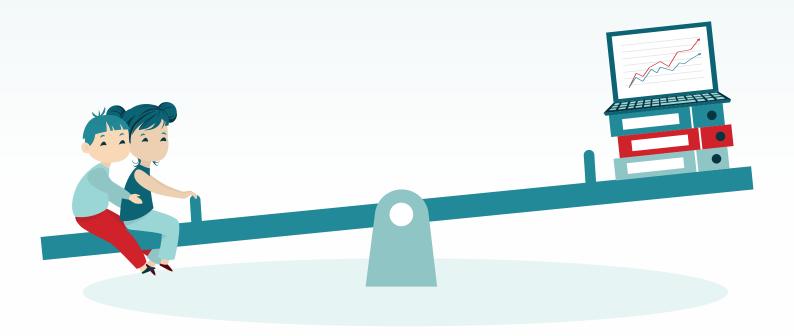




KIDS OR CAREER? SWITZERLAND'S UNNECESSARY DILEMMA

BEYOND INTERRUPTIONS
AND PART-TIME WORK:
LIFTING SWITZERLAND'S
FEMALE LEADERSHIP AMBITION





Women around the world continue to face barriers to remaining in the workforce and advancing their careers. However, some countries have made more progress on gender equality than others. Switzerland is among those still on a journey.

Switzerland remains in the bottom quartile of a leading gender diversity index¹. Just 15% of Swiss executive positions are held by women, well below the levels seen elsewhere in Europe².

Switzerland's weak performance on gender inclusion can also be seen as an opportunity. Through more equality, the country could accelerate its economic growth, boost its ability to attract talent, and consolidate its competitiveness — as well as enhance women's sense of fulfillment and wellbeing³. Moreover, research shows that higher levels of gender equality can bring significant benefits for the next generation⁴.

The country is well positioned to make progress. It benefits from a large pool of highly educated and professional women, and is subject to catalysts including a critical mass of corporate and public leaders committed to gender equality and a generation of women no longer willing to be left behind.

To help accelerate change, Advance, the leading business association for gender equality in Switzerland, and McKinsey & Co, a global management consulting firm established in Switzerland for more than 60 years, are partnering to explore ways to overcome barriers to women's advancement in the Swiss labor force. The initiative will seek solutions to challenges including the professional impact of career interruptions and part-time work, navigating promotions, and balancing work and childcare. Through our work, we aim to nurture conversations and promote action around these issues, leveraging a fact-based perspective and highlighting concrete measures that can help accelerate Switzerland's progress. This paper is the first in a series of three focusing on these topics.

Our work here is founded on a survey of approximately 600 professional women in Switzerland, undertaken in the summer of 2022. 97% of respondents were educated to college level or above and 85% held management positions. The average age was 42, and 77% had children. The survey findings were enriched with Swiss and international research and the testimonials of women working in Switzerland.

ACKNOWLEDGEMENTS

We would like to express our gratitude to the authors of this whitepaper: Annette Kick, Corina Stoenescu, Erika Stanzl, Lena Schneidewind, Nina Probst. In addition, we thank the other contributors – Alexandra Rhiner, Andrea Lobato, Dennis Martinis, Dominic Baumann, Heidi Hitchen, Konstantina Nani, Laura Bremme, Pia Staub, Rosa Poetes, Sabrina Durante, Sandra Scharf – for their support in publishing this whitepaper.



