Executive School of Management,
Technology and Law

University of St.Gallen

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# Swiss Alumni Index: Educational Background of Switzerland's Corporate Directors

*"From insight to impact"*

# At a glance

How do Switzerland's C-suite and board members train for the top? This report analyses the educational background of all 1,497 directors in Switzerland's 100 largest companies. The report covers the members of both the executive committee *(Konzern-/Geschäftsleitung)* and the board of directors *(Verwaltungsrat)*.

The main conclusions are:

1. **Swiss universities formidable suppliers of the country's strategic leaders:** Switzerland has the world's largest density of multinational firms which results in fierce global competition for top leadership positions and almost half of all directors being foreign. Yet, most who make it to the top hold degrees from Swiss institutions. Swiss institutions make up seven of the top ten universities, with the top three being Swiss as well.

2. **MBA overtakes doctorate among new generation of directors:** Nearly all directors (95 percent) have completed a form of higher education and for most a Master (or equivalent) is the highest degree. Those who pursue further education have historically opted for a doctorate. Contrary to their more senior colleagues, today's new generation of directors prefer the MBA over the doctorate.

3. **Business education remains key to C-suite and boardroom mandate:** Although most companies face strong pressures to focus and specialise, a general management or economics education still is inevitable to assume the most senior leadership roles. Followed by engineers and lawyers, management experts and business economists are still most likely to take the helm of large corporations.

4. **Lifelong learning is becoming the new normal among corporate elites:** The half life of knowledge is getting shorter as the world is turning more complex and ambiguous. Directors in the majority of executive committees (72 percent) and board of directors (79 percent) are returning to business schools to engage in continuous learning. Executive education is becoming a new normal among the upper echelons of the largest firm.

5. **Pipeline for female directors improving but no parity yet:** While only 15 percent of all directors are female, a third of the youngest directors are. Female directors attend similar programmes at similar institutions and, on average, obtain slightly higher academic degrees compared with their male colleagues.

# Institutions and countries

### Alumni of Swiss universities take the helm of largest companies

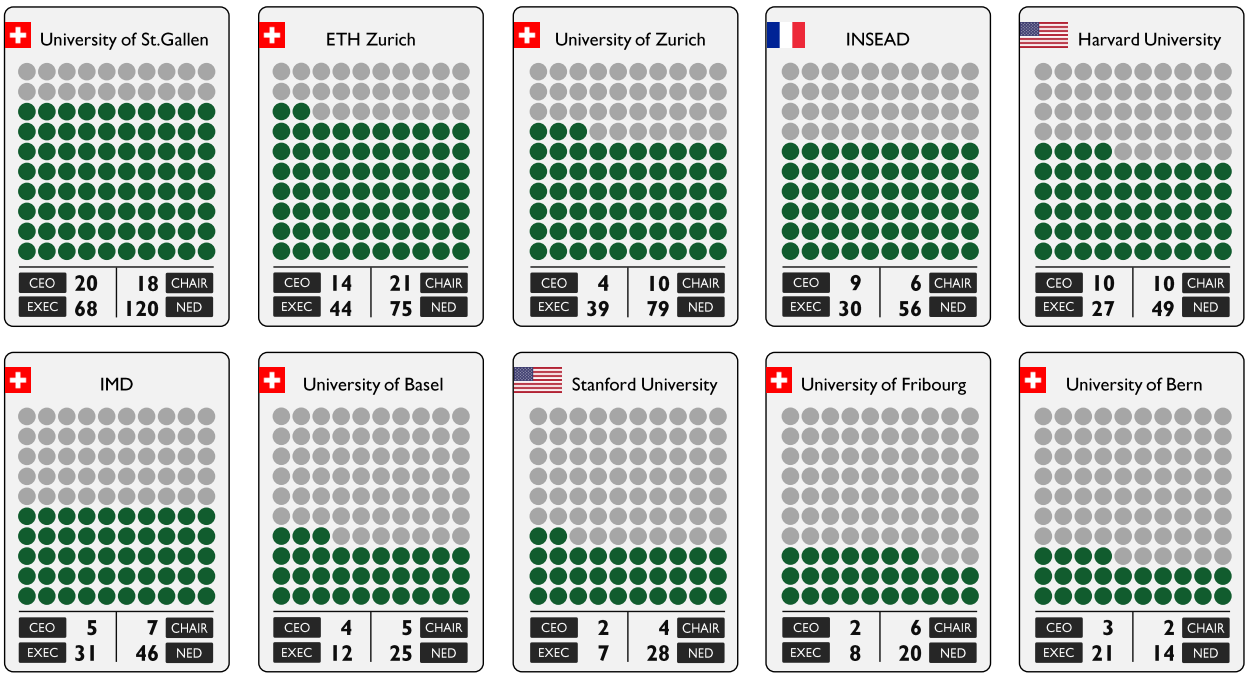
Where did Switzerland's C-level executives and board members study? Switzerland is home to the largest number of multinational corporations per capita worldwide. The competition for the top leadership positions is fierce and global: 43 percent of Switzerland's executive and non-executive mandates are held by foreigners.

