



Competence Centre for Diversity & Inclusion (CCDI)

The Penalty of Part-time Work

Effects and consequences of different working models, especially part-time work, for employers and employees in companies operating in Switzerland

FINAL REPORT FOR



23 April, 2016

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1 Management Summary

Advance is an association and a network that takes specific measures to increase the share of women in leading positions in Switzerland. The research cooperation aimed at exploring the effects and consequences of different working models, especially part-time work, for employees in companies operating in Switzerland. The project was limited to management levels.

The study shows that the prevalent working culture in Switzerland in management levels is demanding for both, men and women. Full-time culture with expected overtime of up to 50% seems to be the norm. Career advancement in this culture is strongly influenced by age, education, profit and loss (P&L) responsibility, visibility through special projects and by the employment percentage. Despite mostly moderate reductions in employment percentage to 80 to 90 %, the negative effect of part-time work is significant. There is a severe penalty for working part-time for both, men and women. By contrast, gender, nationality, company tenure, maternity leaves and the use of flexible working models have no significant effects on career advancement. Therefore the key lies in the corporate culture: Increasing the number of female leaders is not a question of diversity programs, rather it requires a profound shift in corporate culture towards more results-orientation and flexibility and a move beyond the part-time trap.

2 Background and Objectives

Advance is an association and a network that takes specific measures to increase the share of women in leading positions in Switzerland. The Advance mission is based on the belief that sustained success depends on having a balanced gender mix at all levels of an organization (see www.advance-women.ch). The research cooperation aimed at exploring the effects and consequences of different working models, especially part time work, for employers and employees in companies operating in Switzerland. The project was limited to management levels (i.e. “Kader” in German).

The research was conducted in an exploratory study with the following objectives:

1. to find out to what extent and in what ways managers at Advance member companies consider part-time job arrangements as an impediment or a catalyst for their subsequent careers; and
2. to explore in what ways part-time job arrangements and performance evaluations may affect subsequent careers at the Advance member companies.

3 Methodology

3.1 Sample Information

The analysis was based on the responses of individual employees at different management levels in eight Advance member companies. Data was collected through a survey in three languages (English, German and French) that was sent to a total of 2,777 employees in these eight companies, with a response rate of 1,166 (42%). The survey was online for six weeks in November and December 2015 (02.11.-18.12.2015). All survey respondents hold various management positions (German: Kader) based on the definition of each firm. One third of the respondents are female (35%), while two thirds are male (65%). From the total number of respondents, 80% are ranked as middle or higher management, and 57% have profit and loss (P&L) responsibility in their positions (30% of these respondents are women, 70% are men).



The average age of all respondents is 42.7 years (women 40.1 years, men 44.1 years), and 81% of them work in the German-speaking part of Switzerland.

3.2 Analysis Approach

Using descriptive statistics, mean comparisons (t-tests), and regression analysis techniques, the project investigated the causal interrelations among three important factors – demographic attributes, employment contracts, and career prospects of individual employees. The research findings are revealing and shed light on some key dimensions that firms should consider in order to promote a truly embedded culture of inclusion, equality, and fairness.

3.3 Study Limitations

The merits of this study should be considered together with a number of limitations. First, we limited our focus to companies that are already members of the Advance platform. These companies are considered to be frontrunners in terms of diversity and inclusion and hence already engage in Advance-endorsed practices. Therefore, our approach did not allow us to compare Advance firms with firms that are not members of the Advance platform. Second, some firms delivered very low internal response rates, which kept us from drawing generalizable conclusions for these organisations. Third, we limited our focus to companies within Switzerland and therefore were not able to draw implications for firms in other countries. That said, our study provides clarity for firms inside Switzerland and firms that are truly aiming to “Advance in diversity practices”.

