

# Research Institute

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and the world's foremost experts



Gender diversity  
in Switzerland:  
A deep dive

# Introduction

In September 2016, the Credit Suisse Research Institute published an updated study of female representation in senior corporate management under the title “CS Gender 3000: The Reward for Change.” The report on the one hand highlighted the link between gender diversity and improved business performance, while noting good progress toward increased participation of women, particularly at the Board of Directors level. At the same time, however, it identified several negative trends and found no evidence of a structural improvement in the female talent pipeline on a global level.

In Switzerland, gender diversity remains a prominent point of discussion both in the context of improved talent management and in relation to providing equal opportunities in the workplace. In this report, we assess the country’s progress over the past eight years and compare the data of 78 Swiss corporations with their European and global peers. Importantly, our data shows that Swiss companies with higher diversity levels enjoy higher valuations – very similar to the European and global levels. However, we also find that in both the global context and in direct comparison with its European neighbors, Switzerland lags significantly when it comes to integrating female talent into senior corporate decision-making. As a result, its largest corporations tend to fail to capture the benefits correlated with diverse leadership, including higher profitability, as measured by return on equity (ROE), superior sales growth, high cash flow returns and lower leverage.

As our analysis shows, there are 13.4% of female directors on Swiss corporate boards, which is a 55% increase since 2008, but merely half of the levels we currently see across the rest of Europe.

The progress at senior management level is similarly slow, as women represent a mere 6.7% of the Swiss executive teams, compared to a global average of 13.8% and Europe’s 12.6%. According to the Swiss Federal Statistical Office (2015), women represent 50.9% of all Master graduates and 46.2% of all PhD graduates. It must therefore come as a surprise that they remain significantly under-represented when it comes to decision-making within the country’s biggest corporations. Also interestingly, and in contrast to global trends, we do not see a relationship between company size and gender diversity in Switzerland – smaller businesses tend to perform better in terms of female representation than their global peers.

One of the unique tools in our gender reports is the “management power line” assessment, which allows us to look into future availability of female talent for senior roles. Looking ahead, we establish that a very significant change would need to occur in Switzerland for gender diversity to catch up with European levels.

We hope our first special report provides you with helpful insights into this important topic and wish you an enjoyable read.

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# Progress in the Swiss boardroom



Since 2008, gender diversity on Swiss boards has increased by a notable 55%. Despite this progress, the current level of female representation on Swiss Boards of Directors of 13.4% is closer to that seen in much less developed nations than the rest of the developed world. This comes as a surprise, notably due to significant progress of Switzerland's European neighbors.

Compared to broader global aggregates that put boardroom diversity worldwide at 14.7% (Figure 1), Swiss progress is trailing by more than 10%. This is despite the fact that legal quotas and voluntary targets adopted across Europe have led to an 80% increase in female directors over the past eight years, leaving Switzerland far behind.

Gender diversity in the boardroom has increased globally by 34% over the past six years, but it needs to be noted that the global numbers include several emerging economies. We would therefore expect Switzerland to perform closer to the progressive European levels of 24.4% than to the global average.