Anna Mattsson Partner, McKinsey & Company



Alkistis Petropaki
General Manager Advance

¹ European Women on Boards, Gender Diversity Index, 2021 Composite indicator assessing approx. 650 listed companies across 19 European countries based on the absolute share of women in leadership, the share of women on the Board, the share of women at executive level and the share of women in all committees. https://europeanwomenonboards.eu/wp-content/uploads/2022/01/2021-Gender-Diversity-Index.odf

² Ihid

³ https://www.apa.org/news/press/releases/2011/12/working-moms

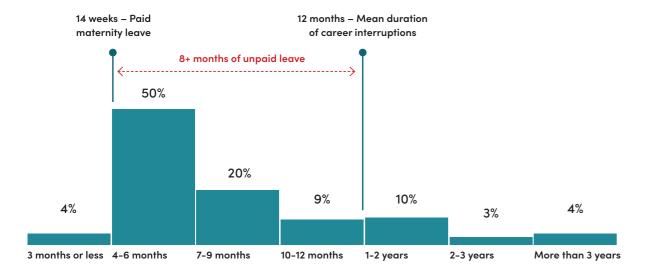
⁴ https://hbswk.hbs.edu/item/kids-of-working-moms-grow-into-happy-adults

The status quo: The price of career interruptions and part-time work

Most women in Switzerland have one or more interruptions in the course of their careers, especially after having children. According to our survey, 83% of professional women in Switzerland experience a career interruption of more than three months and over 70% of these occur after having a child. Other reasons include the opportunity to travel (5%) and

dissatisfaction with employers or advancement opportunities (3%). The mean interruption period is about 12 months, more than 8 months longer than the period that qualifies for guaranteed paid maternity leave. This creates a significant financial burden and difficulties upon returning to work (figure 1).

The mean career interruption takes 12 months, 8 months longer than the 14 weeks of paid maternity leave



Sources: Dedicated survey answered by approximately 600 working women in Switzerland, 2022; Swiss Code of Obligations

11

I had to extend my leave. I felt that at three and a half months, my baby was just too little for me to return. And this is the case with most of the women I know.

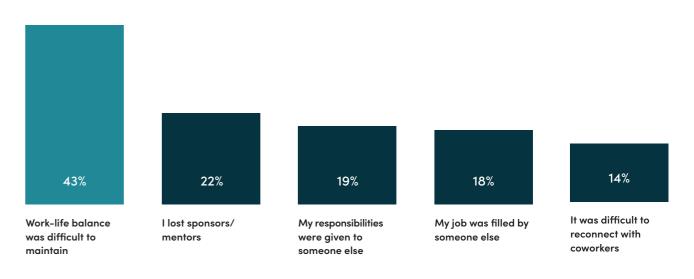
Elena (interviewee⁵)

Career interruptions result in challenges upon return and in the longer-term.

80% of women are happy to take time off work and believe it has a positive effect on their families, our survey shows. At the same time, over 50% agree that interruptions negatively impact their careers and weaken their earnings potential.

According to a study by the Swiss Federal Statistics Office (BFS), one in seven women in Switzerland do not return to work after maternity leave⁶. And women that do come back face multiple challenges, including difficulties maintaining a work-life balance (43%), the loss of responsibilities/job being filled by someone else (37%) and the loss of sponsors/mentors (22%) (figure 2).

Figure 2
Balancing work and life is the biggest challenge when coming back from a career interruption



Source: Dedicated survey answered by approximately 600 working women in Switzerland, 2022

⁵ Pseudonyms are used to replace all interviewees' names

⁶ https://www.bfs.admin.ch/bfs/de/home/ statistiken/kataloge-datenbanken/publikationen.assetdetail.1061095.html

11

Every time I went on maternity leave, I would lose my sponsors. I had a lot of small supporters, but not the ones that could really stand up for me.

Anika (interviewee)

Career interruptions often cause women to lose their leadership positions, with the result that they take jobs at different levels, assume new roles, or even switch industries. While 46% of career breaks are taken by women holding a leadership position, only two thirds of these positions are maintained after two interruptions.

Just 66% of returns are at the same level, while 19% are at a lower level. Recurrent returns at lower levels are often linked with the need for shorter working hours (23%) or a better work-life balance (19%). However, women often are simply unable to secure a return on the same level. More positively, 16% of returns are at a higher level, though may be linked to a change in employer (figure 3).

