilled labour in future. Not only that, but migrant workers and their families are themselves also consumers of goods and services, infrastructure, and housing, so while migration can alleviate labour shortages in some specific occupational groups, it tends at the same time to actually increase demand for other staff. This applies, for example, to local businesses, such as bakeries, and to craft occupations, but also to areas of the public sector that are already under pressure, such as childcare, education and healthcare.⁶

A further challenge to the work of the public sector is that many roles require expertise in specific aspects of Swiss administration, specific language skills, or Swiss nationality. In many cases, therefore, migrant workers cannot immediately fill such vacancies.⁷



Individual government departments particularly impacted by demographic change

In a survey dating back to 2015, two-thirds of 54 federal agencies surveyed by the Swiss Federal Chancellery reported that demographic change represented a challenge to their operation. Almost 10 years later, the situation has worsened, with analysis by the Swiss Federal Office of Personnel indicating that almost one in three public sector employees will have retired by 2034.⁹ Office of Communications, the Federal Office for Buildings and Logistics, and the Federal Office of Transport.

Other specialist units with relevance to security and infrastructure, including defence, the Federal Department of Civil Protection, and the Federal Office for Customs and Border Security, face high levels of demographic replacement demand, which may be exacerbated by the need to ensure that staff meet security requirements.

Age profile of staff in many cantonal administrations

It's not just about federal government, though: most cantonal administrations also face an above-average demographic replacement demand. Chart 3 illustrates their future staffing requirements as the number of staff who are now aged over 50 as a proportion of total staffing of each canton.

Seven cantons report that although they record staffing data internally, the figures are either not for public use or provide no information about the age structure within the canton's administration. Other departments, including the Finance Department of the Canton of Appenzell Innerrhoden, acknowledge that they have work to do and some plan to draw up indicators of demographic replacement demand at a departmental level starting from this year. Where HR and Finance Departments do record such statistics, it is clear that there is a considerable replacement demand over the next few years.