## Boardroom diversity

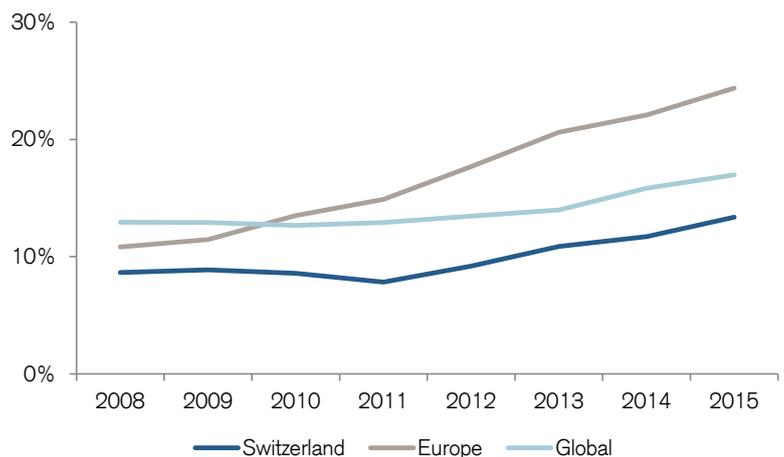
**Global average: 14.7%**

**European average: 24.4%**

**Swiss average: 13.4%**

Figure 1

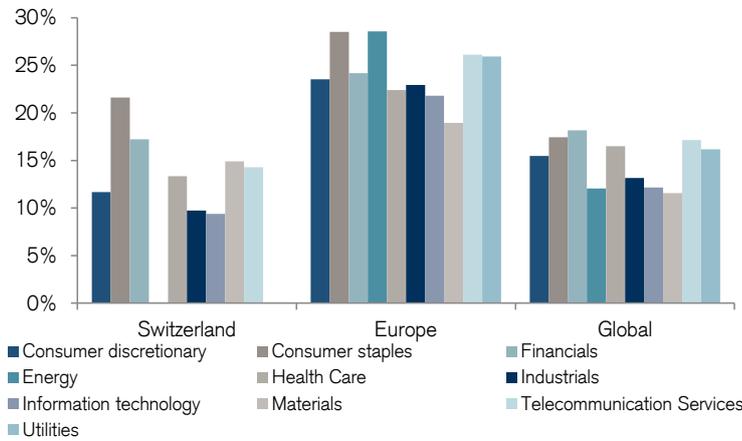
## Gender diversity in Swiss boardrooms



Source: Bloomberg, company data, Credit Suisse Research

Figure 2

### Boardroom diversity by sector



Source: Bloomberg, company data, Credit Suisse Research

### Boardroom diversity by industry

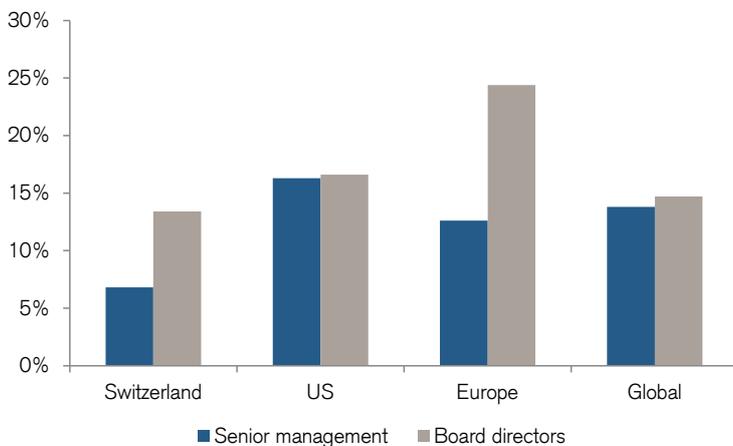
Looking at the specific industries, gender diversity in Switzerland is mixed (Figure 2). Some sectors tend to attract less female talent, which results in an insufficient feed into the senior management pipeline. Among these are notably Swiss industrials and technology. Across these structurally "low-diversity" sectors, we see an even lower level of female representation in Switzerland than we do at a global level.

We find an even starker contrast in relation to Swiss energy and utility companies, where gender diversity tends to be among the highest globally. In Europe, we have seen the energy, healthcare and utility sectors lead the diversity drive. The fact that we do not find any female directors in two of these sectors is a stark reminder of how much catching-up lies ahead for Switzerland.

Simultaneously, there are several sectors where boardroom diversity stands out above global averages, including the consumer staples and materials industries. Also the financial sector shows a comparatively high level of female representation, close to global levels even if trailing those in Europe.

Figure 3

### Diversity in the boardroom compared to senior management



Source: Bloomberg, company data, Credit Suisse Research

### Gender diversity in management teams

Across the globe, we find that the proportion of women in senior management is slightly lower than on Boards of Directors. Our numbers show that women represent 13.8% of senior corporate management teams globally, ranging from 8% in Latin America to 16.1% in North America.

In Europe, there are about twice as many women on the Board of Directors than in senior management (Figure 3). Specifically, women make up 12.6% of CEOs and their direct reports. This contrasts with the closer correlation in the USA, where the drive toward more diverse management and shareholder activism have significantly increased the proportion of women on both executive and board levels. Accordingly, in the USA, women represent 16.3% of senior managers and 16.6% of directors.

In Switzerland, we find that only 6.7% of senior executives are female – again a mere half of the level typical across Europe and half the global average. The representation of senior women in Swiss companies is low in every area with the exception of human resources. However, human resources is typically not the source of senior corporate leadership. Among the 78 Swiss corporations analyzed in our study, the proportion of female CEOs is 3.8%, which is in line with the global average of 3.9%. As noted below, we do not establish the positive effects of a female CEO, which we see in other regions.