46% of interruptions are followed by a switch in role and 22% by a switch in industry (figure 3). While many switches are linked to issues around staying in work or maintaining a work-life balance, 30-40% are associated with women taking the opportunity to find a job that better aligns with their interests.

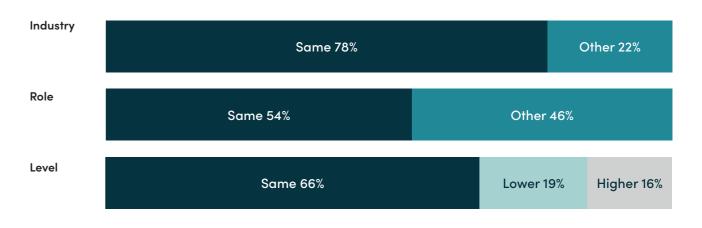
11

After the break, I had to move to an internal role. I wasn't getting any more interesting projects anyway because people thought it was too much responsibility for a working mom.

Monika (interviewee)

Figure 3

When women do come back from career interruptions, many need to switch industry, role and /or level in the organization



Source: Dedicated survey answered by approximately 600 working women in Switzerland, 2022 Note: Numbers do not add up to 100% due to rounding of raw data.

11

I was still recovering from childbirth when I was asked when I would return. Working full time was the only option, and there was not going to be any discussion about that. So, I resigned.

Livia (interviewee)

The negative effects of career interruptions on women's advancement are also linked to the fact that most interruptions take place around women's mid-30s, when many promotions occur. This results in missed opportunities that are then difficult to restore when returning to work with additional childcare responsibilities. Moreover, 44% of women believe their career interruptions impact their confidence and 25% report a negative effect on their mental health.

11

It was very hard for me emotionally

– I felt stuck, while men around me
were just advancing. They were not
necessarily high performers but had
always been around.

Karin (interviewee)

After career interruptions, women are likely to switch to part-time work.

Many returning women go part-time. While 30% of interruptions are preceded by part-time employment, the share grows to 57% after. Most women shift to either an 80% or a 60% model (figure 4). Reductions are clearly linked to women's family commitments, including the desire to spend time with the family (64%), the need to continue childcare beyond maternity leave – often because of difficulties securing childcare – (58%), and struggles in maintaining a work-life balance in full-time work (44%).



While part-time work offers benefits, it can bring significant long-term consequences.

While working part-time can be beneficial, it can have a negative impact on the career trajectory. 41% of women working part-time are often required to meet expectations to work beyond capacity and 38% struggle with not being considered for promotions. At the same time, the drop in salary is an issue for 23% (figure 5). Given the high costs of childcare, and societal pressure to focus on children, many women subsequently choose to leave the workforce.

11

I was up for a senior leadership role
– but it was only possible to work full
time. I really think I could have done it
with an 80% employment. But it was just
out of the question.

Patricia (interviewee)

Figure 4

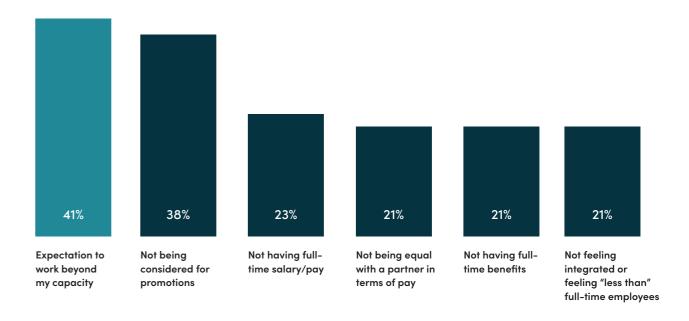
Career interruptions are followed by significant drops in women's working capacity

/ increases in part time work

Working capacity	100%	90%	80%	70%	60%	50%	40%
Share of respondents by working capacity BEFORE interruptions	70%	3%	15%	2%	6%	2%	0%
Share of respondents by working capacity AFTER interruptions	43%	4%	24%	4%	16%	5%	2%

