How women broke into the “old boys’” Swiss corporate network

First draft – please do not circulate

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Although the situation has improved during the last decades, Switzerland is clearly lagging behind most of the Western countries concerning women’s representation on corporate boards. The aim of this contribution is to investigate the historical and political factors that have contributed to the exclusion of women from boardrooms for a very long time, and to their recent – and relative– increasing presence. For this purpose, this study investigates the presence of women among the 110 largest Swiss firms from 1910 until 2015. It shows that until the beginning of the 1970s, the very few women who were present in the boardrooms belonged to the owning families of the firms. Several factors contributed then to the progressive opening of corporate elites to women. First, the extending in 1971 of the “universal suffrage” to women at the federal level improved their position in the Swiss society. Second, the increasing globalization and internationalization of the economy at the end of the 20th century led to the decline in the cohesion of the very male and Swiss corporate elite. Finally, the concomitant decline in interlocking directorates among Swiss firms, which had been a major form of business elite social network during the greatest part of the 20th century, contributed in all likelihood to allow women to step into the breach.

Introduction

The recent– and relative – increase in women among corporate boards in Western countries is a highly actual topic. It has led to important public debates, notably concerning the quota issue, and has been extensively discussed in the academic literature. This literature can broadly be divided into two main groups of approaches. The first one, often described under the “Business case” argument, focuses on the impact of gender diversity among boardrooms on the firm’s performance and discusses its potential benefits in terms of economic power (see e.g. Erhardt et al. 2003; Campbell & Minguoz-Vera 2008; Adams & Ferreira 2009; Post & Byron 2015). The second trend of literature shifts its focus from firms having women on boards to women themselves, and investigates who they are, how they succeed, what are the remaining obstacles (see e.g. Bender et al. 2006; Sealy et al. 2008; Singh et al. 2015; Ruigrok et al. 2007 for the Swiss case). For example, Val Singh and Susan Vinnicombe (2004) show that persistent exclusion of women in top UK boardrooms can be explained by social identity, social networks and cohesion theories, as elite male directors tend to recruit on
board candidates similar to themselves. This system leads thus to a process of re-production of corporate elites, from which “outsiders” – namely women, but people coming from the “lower” classes – tend to be excluded. In this sense, the opening of large firms to women can be seen as a process of democratization (Heemskerk & Fenemma 2014). This contribution is in line with this second group of research and aims at analyzing how and when women were able to break into the “old boys” Swiss corporate network.

In order to do so, I would like to adopt a long-term perspective. Indeed, most on the above-mentioned studies focus mostly on the most recent period, that is from the end of the 1990s on (an exception is Heemskerk & Fenemma 2014 on the Dutch case). In doing so, they lack to understand the more profound factors that led to the long exclusion of women from the corporate boards, but also to their more recent integration. Moreover, this contribution aims at integrating an explorative network analysis, a method that has been increasingly used by sociologist and historians in order to analyze both the inter-organizational mechanisms among firms (e.g. Stokman et al. 1975; David & Westerhuis 2014), and the structure of the capitalist class (Carroll 2010).

This research draws on previous studies on the Swiss case which have shown, on the one hand, the progressive increasing number of women among Swiss firms since the 1980s (Mach et al. 2016: 28-37; Ginalska 2016) and, on the other hand, the progressive decline, in a similar period, of the interlocking directorates forming the Swiss corporate network (Schnyder et al. 2005; David et al. 2015). My aim is to go a step further by opening a dialogue between these both strands of literature, following Eelke Heemskerk and Meindert Fennema (2014), who use Social Network Analysis (SNA) tools to analyze women on Dutch corporate boards. This is a first exploratory analysis and my ambitions are rather modest. For a start, I would like to see the position of women among the corporate network: are they sitting in central or marginal firms? Do they contribute to create links among firms in the network? Were some of them able to accede to what has been described by Michael Useem (1984) as the “inner circle” (i.e. the people who are the most powerful, notably by cumulating several mandates in different firms at the same time)? Do these women tend to form a “feminine network” on their own?