Yet, most directors are graduates of domestic institutions: Seven of the top ten universities are based in Switzerland (Fig. 1). 80 percent of the surveyed companies have at least one alumnus/a of the University of St.Gallen serving on their board or executive committee, followed by alumni of ETH Zurich (72) and University of Zurich (63). IMD and the Universities of Basel, Fribourg and Bern complete the top ten along with three foreign institutions: INSEAD, Harvard and Stanford.

### Public institutions share winners' podium

The fact that three Swiss public universities, each with a different profile, share the winners' podium speaks to the breadth and vigour of Switzerland's educational landscape. Together with Basel, Fribourg and Bern six of the top ten institutions are public, indicating that corporate elites are not necessarily always graduates of a select few private schools.

**Figure 1: Almae matres of Switzerland's directors**




**Note:** The circles represent Switzerland's 100 largest companies. Green circles indicate companies that have at least one alumna/alumnus from the respective university at their board of directors or executive committee. The breakdowns below show the numbers of alumni by role held in the organisation (i.e. CEO / chairperson / executive directors / non-executive directors).

## Diverse educational backgrounds

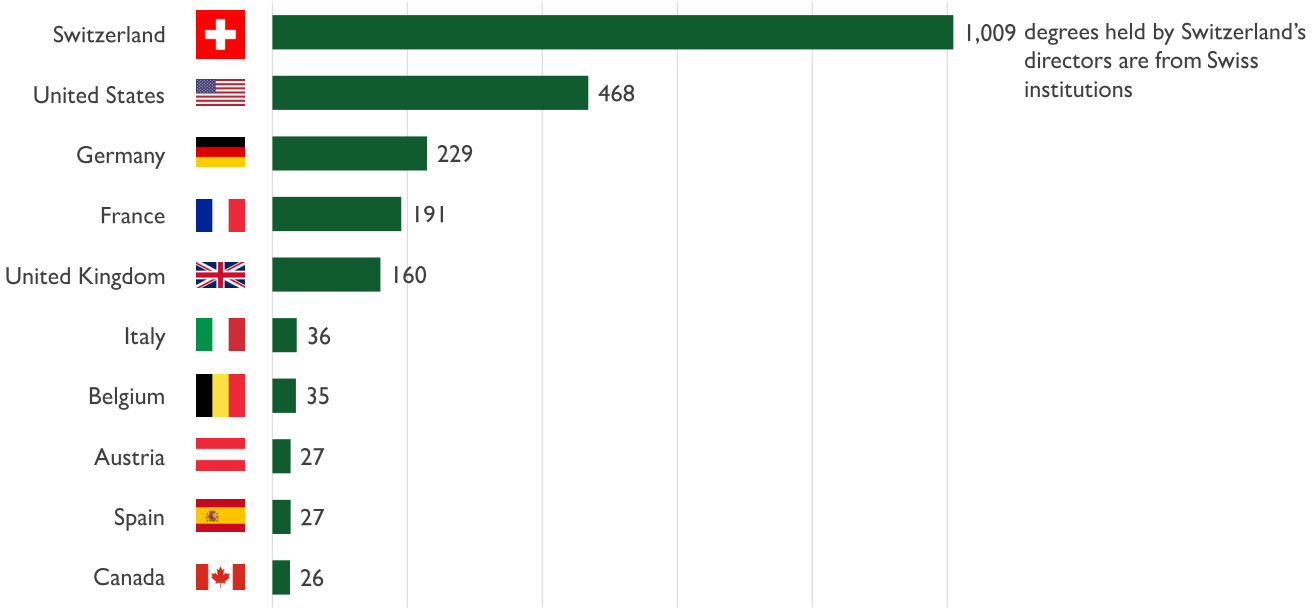
Beyond the top ten universities there is remarkable diversity in the educational backgrounds of Switzerland's strategic leaders: The 1,497 executive and non-executive directors together hold 2,381 degrees from 506 distinct educational institutions in 37 countries (for more information on how distinct institutions were counted, please see the methodology section on page 11). The variety in the backgrounds of its business leaders reflects an economy that is globally successful in industries as diverse as banking, pharma, machinery, watchmaking, construction, confectionery and textiles.