Source: Dedicated survey answered by approximately 600 working women in Switzerland, 2022

Expectations to work beyond capacity and lost promotion opportunities make part-time work particularly challenging



Source: Dedicated survey answered by approximately 600 working women in Switzerland, 2022

The impacts of part-time work on women's careers are exacerbated by the fact that more women than men take this option. According to the Federal Office of Statistics (BFS), only 18% of men in Switzerland worked part time in 2022, compared to 82% of women⁷. Looking more closely into the corporate world, only 5% of men work part-time at a work rate below 80%8.

The discrepancy can create a double negative effect on women's career prospects. It puts women at a competitive disadvantage and cements them in primary caregiver roles.

11

My husband could not even dare to ask for part-time work. The women around him could do it, but it was unthinkable for men.

Clara

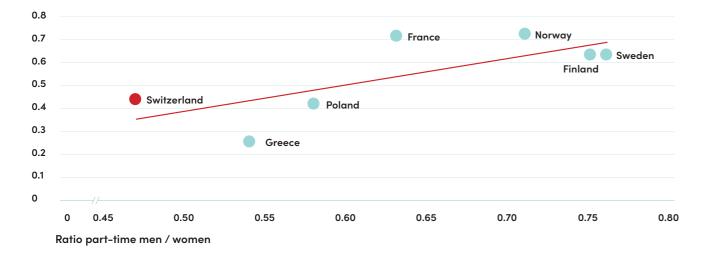
(interviewee)

In countries including Sweden, Finland, and Norway, part-time work is significantly more balanced between men and women. Furthermore, a more balanced approach is correlated with a higher share of women in leadership roles (figure 6).

Going full time after part-time is also challenging. While 13% of women would like less part-time work, many end up not achieving that because of a lack of opportunities (45%), conflicting priorities at home (32%), or not being considered for promotions (26%).

A more balanced participation of men in part-time work correlates with a higher share of women in leadership roles

Gender Diversity Index*



^{*} Composite indicator incl. the absolute share of women in leadership, the share of women on the Board, the share of women at executive level and the share of women in all committees

Sources: European Women on Boards, Gender Diversity Index report 2021, World Bank, International Labor Organization

While they can help avoid shortterm costs, career interruptions and prolonged part-time work can have long-term financial implications.

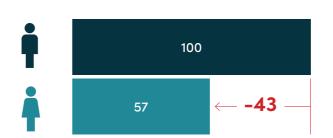
According to a study by the Swiss Federal Statistics Office (BFS), the lifetime earnings of women in Switzerland are 43% lower than their male counterparts', mainly due to the high proportion of women that work part-time. Similarly, women's pension funds end up being approximately 35% lower⁹ (figure 7). This can create a strong longterm financial dependency on male partners.

There can be a parallel significant financial burden on the rising number of single mothers, as well as on same-sex female couples.

While women who give birth in lesbian couples tend to take the same immediate pay cut as heterosexual women, they manage to recover their earnings after five years to a greater extent than mothers who are part of heterosexual couples¹⁰; a reality potentially linked to the more equalitarian split of household responsibilities in same-sex couples.

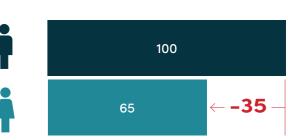
Career interruptions and part-time work contribute to long term

financial consequences on women



Lifetime earnings gap





Source: Swiss Federal Council Report on Gender Overall Earnings Gap

11

⁷ https://www.bfs.admin.ch/bfs/de/home/statistiken/wirtschaftlichesoziale-situation-bevoelkerung/gleichstellung-frau-mann/ erwerbstaetigkeit/teilzeitarbeit.html

⁸ Gender Intelligence Report 2022, www.advance-hsg-report.ch

⁹ https://www.admin.ch/gov/en/start/documentation/ media-releases.msg-id-90256.html

¹⁰ https://ideas.repec.org/p/hhs/ifauwp/2016_008.htm

Lifting Switzerland's ambition and accelerating change

Switzerland is well positioned to become a European leader in terms of women's professional advancement. However, it needs to act.