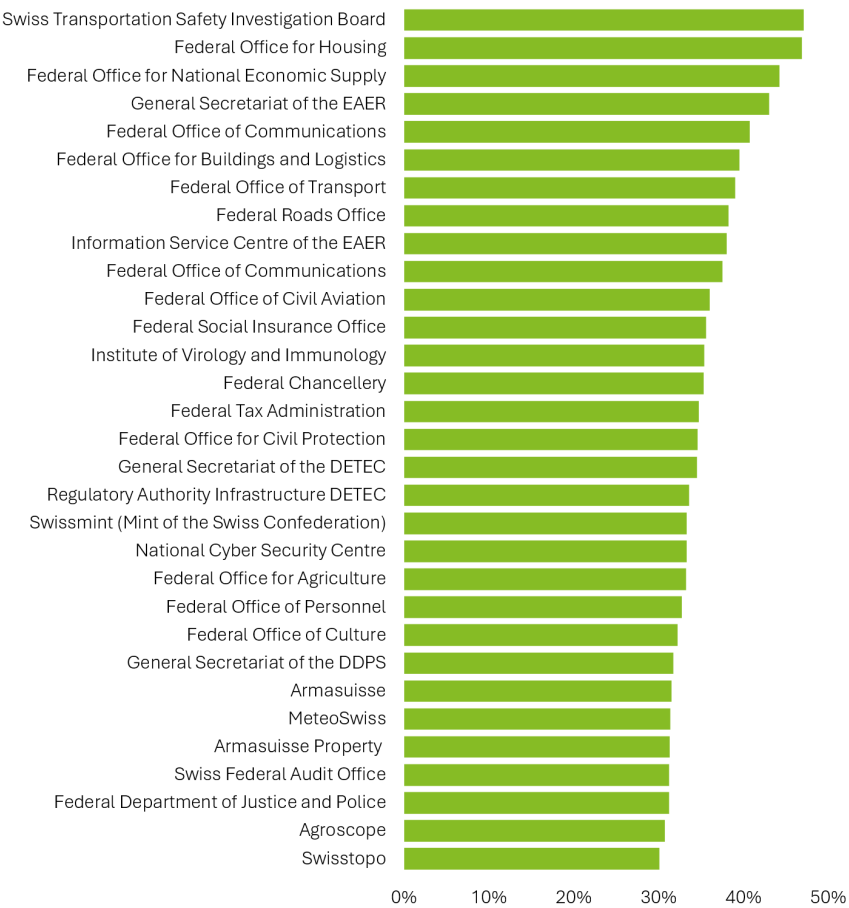


Chart 2: Demographic replacement demand in selected Swiss government departments by 2034 (in %). Source: Federal Office of Personnel (2025)

In the Canton of Bern, for example, a total of 4,867 employees were already over 50 at the end of 2024, equivalent to two-fifths of the total number employed. Those over 55 accounted for just under 26% of all staff, and almost 11% were aged between 60 and 64.

The situation in the Canton of St. Gallen is similar. Individual departments, including Finance, Education, Economic Affairs and Health, are likely to see almost half of their staff retiring over the next few years (46.3%, 45.6%, 49.6% and 47.6% respectively) – and if all these posts are preserved, they will need to be filled over the same period.

Geneva's Office of State Employment estimates that the canton's Department of Economics and Employment has a particularly high average employee age, with 57% of staff over the age of 50 by the end of December 2024. The figure for the Department of Construction was just under 50%, and over one-third of the staff of other departments were well over the age of 50 at the same date.

As well as federal and cantonal agencies, finally, even smaller municipal administrations are affected by demographic change – some of them more severely still – and face serious difficulties in recruiting skilled staff in their local context, often in technical areas, such as construction administration.^{10 11}