Table 1

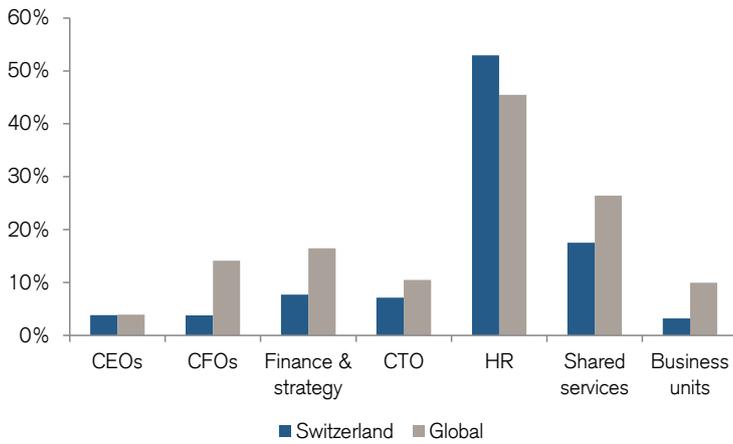
**Progress in the boardroom 2010–2015**

	2010	2011	2012	2013	2014	2015
Norway	36.6%	38.7%	37.2%	39.7%	41.2%	46.7%
France	16.1%	21.6%	25.1%	29.6%	31.4%	34.0%
Sweden	28.9%	27.8%	27.3%	30.3%	28.2%	33.6%
Italy	5.5%	4.6%	9.2%	17.5%	21.7%	30.8%
Finland	26.4%	24.5%	27.0%	29.5%	28.0%	29.2%
Denmark	16.9%	18.2%	20.6%	25.0%	23.5%	28.5%
Belgium	15.2%	15.8%	18.9%	23.2%	24.5%	27.9%
Netherlands	17.2%	19.2%	22.3%	24.5%	26.4%	26.2%
UK	10.1%	11.9%	15.5%	17.9%	21.0%	22.8%
Germany	11.8%	14.0%	18.5%	23.0%	21.1%	21.1%
Canada	12.5%	13.5%	14.9%	15.9%	18.7%	20.5%
Australia	10.8%	13.7%	15.5%	17.5%	19.9%	20.1%
South Africa	18.1%	17.8%	18.8%	20.0%	19.2%	19.9%
Austria	11.4%	14.0%	14.4%	17.6%	17.0%	19.5%
Israel	18.5%	11.5%	15.4%	18.2%	15.6%	17.6%
Ireland	8.6%	7.4%	7.3%	12.3%	11.9%	17.0%
US	12.7%	12.8%	13.3%	13.7%	15.5%	16.6%
Spain	10.5%	11.1%	12.9%	13.7%	14.1%	16.1%
<b>Global average</b>	<b>9.6%</b>	<b>10.3%</b>	<b>11.3%</b>	<b>12.7%</b>	<b>13.7%</b>	<b>14.7%</b>
Malaysia	8.0%	8.6%	10.0%	10.9%	14.3%	13.9%
<b>Switzerland</b>	<b>8.6%</b>	<b>7.8%</b>	<b>9.2%</b>	<b>10.9%</b>	<b>11.7%</b>	<b>13.4%</b>
Thailand	11.2%	11.6%	11.7%	10.0%	10.7%	12.7%
Hong Kong SAR	8.9%	9.3%	9.7%	10.8%	10.6%	11.4%
India	5.5%	5.8%	6.2%	6.7%	10.2%	11.2%
Philippines	10.5%	9.8%	10.1%	11.9%	10.8%	10.9%
Singapore	7.9%	8.0%	8.6%	7.9%	8.4%	9.9%
China	8.8%	9.0%	9.6%	10.7%	9.1%	9.2%
Turkey	8.2%	9.2%	8.5%	6.6%	5.9%	8.6%
Chile	2.3%	3.0%	3.7%	4.7%	5.3%	8.5%
Brazil	5.6%	6.1%	5.7%	6.5%	5.9%	7.1%
Russia	6.8%	7.1%	7.7%	8.1%	6.6%	6.5%
Indonesia	5.9%	5.6%	6.1%	5.0%	7.1%	6.2%
Mexico	7.6%	7.7%	6.5%	5.3%	5.0%	5.7%
Taiwan	2.8%	2.8%	2.8%	2.8%	7.5%	4.5%
South Korea	0.7%	0.9%	0.7%	2.4%	1.6%	4.1%
Japan	0.9%	1.1%	1.2%	1.6%	3.5%	3.5%

Source: Bloomberg, Company data, Credit Suisse research. NB totals for Switzerland do not correspond to the CS Gender 3000: The Reward for Change due to the greater number of Swiss companies included here