Increasing women's participation in the workforce could help accelerate the country's economic growth and boost tax and social security revenues. For example, the same level of female participation as Sweden (where the female full-time employment rate amounts to 66%, as opposed to 56.7% in Switzerland)¹¹ would lift Switzerland's GDP by 6%12, i.e.by CHF 33 billion. Moreover, women are proven to positively impact organizational performance. They can enhance productivity and innovation and help build trust-based and collaborative working cultures^{13/14/15}. More women in senior positions could therefore lift the relative competitiveness of organizations operating in Switzerland.

Being professionally engaged has the potential to enhance women's sense of fulfillment and wellbeing¹⁶, and can support their children's development¹⁷. And women demonstrate similar levels of personal commitment to their careers as men. They are also equally keen to take on senior roles¹⁸.

The good news is that Switzerland is well positioned to accelerate its progress. It not only

benefits from a large pool of highly educated and professionally competitive women, but also boasts an expanding set of catalysts, including a critical mass of corporate and public leaders committed to gender equality and a generation of women no longer willing to be left behind.



- 11 PwC's Women in Work 2022: Technical appendix, page 5
- 12 Women in Work Index 2022 (pwc.com)
- 13 https://www.ilo.org/infostories/en-GB/Stories/Employment/beyond-the-glass-ceiling#introduction
- 14 https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters
- 15 https://gap.hks.harvard.edu/impact-gender-diversity-performance-businessteams-evidence-field-experiment
- 16 https://www.apa.org/news/press/releases/2011/12/working-moms
- 17 https://hbswk.hbs.edu/item/kids-of-working-moms-grow-into-happy-adults
- 18 https://www.mckinsey.com/~/media/mckinsey/featured%20insights/ women%20matter/addressing%20unconscious%20bias/womenmatter%20 2013%20report%20(8).pdf

Governments and companies can help keep women in the Swiss workforce, support returnees, and promote female career advancement.

Governments (federal, cantonal) and municipalities could focus on the development of a robust support infrastructure and policies for working mothers and partners. Developing an extended, more affordable, and flexible childcare system could enable mothers to take shorter career breaks and return to work more seamlessly. Actions could include:

Increasing daycare capacity, especially in public centers

According to the Swiss Journal of Economics and Statistics, women living in cantons with expanded daycare capacity are significantly less likely to work part-time¹⁹.

Improving the affordability of daycare through dedicated subsidies or cost-reduction measures consistent with high-quality care

According to UNICEF, Switzerland has one of the most expensive childcare systems in the developed world²⁰.

Increasing the flexibility of childcare options through less rigid schedules and fewer interruptions that require parents to find alternative care

This would better enable women to balance their work and parenting responsibilities.

¹⁹ https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6214297/

²⁰ https://www.unicef-irc.org/publications/pdf/where-do-richcountries-stand-on-childcare.pdf

Reforming the Swiss parental leave system could reduce the need for women to take additional unpaid interruptions and address unbalanced opportunities and expectations in the workplace. Measures could include:

Extending paid parental leave beyond 16 weeks (14 weeks for mothers and 2 weeks for fathers)

Switzerland has among the shortest periods of paid leave among OECD countries. By comparison, Sweden has 96 weeks and Norway has 59 weeks. Given the average career interruption of women surveyed is 12 months, a longer maternity leave could better cater for women's real needs and reduce the amount of unpaid leave that women need to take. At the same time, it is important for the interruption to be designed for women to stay connected to their careers, both in terms of not taking too much time off and of ensuring the availability of mechanisms to "stay in touch".