In order to answer these questions, I draw on a large database on Swiss elites, which includes the boards members and Chief Executive Officers of the 110 (on average) largest Swiss firms since the beginning of the 20th century until today. The paper is structured as follows. The first section presents the data and method used for the analyses. The second one comes back to the very general theoretical and empirical issues which are relevant for the analysis concerning the Swiss corporate network. The following section investigates the long-term presence of women among corporate boards and the last one focus more specifically on the four last decades, namely the period during which women became significantly integrated into the network.
**Data and Method**¹

This contribution draws on a large dataset on Swiss elites², which includes biographical information on Swiss business, political and administrative elite across the past hundred years for different benchmark years (1910, 1937, 1957, 1980, 2000, 2010 and 2015).³ The choice of the dates was made so as to take into consideration different stages in the history of Switzerland, but it was also influenced by the availability of the data. For the economic sphere, the 110 (on average) largest Swiss firms for each benchmark year were selected, including the industrial, services and financial sectors. For the industrial and services sectors, companies were selected according to the turnover and the number of employees, and according to market capitalization for the more recent period. For the financial sector, total assets represented the main criterion in order to select the most important banks, insurance companies and finance companies.

The Swiss corporate governance system is marked by a one-tier board system. The board of directors can either delegate the management of the firm to professional managers who are not board members or they can conduct company business themselves (they are then designed as administrateurs-délégués, hereinafter managing directors). The Swiss corporate elite comprises then, for each firm and each benchmark year, the members of the board of directors, the general director and, when they exist, the managing directors. At the end, 808 persons in 1910, 739 in 1937, 828 in 1957, 891 in 1980, 854 in 2000, 885 in 2010 and 931 in 2015 were identified as corporate elite. The database comprises systematic information for each person concerning the sex, the nationality, and position(s) held in the 110 largest Swiss firms. Moreover, the database indicates when a corporate elite holds also another or several mandates in the political, administrative and academic spheres. Finally, more detailed biographical information has been collected for the person having the most influence on the firm, namely the chairpersons of the board, the general directors / Chief executive officers and the managing directors.


² Following Mills ([1956] 2000: 4), elites are defined as persons who “are in a position to make decisions having major consequences”.

³ This dataset was elaborated in a collective research project on Swiss elites, which took place from 2007 until 2011 and was financed by the Swiss National Science Foundation (grant no. 100012-113550/1). The aim was to analyze the Swiss business, political and administrative elite in a long-term perspective. For this purpose, a large database was created and biographical information for the elites of the three spheres have been collected. This is an ongoing research project, and a new section has been developed on academic elites. For more information, see the website of the project, where the database is also available: http://www.unil.ch/obelis/en/home.html.
A number of very different sources were used, such as stock exchange manuals, financial yearbooks, monographs about individual companies, annual reports of firms, biographical dictionaries, or press articles. For the more recent period, data were mostly derived from annual reports and from companies’ websites. Thanks to this large database, I was able to show the proportion of women among board of directors since more than one century, and show their social profile, focusing on different indicators including the age, the education background, and the social origin. The network analyses were also driven from this database, using the software pajek.

The Swiss Corporate Network

The literature has highlighted the central role of corporate networks in the collective action of firms. In this sense, interlocking directorates — defined as the ties among firms that are created by individuals sitting simultaneously on two or more corporate boards — can be considered as a strong indicator of collaboration between firms. For this reason, they are usually denser in non-liberal markets economies, such as Germany (Windolf 2009). At the least, any interlock can be considered as an important channel of communication among board members who can share information (Scott 1985: 5). When looking at the network from the corporate elite angle (instead of the firms angle), the configuration of ties can be considered as an indicator of the structure of the capitalist class (Mizruchi 1996; Carroll 2010). To put it short, a dense and cohesive network of people is revealing of a similar structure among the corporate elite.

The seminal work of Schnyder (et. al 2005; see also David et al. 2015) on the Swiss case has shown the existence of a dense network of interlocking directorates among the largest Swiss firms during the greater part of the 20th century. This network took place progressively during the first half of the 20th century, became denser until the 1990s, and was then marked by an important decrease in ties at the end of the 20th century. Extending Schnyder et al. (2005) analysis, the table 1. below shows the evolution of the Swiss corporate cohesion until 2015. Two indicators, namely the average degree\(^4\) (indicating the average number of ties per firm in the network), and the network density (which measures the number of links in the network as a proportion of the maximum possible number of links) show that the decline of ties continued during the fifteen last years.

