

CLIMBING HIGHER

**FIXING THE BROKEN RUNGS
ON THE PROMOTION LADDER**



Foreword



When given the opportunity, women can be excellent leaders and value creators. Female managers drive profitability and productivity¹ through creativity, innovation, and employee well-being as well as through high levels of professionalism and commitment², as extensive research shows. Still, in Switzerland, these qualities do not guarantee them equal representation at senior levels.

While women outnumber men in the tertiary education system, both locally and globally, they continue to struggle to get promoted. In Switzerland, women hold 44 percent of non-managerial roles but just 17 percent of top management positions³.

Challenges around gender inclusion are the result of a complex blend of factors, including the difficulties women face in reconciling their work and childcare responsibilities, structural biases, and cognitive biases through the promotion process. To tackle these impediments to equality, leading organizations are taking action to create a more equitable level playing field, for example by addressing shortfalls in the promotion process. At the same time, regulatory pressure is rising.

The Swiss parliament has set a target for the largest listed companies to have at least 20 percent female representation on executive boards and 30 percent on boards of directors⁴. About 75 percent of Swiss Market Index (SMI) companies have now reached the latter target⁵. However, outside the index, the picture is less positive. Indeed, just 19 percent of Swiss listed companies have achieved the board of directors target, while 26 percent have achieved the executive board target⁶.

This whitepaper is the second in a series of three by Advance, the leading business association for gender equality in Switzerland, and McKinsey & Company, a global management consulting firm established in Switzerland for more than 60 years. The paper leverages a fact-based perspective and highlights concrete measures that can foster conversations and accelerate positive outcomes around the issue of equal promotion in the Swiss workplace.

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

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¹ www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_700953.pdf

² www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace

³ www.advance-hsg-report.ch/wp-content/uploads/2022/09/Gender-Intelligence-Report-2022-Executive-Version.pdf

⁴ Target is a guideline value, which is not sanctioned in case of non-compliance, but requires an explanation in the annual financial statements; www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-80358.html

⁵ www.personal-schweiz.ch/aktuelles/article/frauenanteil-in-verwaltungsraeten-schweizer-boersennotierte-unternehmen-erfuellen-mehrheitlich-die-neue-30-prozent-vorgaben-des-bundes/#:~:text=Diepercent20Frauenquotepercent20liegtpercent20beipercent2034.1,percent20diepercent20Frauenquotepercent20percentC3percentBCberpercent2030percent25.

⁶ www.diversityreport.ch/wp-content/uploads/2022/09/Diversity_Report_Schweiz_2022.pdf

Women can make excellent leaders

Research shows that female participation in the labor force and in leadership roles improves organizational performance.

International Labor Organization (ILO) research shows that companies with gender-balanced boards are almost 20 percent more likely to produce enhanced business outcomes. Organizations with gender diversity at the top consistently report higher profitability and productivity, as well as increased ability to attract and retain talent. They are more creative, innovative, open, and enjoy a more positive overall reputation⁷.

Female managers outperform their male colleagues in terms of promoting employee well-being – including checking in on their team members, helping them manage their workloads, and providing support on issues such as burnout and work-life challenges⁸. Additionally, they are twice as likely to be champions of diversity, equity & inclusion (DE&I). These soft skills are recognized as key drivers of employee performance⁹, satisfaction, and retention¹⁰. In addition, an emerging body of research shows that parenthood can positively impact the leadership skills of both women and men. Parents and leaders tend to share skillsets around agility, coaching, empowerment, communication, and expectation management¹¹.

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I brought the mother I had become to work. And I felt it made me a better leader – more encouraging but also better at prioritizing.

Monika
(interviewee)