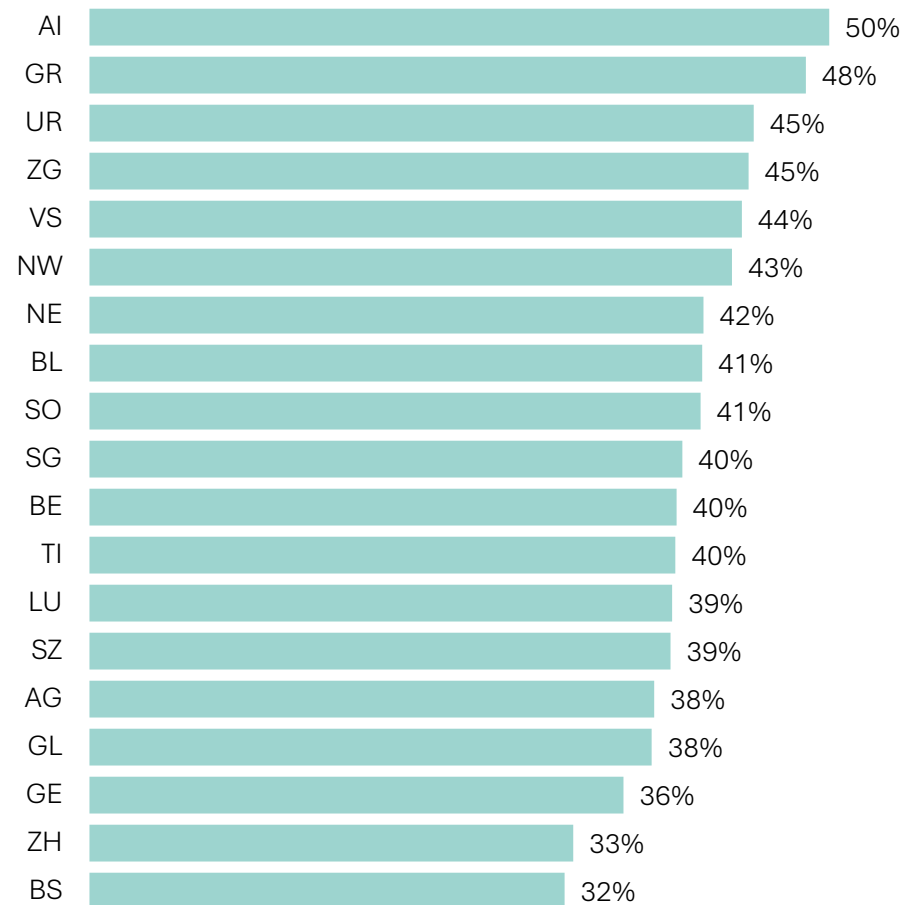


Chart 3: Proportion of cantonal employees aged over 50 by 31 December 2024 (permanent staff excluding apprentices and interns; figures for Nidwalden and Solothurn are from 31 December 2023). Source: Deloitte, 2025.

Indirect impact of ageing increases pressure

The shortage of skilled labour is, however, exacerbated not only by retirement and non-replacement but also by the indirect impact of an ageing population. Older people are bigger consumers of health and care services, increasing the demand for staff in these areas even more markedly.

Hospitals and organisations providing care outside a hospital setting (known as 'Spitex' providers) are finding it difficult to meet the growing demand for staff against the backdrop of a dwindling pool of skilled labour. Geriatric and care occupations are particularly affected, because as the population ages, more people develop complex age-related diseases and conditions. Innovative models of care and targeted HR policies are required to tackle these trends.¹²

High replacement demand in public sector roles, specialised skills profiles, and structural change in the demand for some public services are all placing many public institutions under pressure. Unless targeted measures are put in place, there is a risk of losing knowledge, expertise and innovativeness and creating shortages, thereby increasing the burden on remaining staff.



Three ways to make the public sector resilient in the long term

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3. Three ways to make the public sector resilient in the long term

Demographic change is not only exacerbating skills shortages but also driving up the costs of healthcare, care for older people, and public infrastructure. But what looks at first glance like a threat could also prove to be a catalyst for greater efficiency and innovation if it prompts organisations to review their structures to future-proof themselves. Below, we set out three recommendations for ways in which public administrations can turn the challenges facing them into opportunities.

3.1. Reviewing processes, responsibilities and expenditure to make public administration lean

The first of the approaches involves the state responding to new challenges by questioning its structures and roles on an ongoing basis. By reducing bureaucracy, reviewing state services and setting priorities for the use of public money, the public sector can become more efficient and drive down its costs as a way of tackling growing skills shortages.

Reducing bureaucracy and cutting regulation

Ever-greater regulation is one of the ways Switzerland responds to new challenges: between 1972 and 2022, and by contrast with what might have been expected to happen, the number of individual pieces of federal legislation rose by ‘only’ 13%, although it has grown more sharply since then, to around one new Act and eight new Ordinances (Verordnungen) each year. Legislation is also becoming longer and more complex, with an average increase of 39 words per text per year. This is especially problematic for the many SMEs in the country: without specialised legal and technical expertise, it is increasingly difficult to understand the terms of new legislation.¹³

Meanwhile, one drawback of Switzerland’s federal structure has been a dramatic rise in the volume of cantonal and municipal regulation with which companies are also required to comply. It is hardly surprising, then, that according to SECO’s ‘red tape monitor’, 60% of companies surveyed believe that the administrative burden on Swiss companies is “quite high” or “high”. SECO puts the cost of compliance with regulatory requirements at CHF 6.3 billion a year – more than Switzerland’s total defence spending.¹⁴ Deloitte’s most recent CFO Survey shows that this cost is a day-to-day burden on companies, with Swiss CFOs citing regulation as one of the four greatest risks to their company.¹⁵