\(^4\)The average degree does not depend on the network size, contrary to the density. For more details, see de Nooy et al. (2005): 62-64.
Table 1. The Swiss corporate network’s density, 1910-2015

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<tr>
<td>Average</td>
<td>5.6</td>
<td>8.0</td>
<td>8.5</td>
<td>8.6</td>
<td>4.2</td>
<td>2.3</td>
<td>2.2</td>
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<tr>
<td>degree</td>
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<tr>
<td>Density</td>
<td>5.1%</td>
<td>7.3%</td>
<td>7.9%</td>
<td>8.1%</td>
<td>3.9%</td>
<td>2.2%</td>
<td>2.1%</td>
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Source: Swiss elites database
Note: Calculation on 1-mode network (firms) and dichotomized ties

The few studies on the Swiss corporate network have primarily focused on the ties between the firms, and on the impact of the network for the companies. Nollert (1998), however, has shifted the focus from firms to persons and investigated the “network of the big linkers”, defined as the persons having at least four seats, for the year 1995. His study shows that these big linkers were mostly men (only one woman for 83 men), and had other connections with masculine milieus such as the army. This kind of analyses, however, remains largely unexploited – at least for the Swiss case.

**Women on Swiss boards: a broad overview**

The abovementioned database on Swiss elites allowed me to trace the long-term evolution of the presence of women among corporate elites. We can draw three main conclusions from the Table 2 below. First, women have been in large part – but not completely – excluded from the boards of directors of the largest Swiss firms during the greatest part of the 20th century. Second, we see a significant – in comparison with the previous decades – increase of women at the turn of the 21st century, although parity with men is far from being achieved. Third, women are still hitting harshly the glass ceiling when it come to the executive direction, as only 4 percent of them headed to the highest position (CEO) in the firm in 2015.

Table 2. Proportion of women among corporate elite of the 110 largest Swiss firms

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<tr>
<td>Total</td>
<td>0.5</td>
<td>0.8</td>
<td>0.6</td>
<td>1.9</td>
<td>6.9</td>
<td>8.9</td>
<td>15.0</td>
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<tr>
<td>Board of directors</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
<td>2.2</td>
<td>8.2</td>
<td>9.8</td>
<td>16.3</td>
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<tr>
<td>Chief executive directors and managing directors</td>
<td>0.0</td>
<td>0.7</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>2.6</td>
<td>3.9</td>
</tr>
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</table>

Source: Swiss elites database

We also observe that the proportion of firms having at least one woman on its corporate board has considerably increased during the whole period (cf. Table 3): in 2010, half of the
firms had at least one woman on board. Moreover, by the turn of the 21st century, they were present in almost all economic sectors. In 2015, however, women were still totally absent from the corporate boards of 20 percent of the largest Swiss firm.

Table 3. Percent of the 110 largest Swiss firms having at least one woman on its corporate board

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<tr>
<td></td>
<td></td>
<td>3.6</td>
<td>4.6</td>
<td>3.7</td>
<td>28.0</td>
<td>33.9</td>
<td>51.7</td>
<td>78.9</td>
</tr>
</tbody>
</table>

Source: Swiss elites database

How can we explain this long-term exclusion of women from the boards? To begin, there are some structural factors that are not specific to the Swiss case. Indeed, several feminist authors have shown that women’s long-term exclusion from power position in western societies is historically (in opposition to biologically, or naturally) rooted in the fundamental inequalities of power based on sex (see, among others, Scott 1985). Their exclusion from the corporate elite in western societies is more specifically rooted in the division of labor between women and men that was built up during 19th century industrialization, when political economists began to claim that men needed to gain enough money to sustain the whole family, producing the figure of the male breadwinner. As a consequence, women’s subsistence became dependent on men and those involved in the labor market became second-rank workers, usually shut off in precarious employments (Scott 2002). At the same time, the figure of the housewife, staying at home in order to take care of the children, was taking place, especially for women belonging to the middle and upper classes (Sohn 2002).

Gender inequalities persisted during the 20th century, in spite of some major advances for women, such as the right to vote and an important integration of women in the education and in the labor market (Lagrange 2002). However, women tend to remain largely excluded from positions with responsibility and are still limited in their career by a horizontal and vertical segregation according to gender (Blanchard et al. 2009).