Overall, Switzerland's directors have obtained 58 percent of their degrees abroad (Fig. 2). About half of the foreign degrees were acquired in Anglo-Saxon countries where business and management education has historically been strong. About one third of foreign degrees were acquired in those continental European countries that share one of Switzerland's national languages (i.e. Austria, France, Germany, Italy, Liechtenstein).

## Nearly all foreign directors hold at least one degree from university abroad

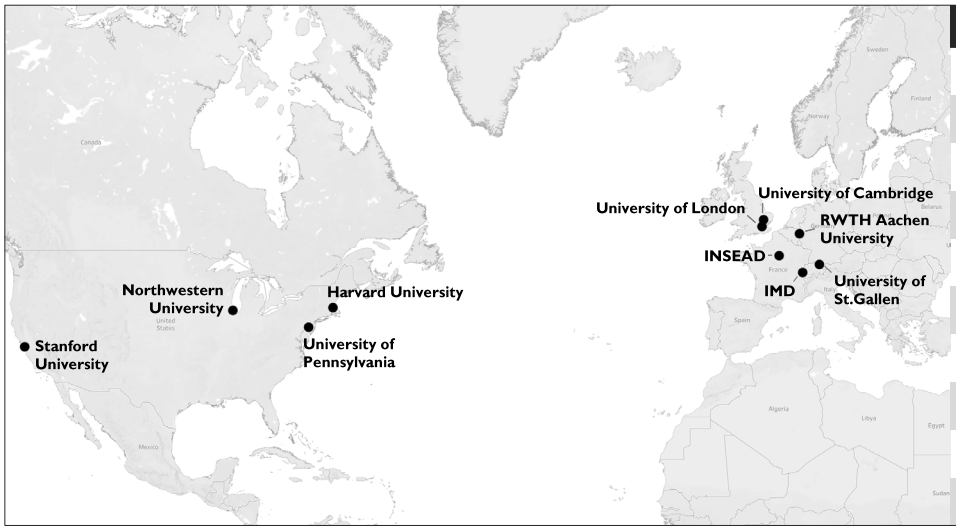
While nearly all foreign directors (97 percent) hold a degree from a non-Swiss institution, only four in ten Swiss directors do (38 percent; not counting foreign exchanges). Consequently, a closer look is warranted into the institutions most commonly attended by foreign directors: Figure 3 depicts foreign directors' top ten universities according to the number

**Figure 2: Countries where Switzerland's directors obtained their degrees**




**Note:** In addition to the numbers shown above, Switzerland's directors hold 173 degrees from institutions in 27 other countries.