4 Working culture in Advance member companies

4.1 Male dominance, full-time work and overtime are the norm

Only 14% of the respondents work part-time, and the reduction is very moderate, with most working 80-90%. The majority of part-timers are women (70%). Further, only 15% have decreased their workload at some point during their career (58% of these are women, 42% are men). The most common reason for working part-time is childcare, and a large proportion of respondents (59%) have children. Importantly, nearly 60% of the women in management positions have no children whereas only 32% of men have no children. Two-thirds of the respondents (67%) answered that they were the main source of income for their family (79% men, 21% women); 26% contribute equally. Only 11% indicated that they were the main care givers for children, an elderly or handicapped person in their families. So working in management positions in Switzerland does not seem to be compatible with care responsibilities at home.

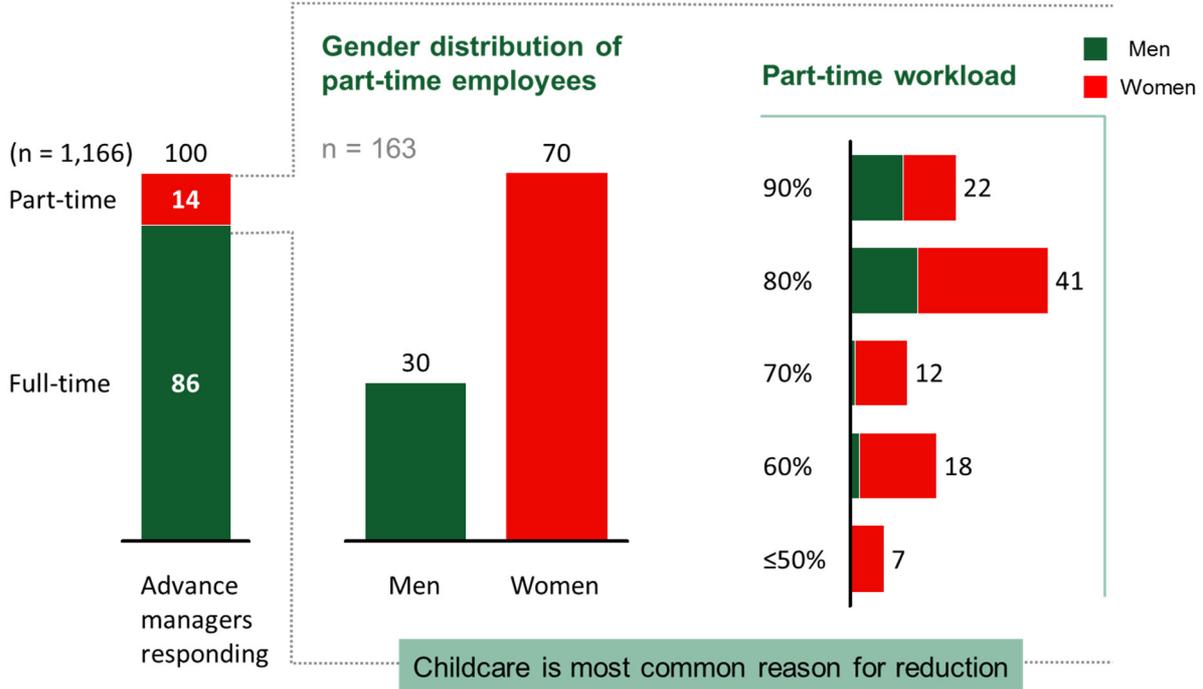


Figure 1: Overview full-time and part-time work of the sample (in percent)

Descriptive analysis results provide some interesting insights. First, our research shows that 82% of the respondents' supervisors are male; while only 3.1% of the supervisors work part-time (58% of these part-time supervisors are women, 42% are men). Importantly, only 1% of the supervisors work less than 80%. So part-time role models at higher management positions seem to be rare.

Over 91% of the respondents reported that they worked more time than stipulated in their contract (32% work up to 10% more, 46% work up to 25% more, and 14% work up to 50% more). Only 9% of respondents indicated that they worked as many hours as defined in their contract. There are no significant gender differences: both women (90%) and men (92%) in management positions work overtime. But there is a significant difference between part-timers and full-timers. Managers who work part-time work less overtime than managers who work full-time (significance level of $p < 0.05$).