This assessment stands for all Western countries, but to varying degrees. The following Graph compares the presence of women among corporate boards of the world’s largest public companies with market capitalization exceeding EUR 6 billions. Its findings show that Switzerland is clearly lagging behind other western European countries, with a proportion of only 19.2% of women on boards against an average of 26.2%.
The Graph above shows that Swiss women are facing more obstacles than women from most other European countries. So we have to look for obstacles specific to the Swiss case. I would like to propose at least two main explicative factors. The first one finds its origin in the Swiss political system. The crucial issue was the voting right: indeed, Switzerland was one of the very last countries to give women the right to vote and to be elected (at the federal level) in 1971 (men obtained the “universal” suffrage in 1848) (Studer 1996). Moreover, the 1912 marriage law, which remained unchanged until 1987, allowed husbands to forbid their wife to work outside of the house, if it was considered a threat to the marriage (Schulz 1994). This contributed to confine women in the private sphere for a longer time than in other western countries, which were less conservative. Finally, social legislations were also not in favor of working women with (or willing to have) children – maternity leave, for example, became effective in 2005 only.

The second obstacle, which is particularly interesting for this contribution, relies in the existence of a dense corporate network. Board members were recruited through a system of cooptation. In this process, the people who were already sitting on a board tended to choose people belonging to the same social categories as themselves. In Switzerland, this happened to the detriment of women, but also, for a long time, to the detriment of foreigners, as well as of men of more modest origins. To put it short, for a long time the Swiss corporate network was a very cohesion bastion, sometimes described as “The fortress of the Alps” (David et al. 2015), held by Swiss males belonging to the upper classes who
tended to accumulate mandates, seating sometimes on ten different boards at the same time, such as the banker Robert Holzach in 1980. Moreover, until the end of the 20th century, more than 50 per cent of the Swiss corporate elite were officers in the Swiss army. The weight of a military career to access the boardrooms of the largest firms represented another obstacle for women: following the militia principle, every male Swiss citizen over the age of legal majority had to enroll in military. The army represented thus a very important masculine socialization place for a large part of the male population.

Women breaking the old boy’s corporate network

Three main phases can be distinguished in the table 2 above. During the first phase (1910-1980), women were clearly a very small minority among boards. Interestingly, however, they were not completely excluded from the firms (as they were from the Swiss Parliament or Federal Council, for instance). At that time, Swiss firms were still dominated by family capitalism, which was both a very patriarchal system of corporate governance, but also the only possibility for a woman to accede to the boardroom. Indeed, all the women identified in 1910, 1937 and 1957 were sitting on the board of directors of a firm owned by their families. Moreover, they were most of the time sitting with (or under supervision of?) a male member of the family, such as their father, brother or husband. So, to belong to a family owning a firm was the condition sine qua non to enter in a corporate board until the 1950s (and probably until the 1960s, but we do not have empirical data to confirm it), even if it has benefited few women.

The extension of the so-called universal suffrage to women in 1971 leads to the second phase. After 1971, women entered the Swiss Parliament: at the beginning of the 1980s, they represented 10.4 per cent of Swiss Parliamentarians (Pilotti 2017: 69). In all likelihood, the feminization of the political elite had an impact on the corporate elite. In 1980, we observe indeed a new group of women among the corporate boards, who were not member of a family owning a firm. Many of them had political experience, either in institutional bodies or in women’s activism. Contrary to other countries, such as the Netherlands, the first entrance of women in the boardrooms was not initiated by the State, as the latter did not interfere with this issue until the end of the 1990’s.

The figure 1 below shows the Swiss corporate network in 1980. Firms having a least one woman on its board of directors are indicated in red, and the size of the firm is related to the degree centrality (i.e. the size increases with the number of connections with other firms). We see that at that time, when the network was especially dense and cohesive (cf. Table 1 supra), women were not present in the most central firms. However, they were not confined to the most marginal firms either. The new group of women mentioned before were especially present in firms active in the usually “female-oriented” distribution and retailing sector (Grand Passage, Jelmoli and Innovation, Migros, Coop, KVZ and Usego).
Figure 1. The Swiss corporate network in 1980

One-mode network. A line between two firms represents a person sitting in the board of directors of both firms at the same time. A thicker line represents multiple shared members. The size of the firm indicates its centrality degree in the network. Firms with at least one woman on board are drawn in red, and firms with no women at all are in blue.

