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## Press Release

### New Tax Agreement impacts cross-border labour dynamics in Switzerland: Evolution Consulting identifies key stakeholder-related vulnerabilities affecting Swiss businesses

Lugano, Switzerland - In an effort to enhance companies' awareness towards the importance of their stakeholders, Evolution Consulting has conducted a comprehensive analysis of the most significant vulnerabilities that companies face from their stakeholders. This analysis was based on publicly available information and on the company's previous practice, and is part of Evolution Consulting's commitment to providing much-needed stakeholder-related insights to businesses worldwide.

The context that generated the need for these insights is linked to the new tax agreement between Switzerland and Italy, which, according to some companies, is making the Swiss labour market less attractive for Italian cross-border workers.

Stakeholder intelligence services would be crucial in managing these changes. Understanding the stakeholder dynamics behind cross-border labour legislation, tax policies, and economic trends would help businesses adapt strategies, manage risks, and maintain competitiveness in a potentially disruptive landscape.

Our analysis identified the following key stakeholder-related risks that affect businesses in general:

**Financial risks:** Our analysis underscores the critical importance of stakeholder insights when managing financial aspects such as investment decisions. To ensure overall financial health and stability, companies must have access to deep



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insights related to customers and partners in order to mitigate default risks. Prudent investment decisions, based on actionable stakeholder insights, are necessary to ensure long-term financial health.

**Legal and Compliance Risks:** The very important need for businesses to stay informed on the topic of regulatory changes and compliance requirements to avoid risks that may lead to legal pitfalls. Gaining political and governmental stakeholder intelligence is vital in this sense.

**Reputational Risks:** Our analysis is underlining the impact of public perception, social media exposure, and of the ethical conduct of stakeholders on a company's reputation. Therefore, companies should avoid that stakeholders' reputation risks become their own risks, by association.

**Operational Risks:** Challenges in supply chain management, technological reliability, and human resource dynamics represent one the main risks for a business. Stakeholders from these fields are called "principal stakeholders" for a reason. Companies should learn everything there is to know about these principal stakeholders in order to avoid potential crises.

**Strategic Risks:** Aligning business strategies with stakeholder interests is essential for long-term success. Companies must remain agile to adapt to market changes and competitive pressures. Embracing innovation and responding to industry trends are crucial for staying relevant and competitive. For this to take place, companies must have a deep understanding of their strategic stakeholder environment.

**ESG Risks:** Our analysis brings to light the increasing relevance of ESG factors in business operations. Environmental sustainability, social responsibility, and strong governance practices are no longer optional but imperative for business



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integrity and sustainability. Stakeholders that shy away from this approach become reputational threats for businesses.

Evolution Consulting's CEO, Ioana Giboi: "Understanding these vulnerabilities is highly important for Swiss businesses. In today's dynamic and interconnected world, Switzerland is more and more linked to global trends that, oftentimes, provide more disruption than predictability. Our goal is to empower companies with the stakeholder intelligence they need to overcome these challenges effectively."

This analysis is part of Evolution Consulting's ongoing effort to provide actionable insights and solutions that help businesses lower their risks and maintain a competitive reputation.

**Background story: Study\* shows that a company's primary stakeholders have a statistically significant effect on the likelihood of business failure**

Previous studies have also underlined the importance of stakeholders' influence on the achievement of traditional firm's goals. Specifically, stakeholder theory provides strong arguments about how firms should implement a business management focusing on a stakeholder approach that considers stakeholders' roles and concerns into their organisational policies and practices because they impact on the firms' outcomes and survival. Additionally, resource dependence theory argues that stakeholders are resource-holders and firms depend on them to obtain sustainable long-term performance and survive in the future.

In order to avoid harmful stakeholders' impact on the firm that may increase the likelihood of business failure, managers might focus on being well informed about stakeholders, namely, about primary stakeholder relationships, which are vital to the firm survival, and also try to prioritise which of them deserve broad consideration in their business goals or strategies.



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In contrast to other studies which consider that firms should address different stakeholders simultaneously, the authors say that, in macroeconomic unstable situations, companies may prioritise stakeholders according to their importance for their business, in order to avoid the emergence of a conflict of interests that impact on the firms' outcomes and increases the likelihood of business failure. (...) Thus, these findings can help managers to make decisions that reduce the risk of bankruptcy in unstable macroeconomic situations: managers should not treat and focus on all stakeholders equally through synergies, but in fact with a particular order of priority, especially when firms are in economic and financial difficult situations.

Press release by [Evolution Consulting](#)

Evolution Consulting is a boutique Swiss consultancy firm, specialised in providing comprehensive, data-based Stakeholder Intelligence and Reputation Management services. With a focus on innovation and personalisation, Evolution Consulting is dedicated to helping clients limit stakeholder-related risks and increase stakeholder-related benefits, thus achieving sustainable growth and overall company evolution.

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*\*Understanding the stakeholders' role in a business failure situation: An empirical boosting approach, by Alba María Priego-de-la-Cruz, Esteban Alfaro-Cortés, Montserrat Manzaneque-Lizano*