Bureaucracy is expensive and time-consuming, not just for businesses but also for citizens. It is particularly onerous in the construction sector, for example, with visual amenity and noise prevention regulations holding up construction projects and imposing a growing workload on officials handling applications for planning permission. Over recent years, companies have also had to start complying with a large volume of state regulation on sustainability reporting. Under Swiss law, tens of thousands of employees are involved in annual sustainability reporting in both the private and the public sector. Detailed regulation of this kind stifles entrepreneurship, drives up companies’ costs and hampers their freedom to do business. Even the European Commission, which is normally supportive of regulation, recognises the need to relax legislation and cut the red tape associated with it.¹⁶

Research by the University of Zurich finds that in around 60% of cases, the impetus for new primary legislation comes from federal or local government itself. When secondary legislation is added to this total, it is clear that public administration does not merely implement regulation but is also a driver of it.¹⁷

Public administration shares responsibility for shaping the regulatory framework so that, despite demographic pressures, it sustains economic success and social prosperity. The public sector should not only initiate new legislation but also define the metrics for success and quality, thereby driving the consistent repeal of regulation that impedes business and is not fit for purpose. This is by no means a fanciful aspiration: the United Kingdom has blazed a trail here with its 'Red Tape Challenge' that ran from 2011 to 2014 and saw more than 3,000 separate pieces of regulation repealed or revised, creating annual savings of GBP 1.2 billion in the private sector. Switzerland needs to follow suit, cutting unnecessary expenditure on regulation and reducing the volume of new regulation that drives up costs and ties up staff whose skills are urgently required in other units of government but also, and especially, in companies whose tax payments fund the state.

Prioritise responsibilities and subsidies

As well as cutting red tape, another urgent priority is to critically review which services the state should be responsible for and which could potentially be delivered more efficiently from outside government. This will influence how increasingly constrained public money is to be spent.

Not only is Switzerland's public sector creating and implementing ever more regulation, it is also expanding in employment terms more rapidly than the private sector. In some towns and cities, in fact, the size of local government is actually outpacing growth in the population it serves, with an increase of over 20% in local government employment in Basel, Bern and Zurich since 2011.¹⁹

Particularly at a time of skills shortages, it is essential to explore which services can be provided only by the public sector and which could instead be provided by the private sector. Public-private partnerships (PPPs) could in future be used to bundle scarce resources and deliver public services more efficiently. Digital administration is just one example: in 2018, eOperations Schweiz AG was set up to streamline common procurement by community bodies.

Another example of a successful PPP is the Swiss Institute for Translational and Entrepreneurial Medicine (sitem-insel AG), which is financed by the Swiss Federation, the cantons and private sector organisations. sitem-insel AG promotes innovative medical research and development by fostering intensive cooperation between academia and industry to accelerate the delivery of new treatments and technologies to patients.²⁰ Concepts such as this help to relieve the financial pressure on public expenditure.

Rationalising what the state does not only improves efficiency and cuts the size of that state workforce but also increases its financial headroom by boosting tax revenues. Demographic change means the state will have to spend more to remain viable in the long term, so keeping a grip on costs is also crucial to controlling expenditure.

“The private sector should be allowed to expand in areas where that is justified by the individual needs of the population. By contrast, the state should be allowed to expand only where the free market cannot deliver. What the state does may, of course, change over time, but it is difficult to argue that it needs to keep growing.”

Prof. Dr. Christoph A. Schaltegger, Director of Lucerne University's Institute for Economic Policy (IWP)

An expert task force convened by the Swiss Parliament to review government responsibilities and subsidies has made a number of proposals over the past year, including that Switzerland stop subsidising driverless vehicles and funding alternative drive systems for buses and ships.²¹ It argues that such innovations could be funded by the private sector without any need for state intervention. Moreover, subsidies consume not only financial resources that could otherwise be spent on health and social care for the country's ageing society but also administrative resources, which are themselves in short supply given the increasingly acute labour shortages in the country.