Women struggle on the way to the top

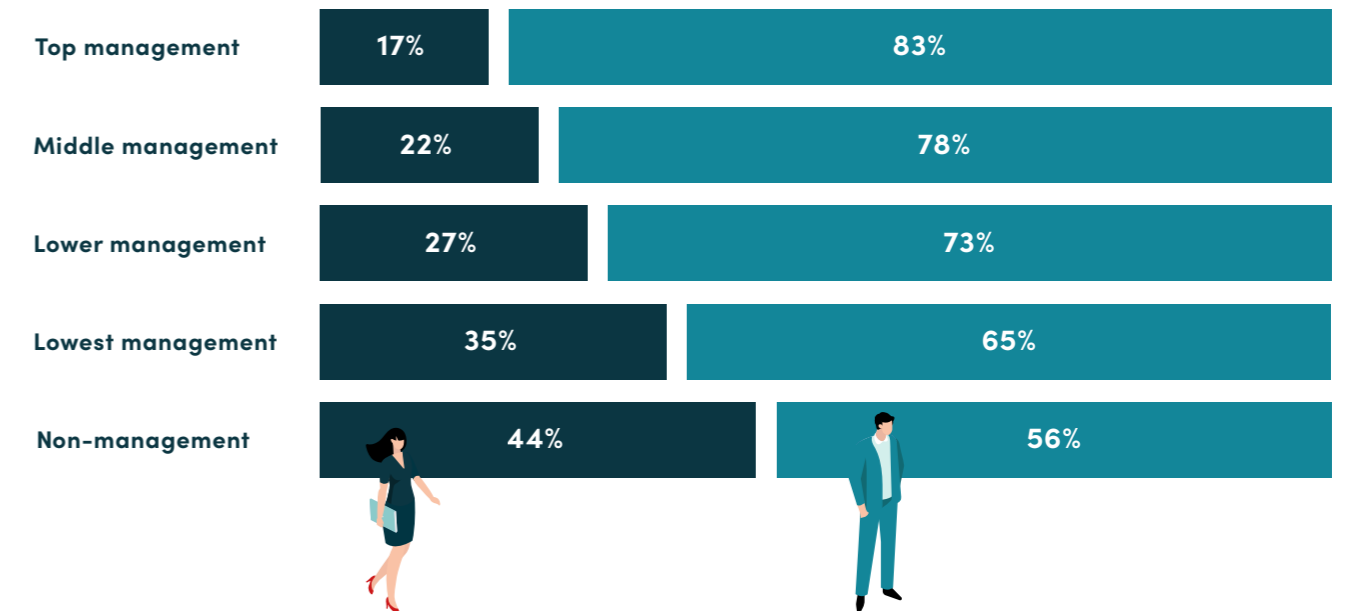
While the business case for women is established, women continue to get stuck on the promotion ladder, or even fall off it completely.

Across the world (except in Africa), women are surpassing men in tertiary education¹². Switzerland is no exception. In 1999, approximately 10 percent of women and 14 percent of men aged 25-34 graduated from tertiary education. In 2018, it was 42 percent of women and 35 percent of men¹³.

Despite educational outperformance, women face equality challenges as soon as they enter the workforce. According to the 2022 Gender Intelligence Report – Break the Glass Ceiling, published by Advance in collaboration with the University of St. Gallen, women hold approximately 44 percent of non-management roles but just 17 percent of top management positions¹⁴ (figure 1).

Figure 1

The share of women leaders in Switzerland severely drops with the role's seniority.



Source: Advance & HSG Gender Intelligence Report 2022

7 http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_700953.pdf

8 www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace

9 www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

10 hbr.org/2018/12/to-retain-employees-focus-on-inclusion-not-just-diversity

11 www.forbes.com/sites/forbescoachescouncil/2018/10/22/why-good-leaders-make-better-parents-and-vice-versa/?sh=5bda5e4c2818

12 www.ilo.org/infostories/en-GB/Stories/Employment/beyond-the-glass-ceiling#where/tertiary-graduates

13 www.bfs.admin.ch/bfs/fr/home/actualites/quoi-de-neuf.assetdetail.8167560.html

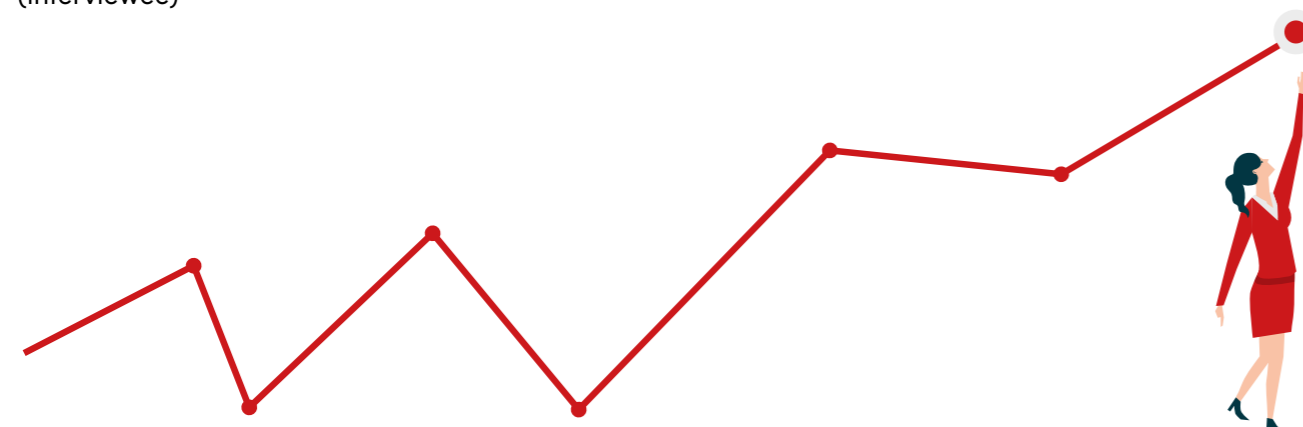
14 www.advance-hsg-report.ch/wp-content/uploads/2022/09/Gender-Intelligence-Report-2022-Executive-Version.pdf

While female inertia on the promotion ladder is not unique to Switzerland, it is worse here than in some other countries. According to the 2021 European Women in Boards Gender Diversity Index Report, women fill just 15 percent of executive positions in Switzerland, as opposed to 32 percent in Norway and 25 percent in Sweden¹⁵. This ranks Switzerland 16 out of 19 on the index. Furthermore, when women do manage to climb the ladder, they rarely occupy the most senior positions, such as line management or profit and loss (P&L)-related roles (cf. footnote 1, p. 2). As a result, Switzerland finds itself in the bottom quartile of European companies on female representation in leadership¹⁵.