Figure 4

### Diversity in senior management



Source: Company data

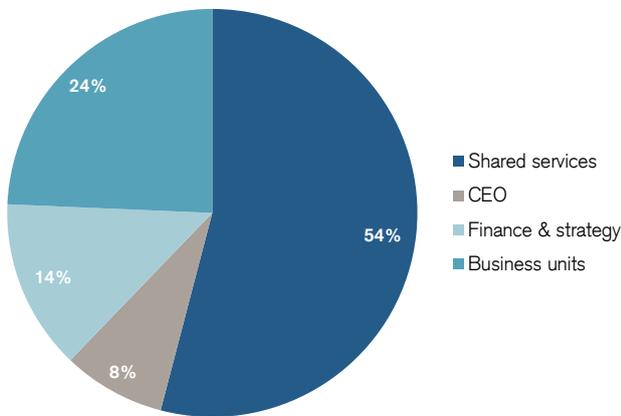
As Figure 4 shows, despite similar numbers of female CEOs, there is no spill-over into further executive positions that we see generally. Thus, Switzerland has 70% fewer female CFOs, 66% fewer heads of finance and strategy teams and 67% fewer heads of business units than the average corporation on our global list. This is a structural challenge, not least given that these functions frequently serve as starting points for promotion to other senior leadership roles both internally and externally.

### Where women work in Switzerland

Having established generally lower levels of gender diversity, we first consider the areas where most Swiss women executives work. Consistent with the global trend (Figures 5 and 6), women senior executives in Switzerland tend to be clustered in shared services departments. However, more than a half of them work in this area, which is significantly above the 33% we see globally.

Figure 5

### Where women work in Switzerland

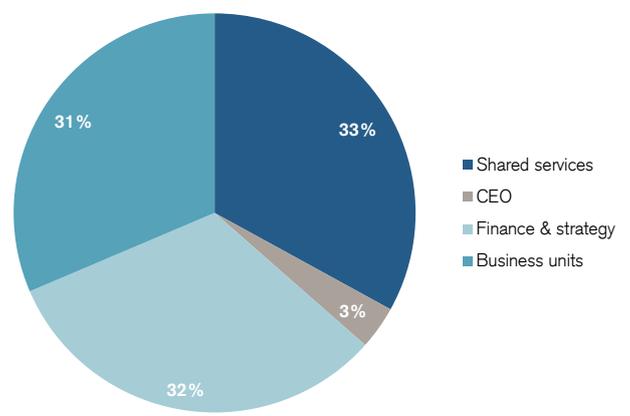


Source: Company data, Credit Suisse Research

**54% of Swiss female senior managers work in Shared Services. This is significantly above the 33% we see globally.**

Figure 6

### Where women work globally



Source: Company data, Credit Suisse Research

This impediment is arguably a particular concern in Switzerland as such roles rarely provide a foundation for further promotion as they do not necessarily require all the business and leadership skills, or the mobility opportunities typical of other areas.

Given this heavy skew toward shared services and the fact that gender diversity in Swiss senior management teams is already low, we would expect that progress into business and toward decision-making roles will remain slow. Specifically, in order to reach the current European levels of gender diversity in management, Swiss companies would have to triple the number of senior female managers outside shared services roles.

Our expectations are confirmed using the "management power line" assessment, which determines the pool of senior female talent available for strategic-level promotion. Figure 7 shows the proportion of female executives across different corporate functions. With the exception of CEO, women currently represent a much smaller proportion of senior managers in Switzerland than in Europe and globally. This suggests a shortage of female talent or that there are obstacles to women being recruited and/or promoted. Specifically, Switzerland currently has less than 50% of the European CFO and strategy pools and only 30%–35% of the heads of business units of its European peers.

**Switzerland has less than 50% of the CFO and strategy pools and less than 35% of the heads of business units of its European peers.**

#### Does industry structure have an impact?

Next, we assess whether the industry make-up of Swiss industry in some way leads to lower levels of gender diversity (Figure 8). We find that the industry breakdown does not provide a satisfactory explanation of the low levels of gender diversity in management. This is notably the case as Switzerland has a high proportion of diversity-progressive sectors, including the global leaders healthcare, consumer staples and finance.