Reviewing pay systems to take the pressure off the private sector

Lucerne University's Institute for Economic Policy (IWP) estimates that state employees earn more than their private sector counterparts in a comparable role and at a comparable age and skills level, so it is not surprising that many Swiss citizens are attracted to working in public administration.²² And this means that – for the time being – the public sector is less impacted by skills shortages than the economy as a whole. The BSS Economic Consultants' index of skilled occupations indicates that virtually every sector of the economy is finding it difficult to recruit the skilled staff it needs, with the sole exception of the public sector.²³

If public administration can offer above-average pay and attractive benefits, it will divert staff away from small and medium-sized companies, which need a skilled workforce to create value across the economy. While the state is reliant on productive businesses to generate tax revenues, the public and private sectors are often competing for the same talent – and sometimes, the state is able to offer working conditions that smaller companies simply cannot match.

In an ageing society with a growing labour shortage, it is crucial that the state does not impose burdens on business.

Rather than seeking to tackle its demographic replacement demand by offering better pay, public administration could in future focus more on cutting its current staffing requirements by making its structures more efficient and rolling out modern digital infrastructure.

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«Entrepreneurs need increased productivity to finance wage growth, but this fundamental principle does not apply to the state, which has access to taxpayers' money to pay employees, so the state can pay higher wages to attract the best talent on the market when it has the opportunity. From the individual perspective of federal public administrations, this is a reasonable and rational thing to do – but it poses a problem for wider society.»

Prof. Dr. Christoph A. Schaltegger, Director of Lucerne University's Institute for Economic Policy (IWP)

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3.2. Modern infrastructure to underpin greater efficiency

The second approach involves the public sector making greater use of the potential for greater efficiency offered by digital infrastructure and the targeted deployment of new technologies. Technological innovation has enormous potential to tackle the staffing shortages that are now beginning to impact on the public sector: automation, digitalisation, and the targeted use of artificial intelligence (AI) can all make processes more efficient, cut administrative costs and – through ‘digitalisation dividends’ – cut the demand for staff in specific occupations.

The OECD’s 2023 Digital Government Index illustrates that the targeted rollout of digital technologies can significantly improve public sector efficiency. Digital administrative processes enable organisations to deliver the same – or better – services with fewer staff.²⁴ As the pool of labour shrinks, it is more important than ever to make greater and targeted use of digitalisation: countries with advanced digital administration structures demonstrate that automated and digital solutions can cushion the impact of skills shortages and reduce the burden of administrative costs.

Modern digital infrastructure as the basis for efficient administration

Digital Public Services Switzerland, whose role is to coordinate and promote digital transformation within and across the three levels of government (federal, cantonal and municipal), reports that many different digitalisation projects are under way simultaneously in public administration bodies. This means that their use of resources is more inefficient, their costs are higher, and their progress towards overarching digital administration is hampered.²⁵

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«To tackle the growing skills shortage in operational areas, Swiss Post is relying more on automation and digitalisation to increase productivity in letter delivery, which is facing growing challenges as letter volumes decline. Approaches include, for example, optimising delivery routes and using artificial intelligence to sort post and process customs declarations.»

Jesko Herre, Head of HR Strategy and Head of HR Business Partners Operations, Swiss Post

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Cloud technologies in particular offer a host of opportunities for using digital transformation to tackle current challenges and devise innovative solutions, but very little progress has been made towards exploiting their potential in Switzerland.²⁶ Yet as a recent Deloitte study finds, a majority of public sector staff surveyed believe cloud solutions are an effective way to boost efficiency,²⁷ because cloud technologies form the basis of most big data analysis and underpin the successful use of automation and AI. However, making full use of their potential to improve efficiency requires organisations to generate usable data across systems and agency boundaries.