The turn of the 21st century led to a stronger increase in the presence of women among corporate boards. At least two main factors can be mentioned. First, Switzerland converged progressively towards a more liberal model of corporate governance during the quickening of economic globalization (David et al 2015). This resulted in the declining importance of old mechanisms of coordination, such as interlocking directorates among Swiss directors. It also led to an outstanding increase in the number of foreign directors among Swiss firms. In 1980, foreigners represented only 3.7 per cent of the corporate elite of the 110 largest Swiss firms. This proportion reached 23.9 per cent in 2000, and 39 per cent in 2015. The internationalization of the corporate elites was especially strong in Switzerland by comparison with other European countries (Mach et al. 2016). Since the 1990s, board members were thus less and less co-opted than before among other large Swiss firms. Although this mostly benefited the foreigners, women were also able to step into the breach a little bit further.
The second factor contributing to an increase of women among boards can be found in the role of the State, although it remained a minor actor. Indeed, we observe an increase in women in the corporations owned by or close to the Confederation, that were more inclined to promote gender equality. But it was only in November 2013 that the Federal Council took active measures, announcing that women should represent 30 per cent of the board members of the firms owned by the State (such as the Swiss Post) or close to the Confederation by 2020. Two years later, the Federal Council proposed a project of reform of legislation on companies limited by shares. One of the key elements was the introduction of gender quota, aiming at 30 per cent of women in the boards of directors and 20 per cent in the executive boards by 2020. Although the project was formulated as a mere recommendation and no sanctions were planned, it provoked huge debates in the Swiss society. It was finally barely ratified by the National Council in June 2018, so it is still too early to be able to draw conclusions on its consequences.

The figure 2 below shows the corporate network in 2015. If we compare it with the previous figure, we see very clearly both the decline in the density of the network, and the increase in women among firms. As we can see, although women represented only 15 per cent of the corporate elite, they were well integrated in the network – it would have been a possible configuration, for example, that women were found only in isolated firms, i.e. the firms that are situated at the margin of the network and that have no connection at all with other firms. However, the figure might give an inaccurate impression at first glance. First, as already mentioned, there were still 20 per cent of firms with no woman at all on their boards (cf. table 3 above). On the contrary, we find not firm with only women on their board. Moreover, and a part from a very few exceptions, women were always in a minority in each board compared to men. Thus the profusion of red points in the figure does not mean that women had the power in the firm at all.

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5 Source: Website of the Swiss Confederation. 
Figure 2. The Swiss corporate network in 2000

One-mode network. A line between two firms represents a person sitting in the board of directors of both firms at the same time. A thicker line represents multiple shared members. The size of the firm indicates its centrality degree in the network. Firms with at least one woman on board are drawn in red, and firms with no women at all are in blue.

Moreover, most of the links were not created by women, as shown in table 4 below. During the first part of the century, women were never sitting in more than one board. Some of them started to accumulate seats during the last decades, but most of the time, they were only holding two mandates – and more rarely three – at the same time. Women did thus never belong to the “inner circle”.

Table 4. Percentage of women among interlockers

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<tr>
<td>N=</td>
<td>165</td>
<td>190</td>
<td>191</td>
<td>196</td>
<td>121</td>
<td>100</td>
<td>82</td>
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<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.5</td>
<td>3.3</td>
<td>7</td>
<td>14.6</td>
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</table>
Conclusion

We can draw the following main conclusion from the Swiss case. For a long time, women were a very small minority among corporate boards. At that time, corporate governance was dominated by family capitalism, which, interestingly, contributed both to the exclusion and to the (very limited) integration of women in the firms. Corporate elites were thus a male bastion and cumulative processes contributed to the exclusion of women, such as the existence of a very dense and cohesive corporate network among Swiss firms, and the importance of a military career to access the top positions in the firm. The 1970s represented, then, a turning point. Women finally obtained the right to vote and to be elected at the federal level, which had an indirect impact on the structure of elite. The first women entering the boardrooms at that time were often political activists. Even if the feminist movement was rather moderate in Switzerland, the impulsion for a change came from the women themselves, and not from the State. Indeed, the latter stayed for a long time in the background, in line with the usual very weak degree of intervention of the State in the Swiss economy. At the end of the 20th century, economic globalization and internationalization of the corporate elite contributed to weaken the all-men corporate elite cohesion, and Swiss (but also foreign) women became more and more present in Swiss firms. An interesting conclusion is to be found in the fact that women were able to increase their presence among the corporate network since this network began to loose its historical importance...

References


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