Encouraging fathers' participation in childcare, for example by extending paternity leave

Nordic countries not only allow parents to split the parental leave allowance, but also require fathers to take a minimum period (90 days in Sweden). Similarly, Germany provides bonus weeks of paid parental leave if both parents take part-time leave for at least four months²¹. According to 76% of survey respondents, having a supporting partner is the key to a successful transition from part-time to full-time work (figure 8).

11

Two weeks of paternity leave is like no paternity leave at all. It needs to be longer, but we also need to make sure fathers actually take it – There is also a lot of pressure on them, which in turn puts pressure on women.

Maria (interviewee) 11

Women are socialized to believe mothers should stay home with their children, so when you separate from your kids every day for work, it can be painful. As we gradually understand that our children aren't suffering, I hope the guilt will go away.

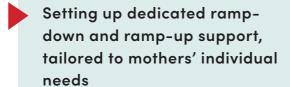
Professor Kathleen McGinn Harvard Business School



21 https://www.oecd.org/corporate/OECD-G20-EMPOWER-Women-Leadership.pdf

15

Companies can also play a significant role in limiting the negative impacts of career interruptions and part-time work. Emerging best practices include:



This often includes preferred working schedules, shared roles, including in management positions, travel flexibility, and temporarily adjusted performance management processes that can help dampen the impact of interruptions and encourage advancement. 78% of women say a flexible working schedule is the most impactful mechanism, often enabling a full-time return (figure 8).



This could include explicitly leaving family-related information out of recruitment processes and documents, increasing the share of women evaluators / interviewers, and providing unconscious bias training, as well as building dedicated development and promotion tracks (e.g., alternatives to the linear, unbroken progression model).



What made it work for me were those managers who saw my light and energy. They trusted and supported me.

Natalie (interviewee)

Implementing culture and change management programs to:

- help develop supportive
 managers and peers. This
 could include training (e.g.,
 unconscious bias), peercoaching, and role-modelling
 initiatives, as well as dedicated
 incentives for supportive
 managers. 76% of women
 rank a supportive manager as
 the most impactful ramp-up
 mechanism (figure 8).
- build healthy work cultures that foster a good work-life balance and employee wellbeing. Initiatives could range from training aimed at supporting effective work practices, to monitoring of work-life balance, and taking action to limit overwork (e.g., rescoping of work or dedicated incentives for managers and team members).

Extending parental leave and providing daycare support

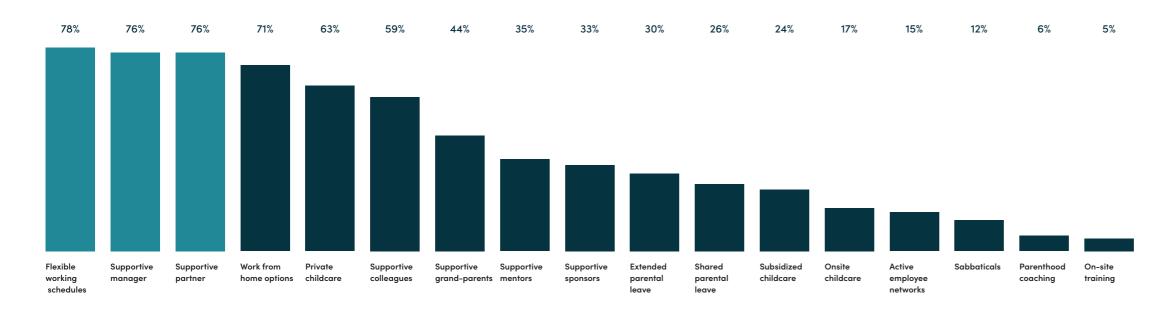
To compensate for the relatively low level of government support, many companies in Switzerland, especially multinationals, have taken action. Initiatives include extending maternity leave (e.g., to 26 weeks), providing longer paternity leave, compensating for the difference between the 80% pay ceiling during maternity leave and full pay, and subsidizing childcare costs for primary caregivers (women or men). Leading companies also offer gender agnostic primary caregiver benefits, which can also be accessed by men, same-sex parents, or other care providers.