## Figure 3: Almae matres of Switzerland's foreign directors




| Rank | University | Seats filled |
|---|---|---|
| 1 | Harvard | 47 |
| 2 | INSEAD | 30 |
| 3 | St.Gallen | 20 |
| 4 | IMD | 16 |
| 5 | Stanford | 15 |
| 6 | UPenn | 14 |
| 7 | London | 13 |
| 8 | Northwestern | 12 |
| 9 | Cambridge | 11 |
| 9 | Aachen | 11 |

of board or executive committee seats filled by their respective alumni. That ranking produces a more international picture, with six of the top ten institutions being based in the United States and the United Kingdom. Compared with Figure 1, new entrants are the University of Pennsylvania (including Wharton Business School), University of London (including London Business School), Northwestern University (including Kellogg School of Management), University of Cambridge (including Judge Business School) and RWTH Aachen University. With St.Gallen and IMD two Swiss representatives are among the most attended institutions of foreign directors.

As the global competition among universities is intensifying, expectations towards their excellence in research, teaching and services are continuously rising. Strong visibility and global recognition are becoming increasingly important factors in attracting the next generations of talent within Switzerland and beyond.

### Broad benefits of successful universities

Switzerland benefits from its strong educational landscape in multiple ways. Many Swiss firms generate the majority, in some cases more than 99 percent, of their revenues abroad. Domestic universities that can supply capable leaders and responsible decision makers strengthen the local roots of these highly international companies. That promotes Switzerland's attractiveness as a location for investment and innovation and eventually stimulates fiscal prospertiy and economic wealth for the broader public.

# Degrees and disciplines

### Most directors hold academic degrees

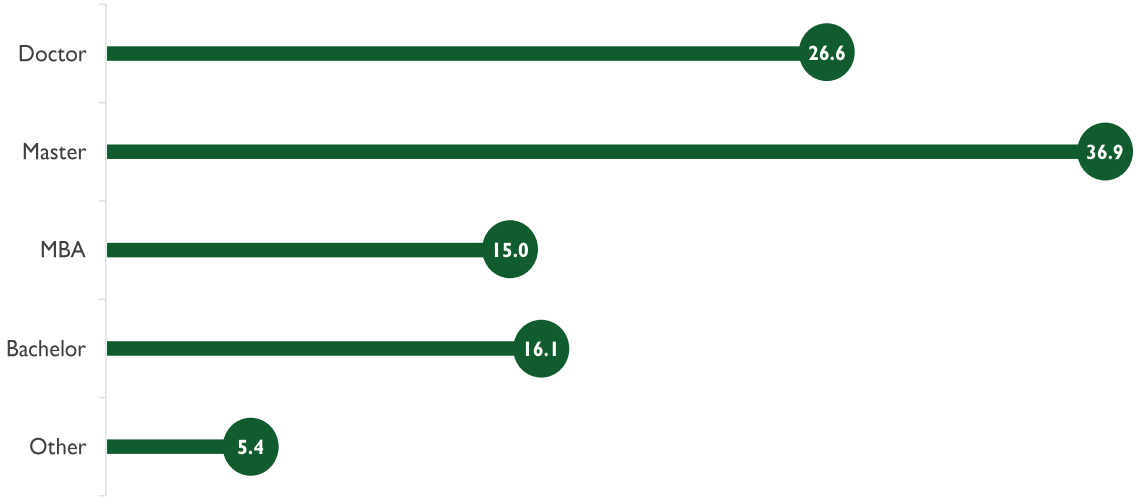
What academic degrees did Switzerland's directors obtain? Overall, 95 percent of directors hold at least one academic degree and 79 percent have completed post-graduate studies (i.e. doctorate, Master or MBA). While most directors have a more linear educational biography, Switzerland's famously successful apprenticeship model also nurtures directors who first complete an apprenticeship and later in their career acquire additional qualification at a university or university of applied sciences.