“

The first time I walked into the company, I noticed the only women were the receptionist and the assistants. We are a mid-sized company and it is rare for a woman to be the manager.

Flurina
(interviewee)



The effect is even stronger for women of Swiss citizenship. The drop in representation from non-management to top management roles is 21 percentage points, compared to 6 percentage points among non-Swiss women. Similarly, the higher the share of Swiss nationals working in a company, the less represented females are in leadership roles¹⁶. This appears to reinforce the observation that the Swiss culture itself, with potential societal pressures and limited childcare support, could be a barrier to women’s career advancement.

Why do women fall from the promotion ladder?

53 percent of women in our survey were not considered for a promotion.

When asked why that was, 10 percent cited a lack of sponsorship within the organization, while 10 percent said they were not interested in changing jobs. Seven percent cited a lack of visibility due to the tasks they were assigned, and 6 percent pointed to an inability to prioritize

tasks, given childcare and care-for-relative duties, or home life in general. Six percent of women said they did not know what they should do better to advance. Just 2 percent and 1 percent respectively highlighted the lack of a certain skillset or education.

The high level of variability in women’s answers speaks both to the complexity of the challenge and the number of barriers that women face (figure 2).

Figure 2

Women’s perceived reasons for not being considered for promotion are highly variable.



¹⁵ <https://europeanwomenonboards.eu/wp-content/uploads/2022/01/2021-Gender-Diversity-Index.pdf>
¹⁶ www.advance-hsg-report.ch/wp-content/uploads/2022/09/Gender-Intelligence-Report-2022-Executive-Version.pdf

Whether or not they were considered for a promotion, we asked women what they believed put them at a disadvantage in being promoted. In this case, the responses were more uniform. 27 percent cited their part-time status, 27 percent cited their family life, and 20 percent said it was their gender. Again, skills, experience, training, and education were among the least frequently cited reasons (figure 3).

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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 push for me.

Anika
(interviewee)