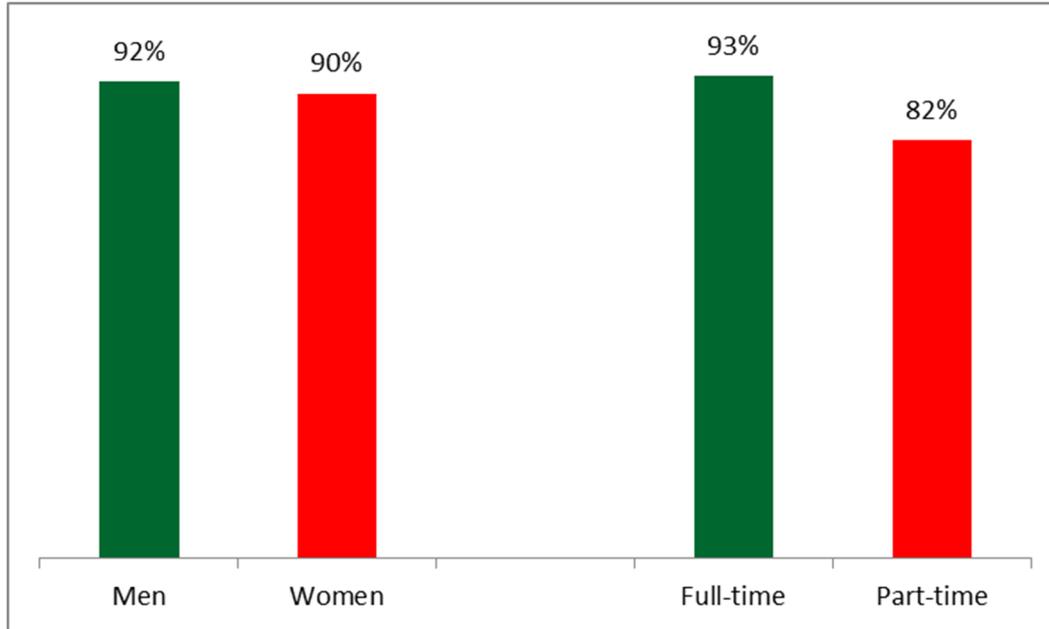


Figure 2: Significant overtime versus contract - comparison men/women and full-time/part-time

Finally, the two most often used flexible working models when working full-time are flexible working hours and home office. Eighty-six percent of the full-time managers use flexible working models. Similarly, the two most often used flexible working models when working part-time are fixed days off and home office.

This finding implies that Advance firms should first pay attention to the work overload of their managers. This is a prerequisite for developing a culture of equal opportunities and fairness as well as equality and high performance. Furthermore, companies who want to be regarded as frontrunners in equality and inclusion should also focus on promoting equal opportunities for women and men with and without children, because working part-time mainly for childcare reasons has a significant impact on career advancement (see below).

4.2 Feelings about the organisational culture: mostly fair

The study also examined how respondents perceive the organisational culture of the company in which they are employed. The results here are positive to some degree. For example, 78% of respondents feel fairly paid; while 90% feel fairly evaluated by their supervisor. Seventy-eight percent feel that their company provides them the training opportunities they need to reach their career aspirations, and 71% indicated that they were provided fair opportunities for promotion in the company. Importantly, 75% of respondents agree or strongly agree that women and men have the same opportunities for career advancement in their organisation. However, one third thinks that obtaining a flexible working arrangement negatively impacts career development opportunities, while another one third feels that maternity leave reduces the chances for promotion in the firm. While this picture is generally positive, Advance member companies should aim to satisfy the remaining third of employees that feel they are not provided with equal opportunities while using flexible working models in their work. There is still a fear of disadvantages, although the results of the study show that flexible working models and taking maternity leave have no significant impact on career advancement (see below).