Overall, the Master, and former equivalents such as the *Lizentiat* or *Diplom*, is the most common degree among directors (Fig. 4). One in four directors (27 percent) have completed a doctoral degree. They are particularly common in knowledge-intensive industries such as pharma, technology and financial services. Recent cases such as the Novartis spin-off of eye care business Alcon exemplify that more companies are narrowing down their focus in order to remain competitive on a global scale. More specialised businesses also require from strategic leaders to command over more specialised expert knowledge. At the same time, CEOs and other senior leaders are by defintion general managers who need to know how to communicate across corporate functions. It is particularly the ability to build bridges and integrate expert knowledge that distinguishes effective leaders from others.

### More MBAs, fewer doctorates

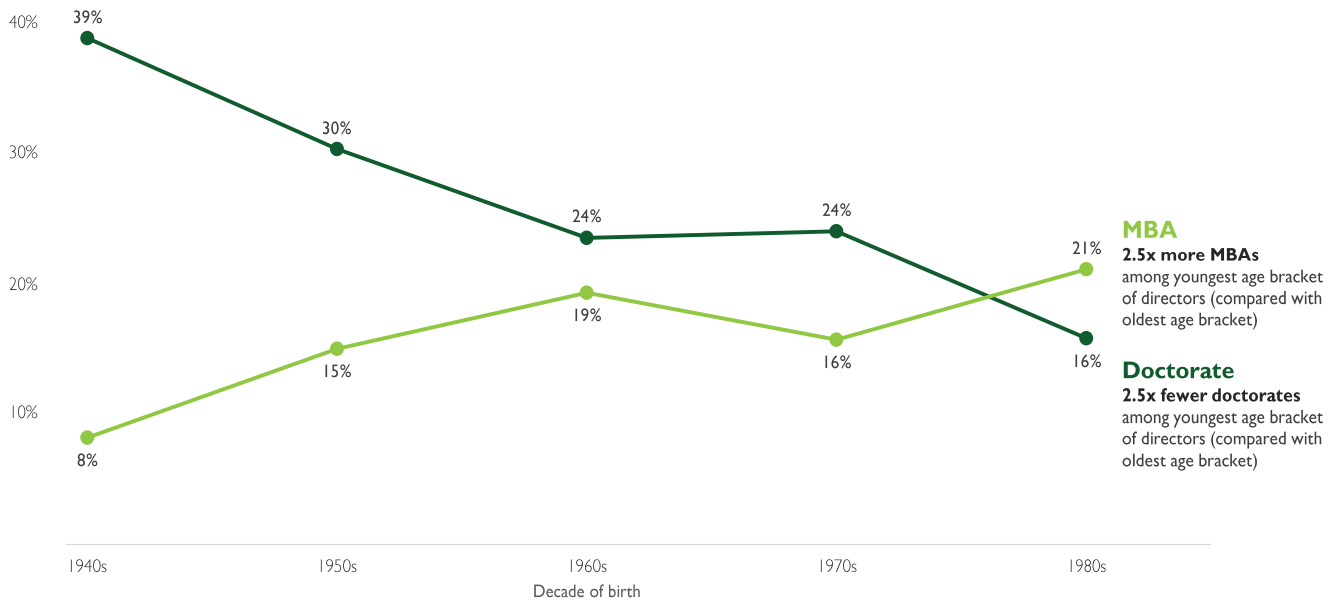
Are there new trends and patterns emerging with respect to the degrees held by members of Switzerland's C-suites and boardrooms? Examining the different age groups of directors

**Figure 4: Highest degrees held by Switzerland's directors**




**Note:** The category "Other" includes directors who did not attend tertiary educational institutions. Most of those directors completed a vocational training or hold other professional qualifications as their highest degree. *Lizenziat*, *Diplom* and similiar degrees count towards the "Master" category. Applied sciences degrees count towards "Bachelor" category.

**Figure 5: MBA and doctorate degrees by decade of birth**




separately reveals that doctorates are becoming less common while MBA degrees gain in popularity (Fig. 5): While the most senior directors are five times more likely to hold a doctorate rather than an MBA (39 percent compared with 8 percent) this trend is gradually reversing throughout the younger generations of directors. Among the youngest directors, the MBA for the first time supersedes the doctorate as most preferred degree.