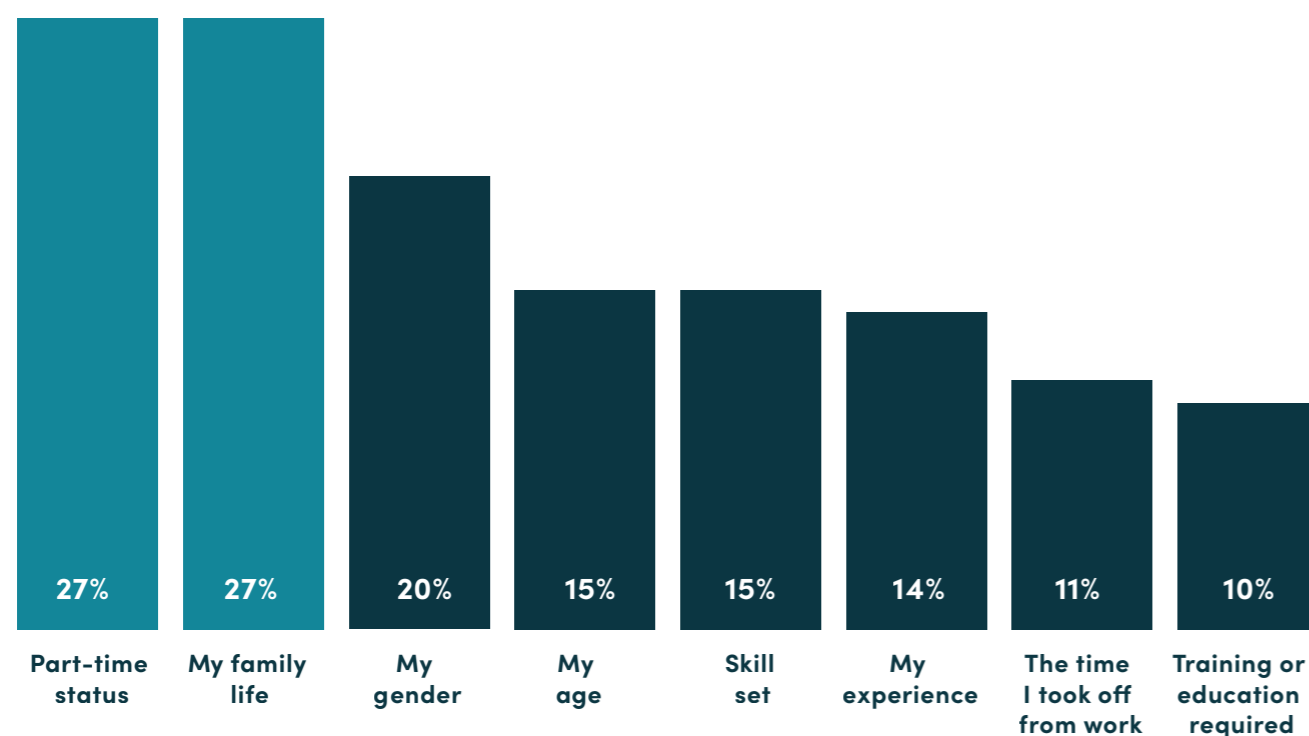
“

I felt the loss of momentum even before my leave. There was some sort of anticipatory loss, and I was no longer involved in any challenging work. And I did not come back asking where the promotion was, but more focused on how to make it through the day.

Pia
(interviewee)

Figure 3

Family life and part-time status are seen as key challenges in being promoted.



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

Biases create additional barriers to promotion



Multiple studies show that many of the challenges that women face in being promoted can stem from biases, both among people influencing the promotion processes and women themselves.

Men are more frequently associated with stronger work endurance, management skills and scientific knowledge than women. Furthermore, male applicants tend to benefit from in-group gender favoritism if the decision-maker is also male¹⁷.

In a Harvard Business School analysis of individual performance reviews, women were 1.4 times more likely to receive critical subjective feedback (as opposed to either positive feedback or critical objective feedback)¹⁸. Some reviewers highlighted a particular trait in women «analysis paralysis», while the same trait in a male colleague was seen as «careful thoughtfulness».

This phenomenon is exacerbated by women themselves. For example, research shows that women are often more comfortable asking for mentorship than sponsorship. This contributes to high-potential women being over-mentored and under-sponsored relative to their male peers¹⁹. This is the key driver of missed promotion opportunities, according to our survey respondents.

Similarly, in a study run by the ILO, women reported far fewer interactions with senior leaders than their male counterparts, and this gap widened with career advancement. At senior management level, only 51 percent of women reported that they interacted with a company leader at least once a week, compared with 62 percent of men²⁰. This inevitably reduced their visibility.

Further, biases can be compounded for minority groups such as black or LGBTQ+ women. For example, about 40 percent of LGBTQ+ women in the United States feel they need to provide extra evidence of their competence in the evaluation process²¹. At the same time, while LGBTQ+ women represent approximately 5 percent of women in the labor force, they account for just 0.6 percent of vice-president or C-Suite roles²².

17 <https://journals.sagepub.com/doi/10.1177/08912432221137910?cid=int-sj-abstract-similar-articles.1>
 18 <https://hbr.org/2017/04/how-gender-bias-corrupts-performance-reviews-and-what-to-do-about-it>
 19 <https://hbr.org/podcast/2010/08/women-are-over-mentored-but-un>
 20 www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_601276.pdf
 21 www.mckinsey.com/featured-insights/diversity-and-inclusion/lgbtq-plus-voices-speaking-out-and-looking-ahead
 22 www.mckinsey.com/featured-insights/diversity-and-inclusion/how-the-lgbtq-plus-community-fares-in-the-workplace

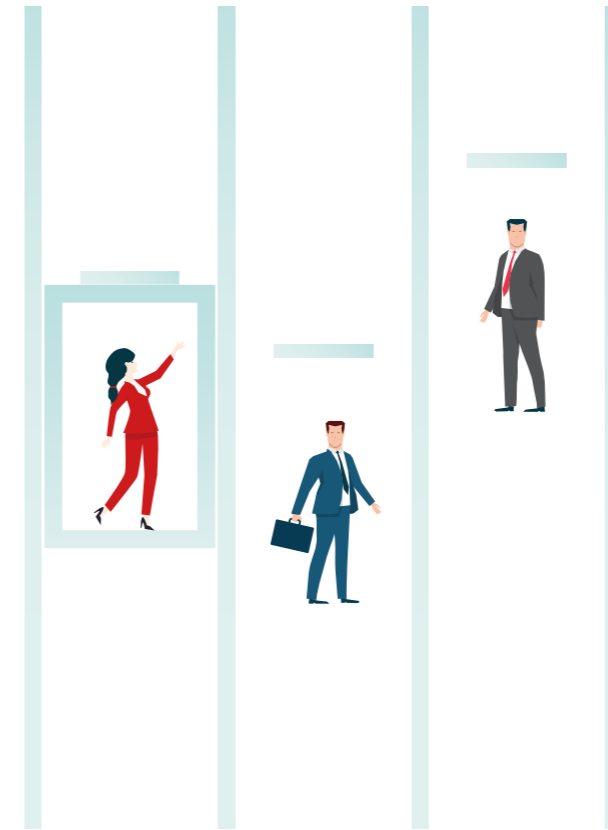
Developed over time, unconscious biases have become institutionalized

From an evolutionary standpoint, biases are one of the brain's ways of managing complexity. However, they can lead to sub-optimal decision making and involuntary discriminative behavior²³. The unconscious nature of biases, and their institutionalization into processes, systems, and beliefs, makes them both powerful and widespread.