4.3 Part-time penalty: Effects of part-time work and visibility on career advancement

As a further test we used regression analysis techniques to identify the determinants of career advancement in Advance member companies. We found that age has a positive effect on career advancement – older persons are more likely to be present at high hierarchical levels. In addition, educational level as well as employment percentage seem to be significant predictors of career advancement among the sample firms. The latter is related to the so-called “part-time penalty” of individuals who engage in part-time work and face the cost of advancing less frequently in their career compared to those who consistently work full-time. Even if the reduction is only ten to twenty percent, the impact is significant.

For developing a culture of inclusion, Advance firms should consider changing their culture and developing Human Resource systems that promote individuals with part-time work arrangements to top-tier positions with equal frequency, by focussing on results and not on face time or office presence.

Myths (no impact)

- ✗ Gender
- ✗ Nationality
- ✗ Company tenure
- ✗ Maternity leaves¹
- ✗ Flexible working arrangements

Reality (significant impact)

- ✓ Age
- ✓ Education
- ✓ P&L responsibility
- ✓ Visibility through special projects
- ✓ Employment percentage

¹ Average maternity leave = 5.3 months per child

Figure 3: Influencing factors and myths for career advancement (significance level of $p < 0.05$)

Importantly, reducing one’s workload from full-time to part-time has a negative effect on that person’s career. Namely, individuals who belong to either group: a) currently part-time, previously part-time or b) currently part time, previously full-time are both less likely to hold top-tier managerial positions.

Further, the results also show that visibility gained through projects and P&L responsibility are important for career advancement; mentoring alone is not enough. The good news from the study is that gender, nationality, maternity leave and the use of flexible working models have no impact on career advancement. Especially maternity leave and the use of flexible working



models show no effects, although the perception that they do impact careers still exists. (See 4.2 Feelings about the organisational culture.)

To avoid the negative effect of the part-time penalty, Advance companies need to provide part-timers with opportunities to gain visibility in their firms, such as through P&L responsibility or opportunities for leading projects that boost career advancement.

5 Gender differences: Women struggle more with the current working culture in management and have less access to “career” boosters

5.1 Hard facts on gender differences

Our analysis in this section investigates differences between men and women along several key dimensions. First, we found that fewer women have P&L responsibility compared to men. Only 49% of the women have P&L responsibility compared to 63% of the men. Women have a lower span of control and lead significantly smaller teams. The average size of teams led by women is 6.9 head counts whereas the average size of teams led by men is 10.2 head counts. Women in leadership positions have been with the company or in a special function for a shorter period of time, as figure 4 shows. Other studies show¹ that women are often forced to leave a company in order to take the next career step. Therefore they gain expertise in a special field e.g. finance, legal, but do not have the industry experience male competitors have. Although women work as hard as men (see figure 2: Significant overtime versus contract) they do not progress in their careers as fast as men. Given the importance of gaining visibility in the firm, Advance members should promote a culture of equality where women can gain visibility as easily as men and assume P&L responsibility more frequently – alone or also in co-leading positions.

¹ Fitzsimmons, Terrance W.; Callan, Victor J.; Paulsen, N. (2014): Gender disparity in the C-suite: Do male and female CEOs differ in how they reached the top? In: *The Leadership Quarterly* 25 (2), S. 245–266.