These results indicate that doctorate and MBA programmes increasingly serve distinct functions: MBA programmes convey management and leadership toolkits, and develop corporate leaders who can think and manage integratively. Doctoral programmes at top institutions prepare their graduates to conduct internationally competitive research which often involves many years of theoretical study and statistical training. While doctorates may signal soft skills such as resilience and determination, the MBA allows participants to focus on acquiring managerial skills during a more feasible timeframe, all of which are strong arguments for those looking to pursue a corporate career.

## Management expertise most likely to lead to top positions

In addition to the rise of the MBA degree, the demand for strong and comprehensive business intelligence is also reflected in the popularity of academic disciplines studied by Switzerland's directors: Almost six in ten degrees are in the domain of business economics, followed by engineering (15 percent) and law (12 percent)

**Figure 6: Academic disciplines studied by Switzerland's directors**

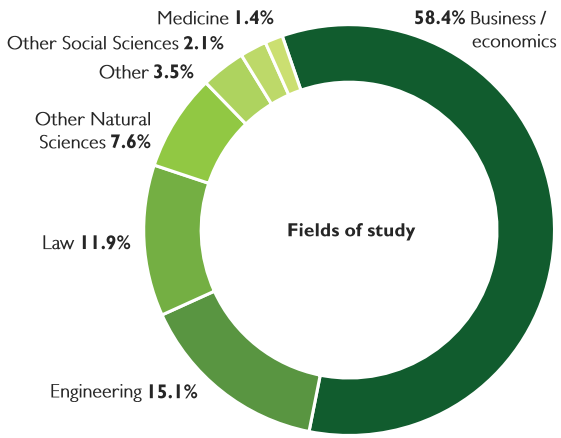
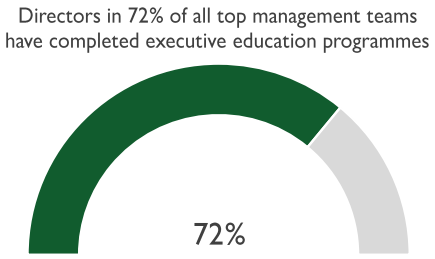
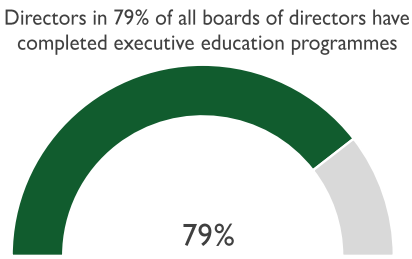



**Figure 7: Executive education on the rise**




degrees. Many directors who hold a specialised first degree (e.g. in engineering, law, medicine) complete a management training later in their career.

### Executive education and lifelong learning are becoming new normal

Today's business leaders are facing unprecedent levels of uncertainty and ambiguity in their environment. The half life of highly specialised knowledge is diminishing. Sustained competitive advantages require great agility and constant renewal. Many directors of Switzerland's largest companies are therefore returning back to universities and business schools to engage in continuous learning: Directors in about three-quarters of executive committees (72 percent) and boards of directors (79 percent) have pursued executive education programmes throughout their career, including in their most senior positions.

The range of possibilities is broad: While some directors are looking for latest insights on specialised topics, technologies, and trends others return because they seek for a space of reflection and peer exchange. The best executive education programmes offer curated platforms that combine faculty input with peer-based interaction and experiential learning, making them equally attractive to those aspiring to be and those who already are at the corporate apex.

# Foucs: Female directors

### More female directors, no parity yet

Companies have begun to strengthen their pipeline of female leaders. This development does not only reflect societal progress. Large-scale empirical research has demonstrated the positive economic impact of female representation on firm performance.