Gender biases appear very early in women's lives. They are manifested in children's toys and reinforced in stereotypes about joining the workforce and motherhood. Work biases over time inform cultures and processes, creating reinforcement loops²⁴. Processes such as promotions are inherently vulnerable as they are people-led and often based on subjective evaluations.

Many organizational norms and processes were developed around male employees. Promotion processes are no different, reflecting typically male trajectories and masculine criteria¹⁸. For instance, the use of «unfailing availability and total geographical mobility» as a leadership criterion has a con-care work bias, and thus penalizes particularly women taking care of children or other family members²⁵. Additionally, the fact that many promotions take place in employees' thirties, when women usually become mothers, turns maternity into a de facto barrier to career advancement²⁶.

The «maybe baby» bias also affects women without children, according to the University of St. Gallen. Women in their early thirties are seen as riskier than men to employ and promote²⁷. With 47 percent of promotions occurring in the 31-40 age bracket, women tend to be disadvantaged, regardless of their family planning situation²⁸.



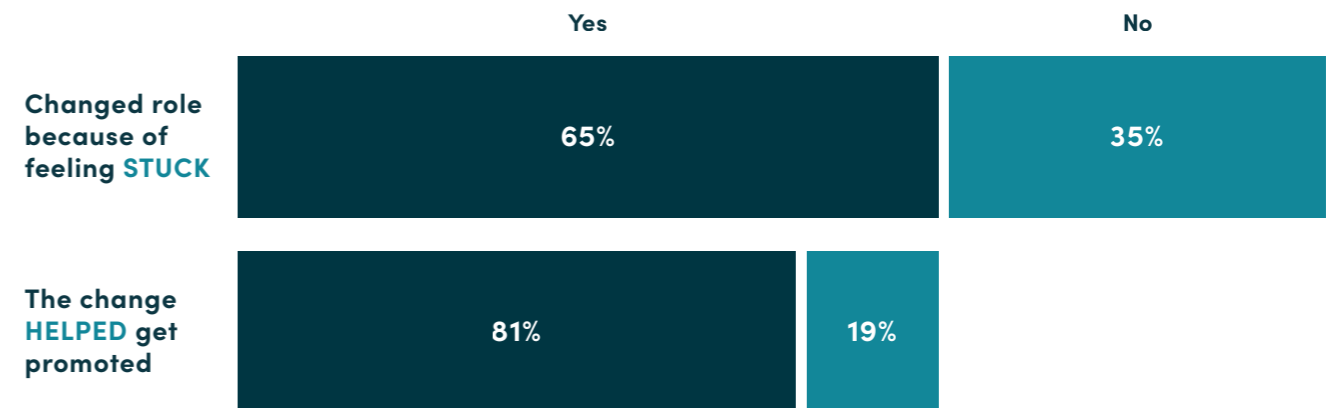
Lack of progression means women often feel they have become stuck in their organizations, leading to job switching. In our survey, 81 percent of switches result in a promotion, which appears to confirm the fact that «getting stuck» is more linked to the environment (employer, role, managers) than readiness for promotion (figure 4).

“ It was very hard for me emotionally – I felt stuck and the men around were just advancing. They were not necessarily high performers but they had always been around.

Karen
(interviewee)

Figure 4

Women often feel «stuck» in their career progression. Switching almost always helps them get promoted.



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

23 www.sciencedirect.com/topics/neuroscience/cognitive-bias#:~:text=In%20the%20early%201970s%2C%20Amos,to%20judgment%20and%20decision%20problems
 24 www.sarahsmtownsend.com/_files/ugd/0d2904_d3d38a4af72b4e08812b0c9ac0b902d0.pdf
 25 www.sarahsmtownsend.com/_files/ugd/0d2904_d3d38a4af72b4e08812b0c9ac0b902d0.pdf
 26 www.mckinsey.com/~/media/McKinsey/dotcom/client_service/Organization/PDFs/Women_matter_oct2007_english.ashx
 Discussed in detail in the first whitepaper in our series "Kids or career – Switzerland's unnecessary dilemma: Advance_Whitepaper_2-22_Kids-or-Career.pdf (weadvance.ch)
 27 Gloor, et al, 2018; 2022.
 28 www.advance-hsg-report.ch/wp-content/uploads/2022/09/GIR_2021_FullReport.pdf

The good news is that there are ways to restructure and de-bias promotion processes

While biases are difficult to eliminate, there are numerous effective mechanisms that can reduce their prevalence and mitigate their impacts on promotion processes. They mainly achieve these impacts by focusing on equity of opportunity. Examples of actions taken by leading organizations include:



▶ Reviewing evaluation criteria and creating transparency

Leading companies ensure that evaluation criteria for promotions do not put women at an unfair disadvantage. This could mean downgrading the need for unconditional physical availability or not emphasizing stereotypical male traits such as assertiveness, confidence, or decisiveness. To support a fair promotion process, some companies provide transparency on evaluation criteria per role. An exemplary mechanism is a leadership development model that shows what it takes to get promoted.

