

# Diversifying the Swiss Executive Ranks

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The Swiss government's gender guidelines, which mandate that large companies have a minimum of 30 percent women at the supervisory board level, and 20 percent at the executive level, or explain why not, has so far resulted in little improvement in gender diversity.

The twenty companies comprising the Swiss Market Index (SMI) are currently 21 women short in their executive ranks. More concerningly, this number isn't changing quickly enough. Women currently comprise 13 percent of executive roles, up just one percentage point from the year before.

The next level of Swiss companies, the 30 mid-caps in the SMIM Index, are equally unbalanced, but at least progressing faster. They have jumped to 12.6 percent women from 7.6 percent the year before, and at that rate, will quickly overtake the larger companies in their gender diversity in the senior executive ranks.

Despite that progress, however, Swiss companies are laggards when compared to other countries: The corporations on major indices in Denmark, France, Finland, the Netherlands, Norway, Sweden, and the United Kingdom have on average all exceeded 20 percent women on executive boards.

Will Swiss companies soon meet them? Unfortunately, there is no indication they will. Last year, only one SMI executive board seat went to a woman, and six of the 20 SMI member companies have no women on their board at all. In the SMIM, that number is eleven of thirty, or more than one third with no women on their boards.

And there is evidence that the women who are in leadership roles aren't necessarily in positions of power. To take one example, in the SMI, 25 percent of the female executives are in roles with direct P&L responsibility compared to 57 percent of their male peers.

## Time for (Cultural) Change

The Swiss gender regulations are clearly not enough to bring about the necessary change at the senior level of Swiss companies. And the absence of women in senior roles is certainly not because of a lack of qualified candidates, as I know given my position as an executive recruiter. The longer it takes for Swiss companies to change, the more out of date, and out of touch, they will seem compared to other companies.

How can Swiss companies change faster? We must start with a change of perspective.

Currently, most Swiss companies view gender diversity in terms of begrudgingly meeting legal quotas, not proactively embracing increased diversity and the tremendous value a diverse workforce creates. That needs to change.

Our research has shown that companies with advanced diversity practices are better at hiring, retaining and developing diverse talent and creating inclusive leaders and cultures, as well as implementing unbiased talent management processes. Beyond that, they also see better business outcomes on a broad range of metrics: Increased employee loyalty, levels of innovation and performance, improved customer insight, and a heightened sense of employee belonging, which reduces employee turnover and associated costs.<sup>1</sup>

Interestingly, there are also differences between when a company achieves diversity and inclusion *proactively* versus *reactively*, highlighting the need for companies to create a D&I strategy and be purposeful in their efforts.<sup>2</sup> More than a quarter of European executives we have surveyed have acknowledged that their organization is losing diverse talent due to a lack of inclusivity – and women are 42 percent more likely to report this issue compared to their male counterparts, likely indicating that women are more likely to feel excluded than their male counterparts realize.<sup>3</sup>

## First Steps

Once these companies have changed their mindset, they will also need to change their operations to match. Here are five specific recommendations based on our research into best-in-class organizations:

### 1. Hire, Retain, and Develop Diverse Talent

Regardless of where an organization is in its journey, leaders can make extra efforts to be intentional about diversity. They should make a visible commitment to D&I and create authentic partnerships with diversity-focused organizations to have access to the broadest pools of talent. Once they hire diverse talent, they should actively sponsor them and ensure that the needed visibility and stretch opportunities to advance are present within the organization.

### 2. Build Inclusive Cultures

Committed leaders have a pulse on the culture of their organization—in fact, leaders in advanced organizations are almost twice as likely to feel that their organization is effective at fostering an inclusive culture. They know which populations feel less included and why (i.e., the root cause) and not just the symptom (e.g., women are leaving the organization). They tackle, head-on, the #1 barrier to effective D&I strategy—an organizational culture that is resistant to change—and actively build a more inclusive culture by holding people accountable to changing organizational norms and values. They understand the data behind their workforce sentiment and are clear on what needs to be fixed in the short term and in the long term.

### 3. Develop Inclusive Leaders

Leaders who build inclusive organizations understand that individual and team behaviors are critical—in fact, a lack of leadership accountability and commitment to D&I is one of the top barriers to an effective D&I strategy. These leaders set an example by leading inclusively themselves. They create opportunities for collaboration, leverage diverse perspectives and ensure an environment where employees can safely voice their opinions. They also develop inclusive leaders and hold others accountable for leading in an inclusive and courageous manner by emphasizing D&I as a business issue.

### 4. Create Unbiased Talent Management Processes

Leaders in inclusive organizations take a rigorous, data-driven approach to their talent management processes and understand the specific D&I pain points in their talent recruiting, promotion, compensation, and retention. They can pinpoint the leaks in their talent pipeline and have a plan in place to reduce or eliminate bias and make the necessary changes to their D&I strategy and broader talent efforts.

## 5. Create a Sustainable D&I Operating Model

Finally, committed leaders understand that a self-sustaining inclusive organization needs the right D&I operating model in the form of governance, structure, accountability and resourcing to achieve and sustain its D&I objectives. They realize the importance of taking a long-term holistic approach while simultaneously focusing on short-term metrics and incentives to ensure leaders are meeting key milestones along the way. Accordingly, they make the right investments to support their culture, leaders and talent—be it hiring a chief diversity officer, setting up a D&I council or committing to regular employee engagement surveys.

Those companies who act accordingly will not only meet their quota but increase their competitive and innovative potential. All others are bound to be viewed as obsolete.

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1. <https://www.russellreynolds.com/insights/thought-leadership/diversity-and-inclusion-what-separates-the-best-from-the-rest>
  2. <https://www.russellreynolds.com/insights/thought-leadership/diversity-and-inclusion-what-separates-the-best-from-the-rest>
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