Progress in promoting females to the most senior leadership positions is discernible, but its pace is slow. Overall the proportion of female directors across Swiss executive committees and boards of directors is 15 percent. While female directors in the more senior age brackets are a rare exception, the gender gap is closing gradually among younger generations (Fig. 8): For example, in the age brackets of directors born in the 1940s and 1950s, the average share of female directors is six percent and nine percent, respectively. By contrast, one quarter of directors born in the 1970s are female and almost a third of directors born in the 1980s. Figure 8 is a testament to the slow pace in achieving gender parity: If growth were to remain linear between seven and nine percentage points per decade it would take another two decades to achieve full parity. The situation is particularly grim in the C-suite where female representation is three times lower that at the board (seven percent versus 21 percent).

### Similar educational profiles

In terms of their educational backgrounds, female directors barely differ from their male colleagues. If anything, they are slightly better educated.

**Figure 8: Share of male vs. female directors by decade of birth**

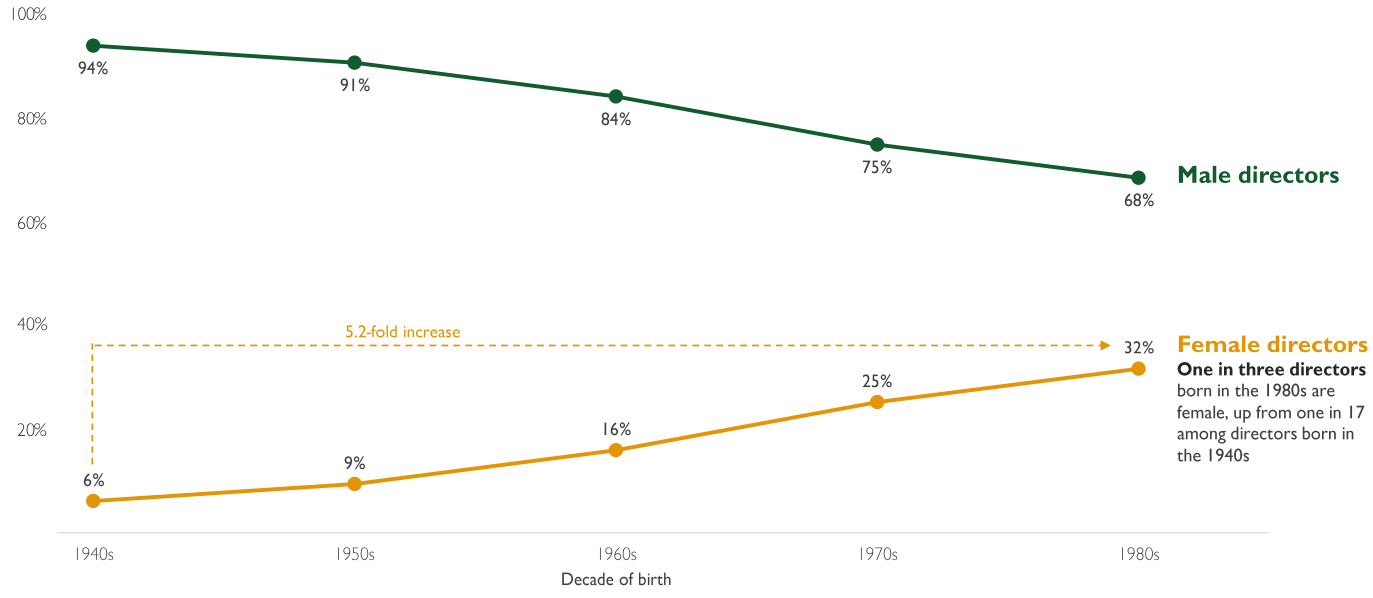
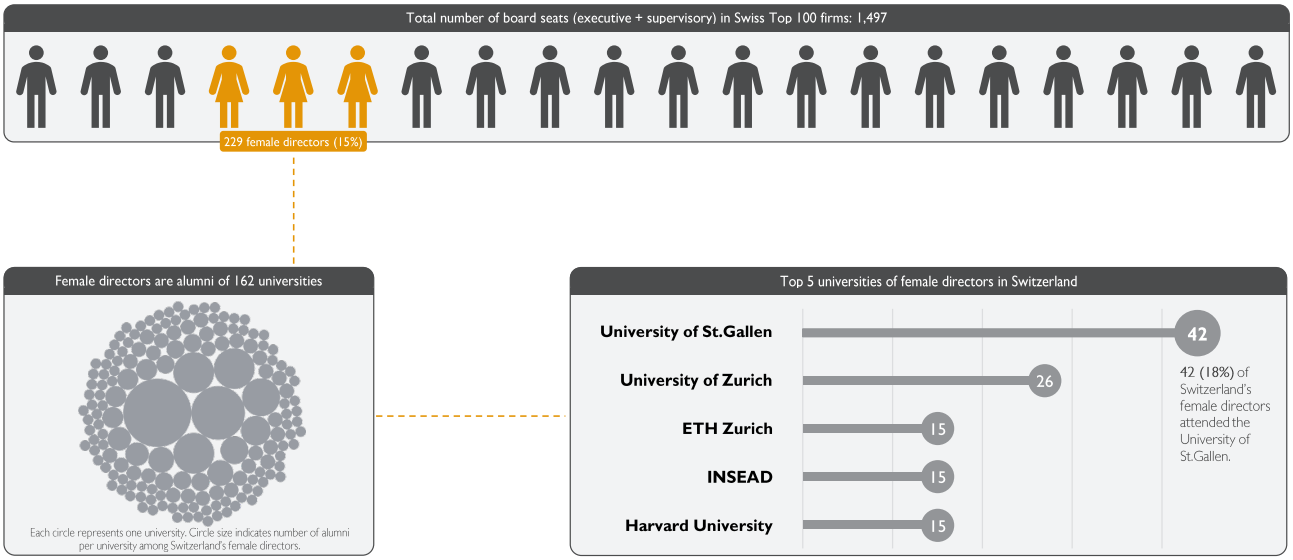