▶ Tailoring career development and promotion tracks

Leading organizations are starting to encourage non-linear tracks that reward cross-functional experiences rather than linear trajectories. Prioritization of non-linear career paths can potentially unlock advantages for women, especially when becoming mothers. However, new roles should always consider progression potential, so that returning employees do not get stuck.

Leading organizations also offer dedicated ramp-up and ramp-down programs around major life events. These can include adjusted tenures in specific roles and/or individually agreed workloads for certain time periods. The options can help women take important career steps, including during their childbearing years.

▶ Implementing targeted sponsorship programs

Given women's tendency to be under-sponsored²⁹, leading organizations are establishing dedicated programs. Managed top-down and tailored to women's needs, the programs can help balance the opportunity gap and ensure sponsorship for career development, including promotions.

▶ Offering capability building around unconscious biases

Leading companies ensure that individuals with an influence on promotion decisions (direct managers, evaluation committees, HR professionals) have access to unconscious bias learning tools, including coaching. They also encourage regular bias checks. These changes are not always easy to make. For example, recent research suggests that standardized training methods can backfire if not adapted to the individual and corporate culture³⁰.

One example for an innovative solution comes from a leading consultancy that explicitly appoints a «bias challenger» in their evaluation committees, a role played by a senior leader in all promotion discussions to look for and call out biases.

Leading organizations have found that these practices help create a fairer and more inclusive environment for women and all employees. They are often most effective when bundled in a holistic package focused on deep cultural change across the organization.

²⁹ <https://hbr.org/2019/08/a-lack-of-sponsorship-is-keeping-women-from-advancing-into-leadership>

³⁰ <https://hbr.org/2020/10/companies-need-to-think-bigger-than-diversity-training>

While some efforts fall flat, best practice approaches can drive measurable impact

Many organizations have launched initiatives to debias promotion decisions. However, many struggle to achieve tangible results. We have identified a set of best practices that can help drive sustainable and measurable progress:

▶ Being data driven and organization specific on a granular level

It makes sense to implement a diagnostic that helps identify sources of bias (cognitive and structural) in the promotion process, and their potential impact on women’s careers. This can be followed by a bespoke solution that builds on existing efforts. A large professional services company in Switzerland tracks both the diversity of its HR pipeline and the share of women in top client service teams. This ensures that women are visible to internal leadership and senior clients that may support career advancement.

“

I have seen things change over the past 10 years. Three to five years ago, D&I did not exist in our company. But now leaders look really committed and there are a lot of initiatives.

Nathalie
(interviewee)

▶ Setting long-term aspirations and concrete targets

Leading companies define an aspiration (for example, 50 percent women in top 100 leaders by 2030) and translate it into practical bite-size pieces. This might comprise targets for the leadership of individual business units in each promotion cycle.

Swisscom follows this approach, tracking its diversity targets at business unit level. Targets are set based on the unit’s initial situation (for example, number of women at certain levels and job types) and are then tracked cyclically. In each department, targets are required to be ambitious but achievable. In tackling the challenge by business unit, Swisscom was able to tailor its approach to different starting points, as well as manage recruitment and promotion requirements on a unit basis. The company found that this produced an additional benefit in encouraging managers to take more responsibility³¹.