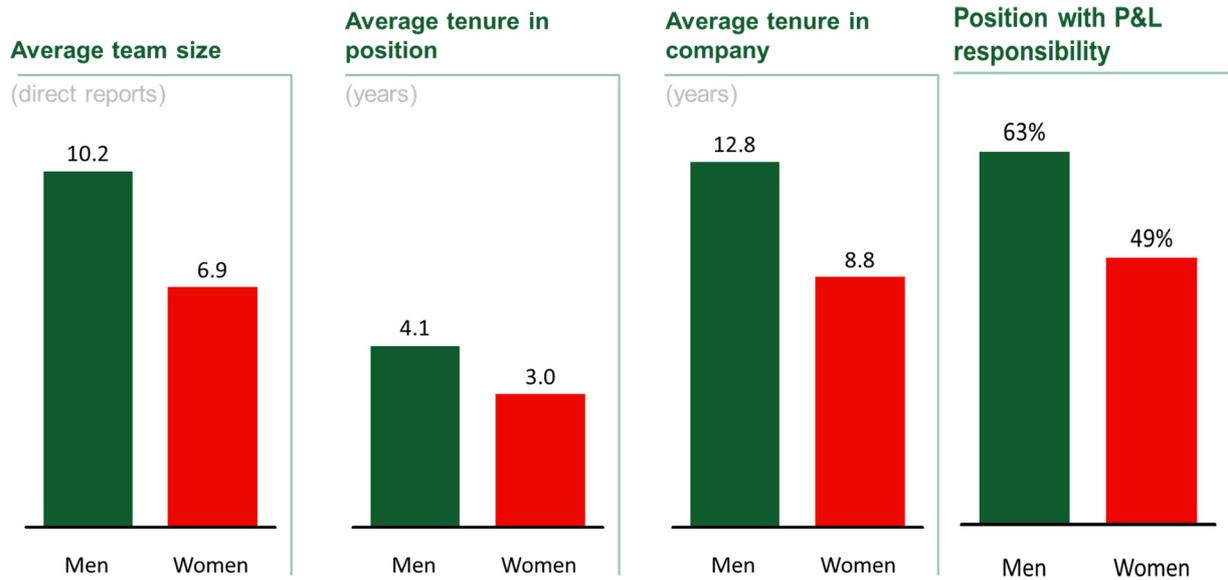


Figure 4: Lower span of control and less continuity in career paths of women and less P&L responsibility

5.2 Still feelings of disadvantages

Further, fewer women are satisfied with their employment percentage compared to men (19% of the women and 14% of the men would prefer a lower percentage). Further, males feel fairly paid and fairly evaluated more often than females. Women feel they do not receive the same career advancement opportunities as men on a significant level. They also more often responded that the use of flexible working arrangements had a negative effect on their career advancement. This implies that women struggle more with the working culture than men do – which is a key factor for promoting a healthy culture of diversity in the organisation. Thus, even among Advance member companies, which are committed to gender equality, gender differences still exist, and a culture of inclusion is required to turn diversity into a valuable resource.

6 Conclusion and Recommendations

6.1 It's all about culture

The implicit expectation in a management position is to work full-time and overtime. Additionally, a workplace culture of presenteeism still seems to be prevalent. Women tend to protect themselves against these expectations by choosing part-time employment with a still high percentage (80-99%) more frequently. They pay a high price for this choice (with only a small reduction of the working hours). They also struggle more with the working culture than men do. This working culture also perpetuates the traditional division of labour. It seems to be nearly impossible to care for children or an elderly or handicapped person, while having a management position. Also respondents who are older than 40 feel significantly more satisfied with their working percentage. The younger generation in their “rush hours of life” are less satisfied, which underlines the family-unfriendly working culture in management positions in



Switzerland. If companies want to use the full potential of a diverse workforce, a cultural change is key.

Currently important factors to succeed in a management position and to pursue a career are full-time employment, P&L responsibility and visibility through strategic projects. Women in leadership positions who participated in this study tend to work more often part-time, mainly for childcare reasons, have lower access to priority projects and less P&L responsibility. As a consequence, women hold fewer senior positions and are more often niched in specialised expert roles. The widespread higher turnover rate in the female workforce is another indicator of the costs companies incur by losing qualified female talents more often.

6.2 Recommendations

To retain women and promote them to senior leadership positions, this study concludes with the following recommendations:

- Reflect on the working culture and performance models for success at management levels. Allow more flexibility, create shared leadership positions and introduce a results-oriented working culture.
- Engage the younger generation, especially younger men, to help change the working culture.
- Give women visibility through projects, exposure and real sponsoring. This helps; mentoring alone is not enough. Engage men to sponsor women on a wide-scale basis.
- Invest more in active career planning for women and in awareness raising/sensitisation of managers on the part-time penalty.
- To position the company as a preferred employer and a real D&I champion, transform the culture and change the processes.

Increasing the number of female leaders is not a question of diversity programs, it requires a profound shift in corporate culture and boundaries and a move beyond the part-time trap!