**Figure 9: Top universities of Switzerland's female directors**




Although they less often hold doctorate degrees (minus four percentage points), they are more likely than males to have completed a form of post-graduate education (plus seven percentage points). Female directors pursue similar educational programmes at similar institutions as male directors (Fig. 9): The top five universities of female directors are the same as for the overall population of directors, only with the ranks of ETH Zurich and University of Zurich reversed.

## New structures and conditions

Overall, the findings indicate that organisations and policy makers need to continue to advance structures and conditions that allow well-educated talent to equally rise through corporate hierarchies. Latest research in the psychology and management literatures proclaim that essential levers include role models and mentors who provide task-oriented advice, especially during punctuated events such as promotion decisions. Executive education formats that combine academic insight, mentoring formats and peer-based interaction may offer further support in realising the next generation of leaders' full potential.

Further readings:

Chrobot-Mason, Hoobler & Burno (2019): "Lean In Versus the Literature: An Evidence-Based Examination", *Academy of Management Perspectives*.

Post & Byron (2015): "Women on Boards and Firm Financial Performance: A Meta-Analysis", *Academy of Management Journal*.

# About

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## Methodology

The report reflects the 1,497 profiles of all executive and non-executive directors from Switzerland's 100 largest listed companies by market capitalisation as of 8th November 2019. Eligible companies had to have their corporate headquarters in Switzerland and their shares traded on a Swiss exchange. Companies that are primarily portfolio investors or investment vehicles as well as those that could be classified as small and medium-sized enterprises according to the definition by the European Commission (i.e. number of employees < 250, turnover ≤ € 50 m, balance sheet total ≤ € 43 m) were excluded.

Director profiles were collected from corporate sources such as websites, annual reports or investor information. All profiles were cross-checked with databases such as BoardEx and Munzinger and, where applicable, with directors' social media profiles. Directors count as "alumni" of those institutions where they indicate to have participated in any type of educational programme. For institutions that were renamed, acquired or underwent other transformations, the latest available institutional identity was used. Degrees obtained at individual departments, schools or other organisational entities were counted towards the respective parent institutions. All institutions were counted equally. For example, if directors hold a Master degree in Engineering from university A and an MBA degree from university B, they are counted as alumni of both university A and university B.

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