The measures outlined above can have a tangible impact on talent retention²². At the same time, they should not be seen as substitute for government action.

Beyond individual initiatives, data analytics can be used to measure and track impacts, steer progress, and increase knowledge among employees and managers.

Flexible schedules, supportive partners and managers are most helpful for ramping up



Source: Dedicated survey answered by approximately 600 working women in Switzerland, 2022

It is often argued that the lagging professional advancement of women in Switzerland stems from deeply held cultural beliefs. For example, over 70% of women participating in our survey declare a feeling of stigma around being a working mother in Switzerland.

11

Someone asked me: "Why did you have three kids if you were not planning to raise them and wanted to go back to work?"

Lena

(interviewee)

This notion can be supported by differences in the career advancement journeys of non-Swiss and Swiss women. Indeed, the pipeline leak for non-Swiss women from non-management to top management is 6%, compared to 21% (3.5 times higher) for Swiss women²³.

To address this challenge, multiple actors (e.g., governments, companies, NGOs, media, academia) could collaborate to shift the perception of the role of women and mothers, destigmatize full-time work, and promote childcare as a shared responsibility.

They could disseminate compelling evidence of the economic and social value of working mothers and fathers. This may include Harvard Business School research that shows that mothers' engagement in the workforce has a positive impact on children's development and debunks the myth that children of working mothers are less happy²⁴. A UNICEF study highlights fathers as "one of the best, yet most underutilized child development resources"25.

Achieving deep and lasting change will require a collective effort, including by the government(s), companies, NGOs, media, and academia.

²³ https://www.advance-hsg-report.ch/en/

²⁴ https://hbswk.hbs.edu/item/kids-of-working-moms-grow-into-

²⁵ https://www.unicef.org/eap/press-releases/fathers-are-onebest-yet-most-underutilized-child-development-resources

In addition, private and public organizations could agree on best practices to help advance women employees. They could role-model and promote the practices across organizations in Switzerland. The initiative could also facilitate a continuous fact-based and solution-oriented dialogue at all levels of society (including local municipalities and small and medium enterprises), as well as between groups potentially holding different views.

There is still room for individual leadership

To alleviate the impact of interruptions and part-time work on their careers, women could apply best practices, such as connecting with peers / role models to better prepare for career interruptions, creating and adjusting rampdown and ramp-up plans, discussing with management, and keeping in touch with sponsors during interruptions. At the same time, they could be active supporters, coaches, and role models for fellow women.

Men can also act. Examples include aligning with their partners on shared responsibilities, pushing for equal involvement in childcare activities, supporting women co-workers, and being vocal promoters of their rights and obligations as working fathers.

11

There is certainly a generational shift taking place. I can see that happening with my daughters and their friends. But we cannot just wait. We also need to do our share and speed things up.

Flurina (interviewee)

About Advance

Advance is the leading business association for gender equality in Switzerland, a network of 140 Swiss-based companies committed to increasing the share of women in management.

It's a proven fact that gender-mixed teams perform better, are more innovative and likely to generate more profit.

With a concrete program, Advance supports companies to turn diversity into a competitive advantage. Because a gender-equal and inclusive workplace is a win-win for all: men, women, business and society.

Find out more here weadvance.ch



McKinsey & Company





Publisher

Advance – Gender Equality in Business Freigutstrasse 27, 8002 Zurich contact@weadvance.ch www.weadvance.ch

McKinsey & Company, Inc. Switzerland Bleicherweg 30, 8002 Zurich info@mckinsey.ch www.mckinsey.ch

Layout Design

kids creative agency www.thekids.eu

Illustrations

Wildfactory www.wildfactory.ch

Publication: November 2022