▶ Thinking and planning long-term

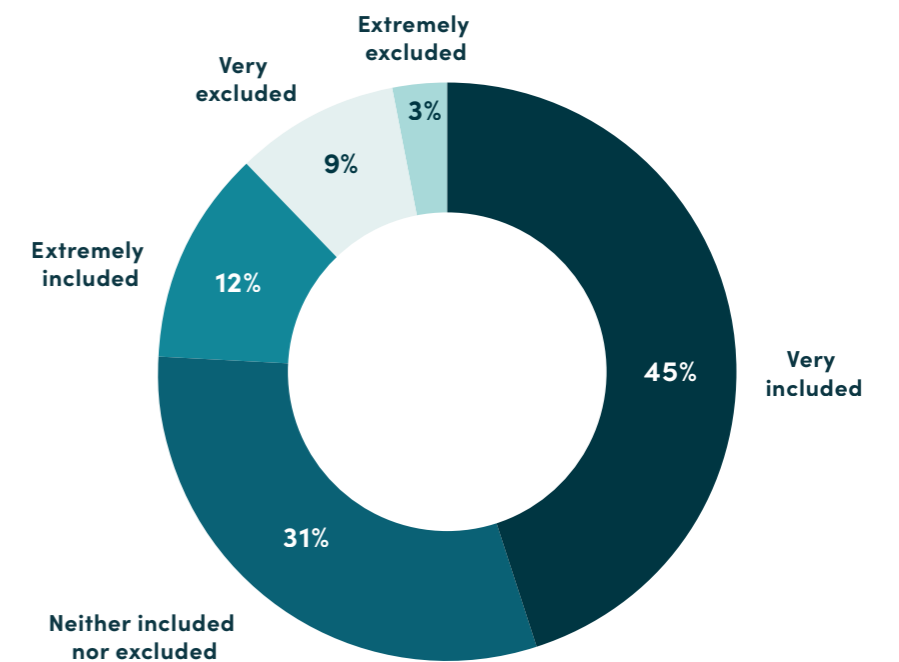
One productive strategy is to carefully think through succession planning and opportunity creation, so that female candidates are naturally matched with promotion opportunities. This involves a conscious effort to create a balanced pipeline, for example to ensure senior exposure and opportunities in the critical two to three years prior to promotion.

▶ Ensuring women take on roles with responsibilities leading to promotions

Roles connected with profit and loss (P&L) responsibility tend to be promotion oriented. In Switzerland, Zürcher Kantonalbank (ZKB) offers a program called «Driver Seat», through which women are invited to take on their manager’s role for a certain period. They are coached and can showcase their skills. The «Driver Seat» gives women a risk-free insight into management positions and makes hidden leadership potential more visible. Through the initiative, ZKB tries to bring leadership positions with personnel and P&L responsibility closer to junior women³².

Figure 5

Less than 60% of women in Switzerland feel included in their workplaces.



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

Ensuring accountability or targets with teeth

Leading companies embed targets in leaders' KPIs and hold them accountable for meeting them. They ensure business leaders are directly involved in driving initiatives and senior executives dedicate sufficient time to support implementation, offer a role model, and drive buy-in throughout the organization.

One professional services firm requires an equal number of male and female candidates for partner promotions. At another large company, gender targets are set for each level, including senior leadership, and these are included in personal performance KPIs of service line leaders.

Balancing care with pragmatism

Successful initiatives need to reward leadership behaviors that are consistent with positive business outcomes. It is thus important for organizations to implement support mechanisms that also set women up for success. This might include encouraging proactive sponsorship creation, establishing quotas, and managing maternity leave to allow them to continue to thrive professionally. One professional services firm provided coaching to managers for returning parents resulting in mothers and fathers feeling better understood when they returned to work.

Going beyond promotions

Our survey shows that less than 60 percent of women in Switzerland feel included in their workplace (cf. figure 5, p. 15). To create a lasting impact, some organizations think beyond individual processes and embed gender equity mechanisms holistically throughout their people processes, including recruitment, performance management, learning, and development. At the same time, they invest in creating cultures of inclusion, which allow women (and others) to thrive.

“

I was told from the beginning this would only work at 100 percent. I accepted but asked for flexibility. And it works perfectly. It's not about being there all the time, it's about being there when it most matters, and making sure your team is empowered to act.

Monika
(interviewee)