The Open Data Maturity Report, produced annually to assess European countries’ progress towards recording and using open data, shows that Switzerland has a long way to go in this area. Although the most recent report shows it improving its ranking by three places, it still languishes in the middle of the league table, in 20th place out of 34 countries assessed.²⁸

Public administration in a digitally mature state is data-driven. This means not just collecting data but also using that data as a strategic management tool to plan, implement and evaluate administrative and legislative processes, such as proactive management of resources, needs-based service delivery, and identification of potential for optimisation.²⁹

Projects such as the planned digitalisation of proof of residence or the rollout of a one-stop-shop government portal show what specific e-government applications look like in practice: digital administration means greater availability of services in terms both of time and, increasingly, of location. If companies and individuals are able to complete administrative processes largely online, then fewer staff will be needed in some roles. However, modern infrastructure is crucial to maximising the efficiency gains offered by digital solutions. A proactive administration that uses data to anticipate what its target groups need can help to tackle skills shortages by making service delivery processes more efficient and tailoring them to future needs.

«We are facing an increasing shortage of skilled staff. To tackle that shortage, we are considering greater demand for flexible forms of employment and working hours but also offering flexible retirement between the ages of 58 and 65. In some specific circumstances, employees can also continue to work until they reach the age of 70. Wherever possible, we make use of digitalisation and automation, and we will undoubtedly also be using artificial intelligence in future to boost efficiency and productivity.»

Office for Human Resource Management, Canton of Valais

Security remains an ongoing challenge

Despite all the opportunities digitalisation represents for efficiency gains, there are significant challenges to implementing digitalisation projects while ensuring the necessary IT security. It is crucial that public sector processes are secure and prevent unauthorised access to systems, data and communications channels. It is also important that personal information is protected at all times. However, many public administration bodies lack standardised mechanisms for assessing the risks posed by digital projects.

As well as technological risks, there are also organisational risks: research shows that poor communication and a lack of involvement by staff often results in resistance when digital solutions are introduced.³⁰ Together with cross-agency cooperation arrangements, clear structures and processes, defined responsibilities and effective supervision arrangements, success relies on targeted initial and continuing training for staff. Employees need not just to be prepared for new roles and responsibilities but also to have the necessary skills to play an active part in shaping technological change. As the number of AI projects in public administration increases, staff expertise in this area influences both the acceptance and the quality of new AI-supported processes: the ‘human in the loop’, with ultimate responsibility for centralised decision-making, will remain crucial to digital transformation processes in future, particularly in the public sector.³¹



3.3. Proactive HR planning and better use of the pool of domestic labour

The third approach to tackling demographic change within the public sector is to make better use of the pool of domestic labour and to ensure that employees' skills are continually developed and adapted to the future demands of a changing labour market.

Making use of domestic potential

Part-time working has been a major factor in boosting the participation rate in Switzerland, particularly among women. A recent study by von Rundstedt and HR Today finds that almost 40% of public sector employees are working part-time, the second highest figure after the health sector (see Chart 4).

However, alongside its role in boosting labour market participation, the current prevalence of part-time working also brings challenges: as full-time workers – often men – move increasingly to part-time working, the total volume of hours worked falls. There should therefore be targeted incentives for part-time employees to work more hours and encouragement for full-timers not to cut their hours but also keep their hours as flexible as possible.

Another approach is to retain older workers in employment for longer and, ideally, beyond standard pension age. In public administration in particular, financial incentives to keep working often have little effect because Swiss pensions are relatively high, so many employees are financially secure and may even be in a position to retire early. A survey by the Swiss Federal Social Insurance Office finds that almost three-quarters of retired people rated their financial situation as “satisfactory” or “very satisfactory”, even before the introduction of a 13th monthly pension payment was approved.

It is important, therefore, to create other incentives for older employees to remain in employment, such as by communicating more persuasively the social value of work and the health benefits to employees and by enabling those who keep working beyond pension age to work more flexibly.

Retaining existing employees for longer in the labour market, and getting them to increase their hours, is essential if public administration is to be able to make effective use of the pool of domestic labour.