Figure 7

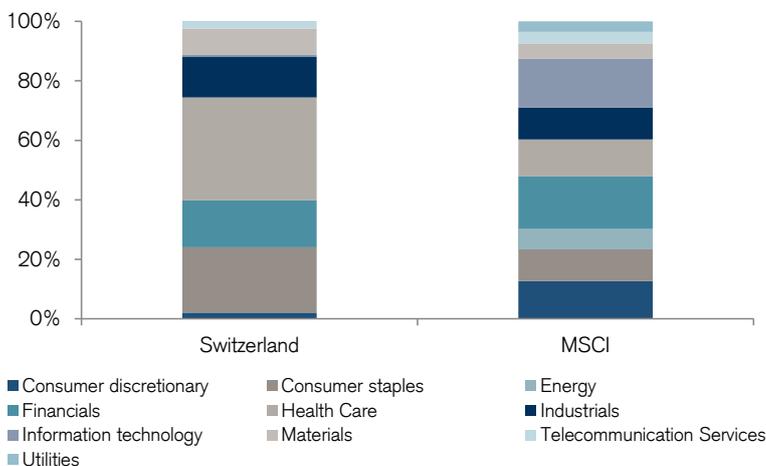
#### The senior management power line – proportion of women by area



Source: Company data, Credit Suisse Research

Figure 8

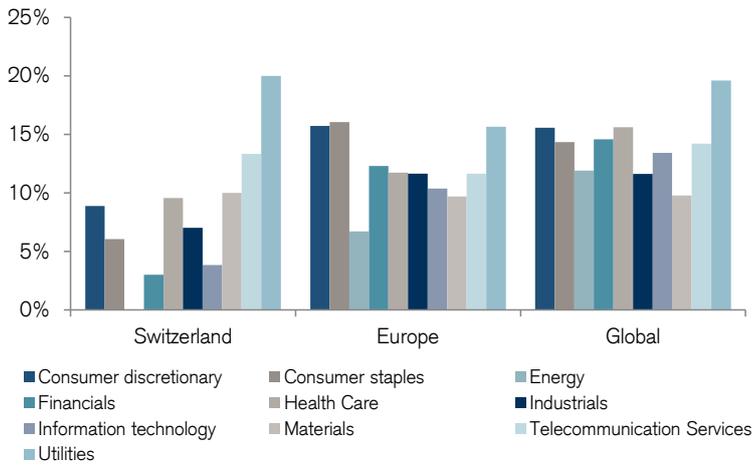
#### Breakdown of sector market capitalization



Source: Company data, Credit Suisse estimates

Figure 9

**Management diversity by sector**



Source: Company data, Credit Suisse estimates

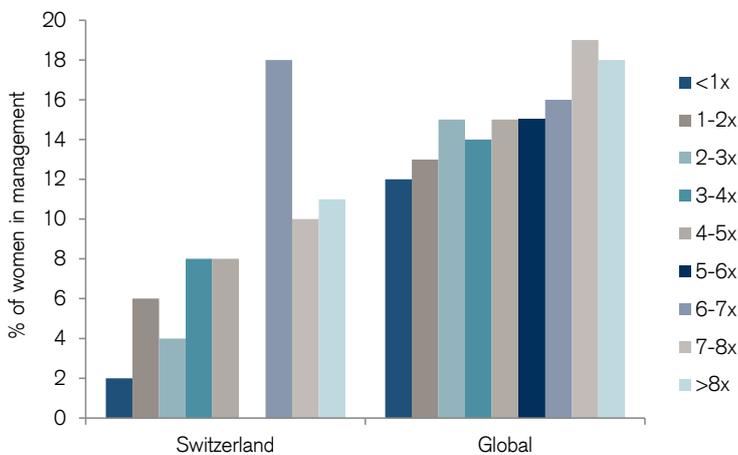
Our research shows that gender diversity at a management level is in line with the global average in telecoms, utilities and materials, which are comparatively small sectors of the Swiss economy. Female participation at the executive level is lower across all other sectors, as illustrated in Figure 9.

**Does company size matter in Switzerland?**

In earlier research, we found a relationship between the size of a company – using market capitalization as a proxy – and gender diversity in management. This makes intuitive sense, as larger companies tend to have more available roles, more sophisticated human resources functions and dedicated talent development programs. They also tend to have a higher awareness of the public relations benefits of promoting diversity in the workplace. Interestingly, we do not see this pattern when analyzing Swiss companies and find the highest diversity levels in mid-sized Swiss companies, which is unlike the trend we observe globally.

Figure 10

**12 month forward price to book multiples by % of women in management**



Source: IBES, company data, Credit Suisse Research

**We find the highest levels of gender diversity in mid-sized Swiss companies, which is unlike the trend we observe globally.**

**Does the market care about diversity?**

Ultimately, we assess how the equity market values Swiss businesses with higher gender diversity (Figure 10). The same positive correlation between gender diversity and a company’s value that we observe globally is also evident in Switzerland, although the absolute level of gender diversity is significantly lower.



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