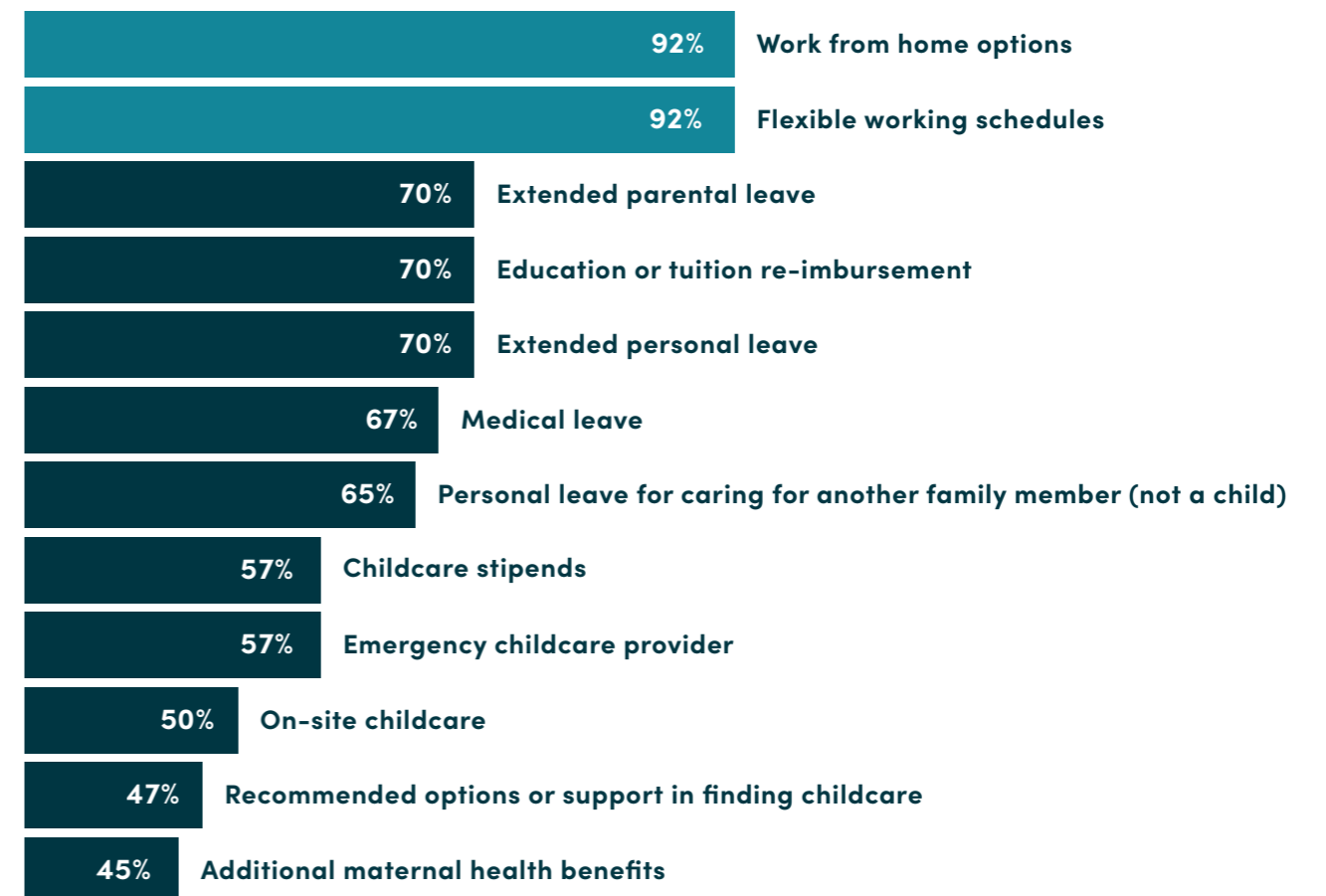
Removing indirect barriers

As discussed in the first whitepaper in this series³³, women's career progression is significantly hindered by the need to balance work responsibilities with family life and motherhood. To counter this embedded bias, companies need to create systems that reduce burdens on women.

This may be through encouraging men's participation in childcare or providing support for external childcare, both of which can be key complements to the promotion process. Other effective approaches include those that enable women to better balance their responsibilities, such as work from home options or flexible schedules (figure 6).

Figure 6

Work from home options, flexibility, and support for childcare are key in advancing women's career progression.



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

33 "Kids or career – Switzerland's unnecessary dilemma": Advance_Whitepaper_2-22_Kids-or-Career.pdf (weadvance.ch)

Collective action can help scale impact in Switzerland

Given the systemic nature of women's career advancement challenges, achieving change at scale requires employer actions to be complemented by targeted actions of other actors, including the federal and cantonal governments, media, and academia.

The Swiss parliament took a step in this direction by creating a target of 30 percent for boards of director positions and 20 percent of executive board positions to be occupied by women³⁴. Still, this directive only applies to listed companies and the government imposes no penalty for non-compliance³⁵. There is therefore room to expand the initiative to more organizations and to introduce a more targeted compliance framework. In addition, there may be a

merit in ensuring not achieving targets has clear consequences. Similarly, the government could work to lower indirect barriers to progression. This might comprise increasing paid maternity and paternity leaves: Switzerland's rates are currently the lowest among OECD countries. Policy makers could develop more accessible, affordable, and flexible childcare options to accelerate progress.

Individuals, companies and ultimately Switzerland's overall competitiveness can only benefit from implementing the proposed measures and reducing current barriers in the promotion process of professional women in Switzerland.



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 genders, business and society.

Find out more here
weadvance.ch

Given the untapped potential of women in the workforce, stakeholders across the economy need to take action, both to support career advancement and to create more female leaders. To get there, stakeholders need to:

- debias organizational promotion processes,
- sponsor women as under-represented groups,
- remove indirect for barriers. For instance, the Swiss infrastructure for care work must no longer be an obstacle for women in their professional progression.

³⁴ www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-80358.html

³⁵ If guideline was not achieved, companies solely need to justify the underlying reason in their annual report (www.swissinfo.ch/eng/politics/minimum-representation_parliament_approves_quotas_for_women_on_company_boards/45042736#:~:text=Itpercent20requirespercent20companiespercent20topercent20set,atpercent2010percent25percent20andpercent2020percent25.)



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