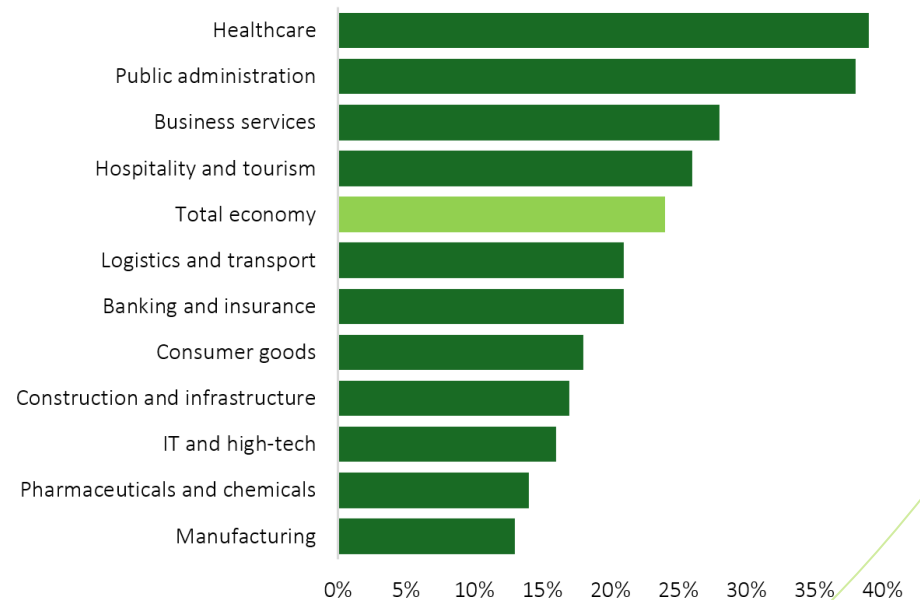


Chart 4: Part-time working as a percentage of total employment in selected sectors.
Source: adapted from von Rundstedt / HR Today (2023)

Adopting a future focus among employees and in models of learning

A digital administration requires not only new technologies but also a working environment that promotes and fosters lifelong learning and adaptation to change. An innovation-friendly working climate is therefore essential to equipping employees to make use of new technologies such as automation and AI in their working environment and, hence, to making the best use of the existing potential for efficiency.

According to the WEF Future of Jobs Report 2025, there will be particularly notable skills gaps over the next five years in the areas of AI, big data and cyber-security as well as in employees' general understanding of technology. Meanwhile, promoting such soft skills as creative thinking, resilience and agility will remain important, because these skills will be crucial to individuals' ability to adapt successfully to the demands a rapidly changing world of work will make on them.³²

The public sector in particular is having increasingly to deliver services digitally, so the ability to develop relevant skills will be crucial to success here. AI-supported learning platforms enable individuals to create their own development plans, but the public sector still has considerable room for improvement in this area.³³ Alongside individually tailored continuing training provision, such platforms can also offer efficiency gains: considerably more individuals can receive training at the same time or at times and in locations of their choosing, while fewer instructors are needed than for a traditional face-to-face training format.

Rolling out strategic HR planning

Promoting digitalisation and automation while at the same time equipping employees to make successful use of new technologies will reduce the demand for human resources to complete routine tasks and free up more staff to take on more complex roles. This will reduce bottlenecks in recruitment and help tackle the general shortage of labour and, especially, of skilled labour.

Successful HR development requires a clear understanding of the skills currently available within an organisation and its future skills requirements. This understanding will enable the current pool of talent and future HR needs to be assessed and managed more effectively. It requires reliable data and appropriate systems, including systematic skills inventories, skills gap analyses, and IT-supported tools for modelling future staff development requirements. Instruments of this kind help managers to make evidence-based decisions on recruitment and retraining.

It is also crucial that organisations coordinate HR planning with targeted internal talent development. Rather than relying primarily on external recruitment, they should make greater use of continuing development of their existing staff, such as through clear development paths, reskilling and upskilling, and targeted succession planning.

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«In the light of growing skills shortages, every time a member of staff leaves, we take the opportunity to assess how we can make optimal use of or further develop the skills we have within the organisation. This assessment forms the basis for decision-making about where we need to recruit externally to enable us to deliver our services. Heads of Department and the Head of HR also have permanent access to a 'management cockpit', with relevant staffing data, in particular to help them anticipate demographic replacement demand as effectively as possible.»

HR Management Department, Canton of Valais

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Recommendations

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4. Recommendations

Keeping administration lean by reviewing processes, responsibilities and spending



Targeting reductions in bureaucracy:

Increasing regulation is placing a burden on both business and public administration. A consistent review of regulation and the repeal of unnecessary regulatory constraints at federal, cantonal and municipal level will help reduce staffing requirements, take pressure off public administration, and create urgently needed financial headroom to tackle societal ageing.



Critically challenging what the state does:

The state should be continually scrutinising and reducing its role in areas where services can be delivered more efficiently by the private sector or through public-private partnerships. Private providers generate greater financial headroom by boosting tax revenues, thus raising more money for state expenditure on areas such as security, social security, and health. Alternatively, the state may choose to reduce taxes, enhancing Switzerland's attractiveness as a place to do business and hence increasing tax revenues to benefit large swathes of organisations and individuals.



Evaluating and prioritising subsidies:

State subsidies, whether in the form of cash payments or tax reductions, need to be economically justifiable and efficiently designed and to make redistributive sense. Greater transparency and consistent monitoring of subsidies is crucial. Subsidies that are inefficient or not precisely targeted should be scrapped consistently to free up financial and administrative resources.

Modern infrastructure as the basis for greater efficiency



Driving digitalisation and automation:

The use of AI, automation and data-driven administrative tools can make routine tasks more efficient as well as freeing up scarce human resources. This will boost public sector productivity, help reduce recruitment bottlenecks, and enable existing talent to be used for more complex tasks or else savings to be made.



Making targeted use of cloud and data technologies:

Interoperable cloud solutions and high-quality data underpin an efficient and data-driven public administration. They enable automation, AI-supported processes and smart resource planning. Switzerland's public sector is still leaving too much potential unexploited and should be continuing to drive the expansion of modern infrastructure at all levels of public administration.



Identifying security and continuing training as key to success:

Despite promising potential for efficiency, digitalisation projects also pose considerable challenges in terms of IT security and risk assessment. Poor communication and failure adequately to involve staff often fosters resistance. Targeted initial and continuing training provision is crucial to equipping staff to play an active part in shaping technological change and to guaranteeing the quality and security of new digital processes.

Proactive HR planning and better use of the pool of domestic labour



Increasing the hours of part-time workers and keeping older workers in employment for longer:

Incentives to increase the hours worked by part-timers and to enable older people to keep working beyond retirement age can help to make targeted use of the pool of labour within Switzerland. Many public servants have high levels of pension income, so a flexible retirement age and greater social recognition of the value of working beyond retirement age will be increasingly important strategies.



Designing skills development systematically:

The public sector should promote lifelong learning for its staff in areas including AI, big data and cyber-security, as well as basic IT skills, and also develop soft skills such as resilience and agility. AI-based learning platforms offer potential for efficient and personalised continuing training, but not enough use is being made of them.

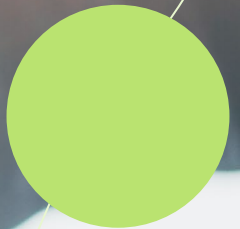


Professionalising strategic HR planning:

A systematic HR strategy, with skills inventories, skills gap analyses, and succession planning, provides an overview of the existing skills in the organisation and future needs. Against the backdrop of the impact of demographic change and the growing shortage of skilled labour, organisations should where possible aim to replace external recruitment with internal staff development and strategic upskilling to relieve pressure on existing staff and on recruitment.

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