



Demographic change – the role of Boards in preparing for the future

swissVR Monitor I/2025

February 2025





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About the Survey

This is the 17th edition of swissVR Monitor and is based on a survey of 360 members of Swiss company Boards of Directors. The aim of the survey is to gauge Board members' attitudes to the outlook for the economy and for business and to corporate governance issues. This edition also focuses specifically on the topic of demographic change.

The swissVR Monitor survey was conducted by swissVR Monitor in collaboration with Deloitte AG and the Lucerne University of Applied Sciences and Arts between 22 November 2024 and 5 January 2025. A total of 360 Board members took part, representing listed companies as well as small and medium-sized companies (SMEs) from every major sector of the Swiss economy. 35% of the participants are from large companies, 32% from medium-sized companies, and 33% from small companies.

The aim of swissVR Monitor is to offer Swiss Board members a benchmark for comparing the issues facing their own Board with those facing their counterparts on other company Boards. swissVR Monitor also aims to share with the wider public the ways in which Board members perceive their role and the current economic situation.

A note on the methodology

When comparing survey results over time, please note that the sample may have changed. Percentage figures are rounded to add up to 100. Company size is determined by workforce: small companies have between 1 and 49 employees, medium-sized companies have between 50 and 249 employees, and large companies have 250 or more employees.



Foreword

Dear reader

We are delighted to bring you swissVR Monitor I/2025. For this edition, we surveyed 360 members of company Boards of Directors across Switzerland. The findings reflect their attitudes to the economy, the outlook for business, and relevant areas of their own role.

The impact of demographic change is already evident in many companies. More workers are retiring every year, with record levels expected by the end of this decade. At the same time, fewer young people are entering the labour market. Meanwhile, improved life expectancy means the number of older consumers is increasing, and this group is an attractive target market for many businesses. But whether companies are able to make use of demographic change primarily as an opportunity rather than as a risk depends largely on their Board of Directors. This edition of swissVR Monitor therefore takes a closer look at how prepared companies are for demographic change and how their Boards are discussing the challenges it represents.

The findings show that most Swiss companies are already feeling the impact of demographic change or expect to do so in the near future but also that their level of preparedness lags behind what needs to be done. Boards are spending less time discussing the changing structure of the Swiss population than discussing other issues, including sustainability and

generative AI. The survey also finds that most Boards have sufficient expertise to assess the impact on their company of demographic change but that many believe their Board is not investing enough time in discussing ways to tackle its impact on the company.

Alongside the survey findings, swissVR Monitor I/2025 has conducted interviews on the focus topic with:

- Guy Parmelin, Swiss Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research (EAER)
- Bettina Schaller, President of the World Employment Confederation and Adecco Group Head of Public Affairs
- Nathalie Bourquenoud, Member of the Board of Directors of Vaudoise Versicherungen, Chocolats Camille Bloch and the Foundation of the Committee of UNICEF Switzerland and Liechtenstein.

We would like to thank our interviewees and all the Board members who participated in this swissVR Monitor. We hope you will find this report an informative and enjoyable read.

Isabelle Amschwand
President swissVR

Reto Savoia
CEO Deloitte Switzerland


Prof. Dr. Mirjam Gruber-Durrer
Lecturer IFZ/Lucerne University
of Applied Sciences and Arts

Summary and key findings

 **22%**
of Board members rate the outlook for the Swiss economy over the next 12 months as positive.


Cautious rating of the economic outlook

Swiss Board members are less optimistic than in H2 2024 in their rating of the economic, sector and business outlook over the next 12 months. Their rating of the prospects for their sector and their company continues to reflect the long-term average. The major factors they see influencing the outlook for business over the next 12 months include weak sales in neighbouring markets, a possible US trade war and geopolitical tensions.

 **40%**
say that the impact on their company of demographic change is already evident.


Demographic change already a reality for many companies

Demographic change is often perceived as a future trend, but 40% of Swiss Board members report that its impact on their company is already evident. One in five expect its impact to become evident over the next three years, while one in three think it will take more than three years before the company feels the impact. Boards in large companies are more likely than those in small companies to report that the impact of demographic change is already evident.

 **57%**
report that their Board has discussed demographic change over the past 12 months.

Boards paying relatively little attention to demographic change

A majority of Board members surveyed report that their Board has discussed demographic change over the past 12 months, but four Boards out of ten have not done so. This means that Boards have been paying less attention to changes in the structure of the Swiss population than to other focus topics explored by swissVR Monitor, such as sustainability and generative artificial intelligence. Board committees are on average also less likely to discuss demographic change and its impact on the company than other issues.

 **45%**
say their Board does not take the time it needs to tackle the impact of demographic change.

Sufficient expertise, but more time could be invested by the Board of Directors

The picture that emerges of how Swiss Boards are tackling the issue of demographic change is uneven. Nearly 90% of Board members surveyed think their Board has sufficient expertise to assess the impact on their company of demographic change. However, only just over half feel their Board takes the time it needs to tackle this issue.

 **87%**
of Board members would like to see labour law made more flexible in relation to weekly hours of work.

Board members think the state needs to do more

Board members would welcome a number of government measures over the next decade to tackle demographic change. Virtually all Board members would like the state to continue to provide tax relief on pensions, while around 90% would welcome measures to increase tax incentives for employees who continue working after retirement, to make labour law more flexible in relation to weekly hours of work, and to manage migration in line with business needs.

 **32%**
of Boards have formulated a new corporate strategy over the last 12 months.

Boards focus on new corporate strategies

Just over one Board member in three report that the most important issue their Board has had to tackle over the last 12 months was formulating a new corporate strategy. Slightly fewer cite risk management and HR challenges at management level. There is a shift in the most important issues Board members expect to have to tackle over the next 12 months: improving efficiency/optimising internal processes now tops the list, with talent and responding to market developments/behaviour of competitors ranking joint second in the list of issues cited by Board members.

↘ Economic, sector and business outlook



The economic, sector and business outlook for the next 12 months has fluctuated cyclically over the last two years (see Chart 1). Board members tend to be more cautious in their expectations in the first half-year study (swissVR Monitor I/2023 and swissVR Monitor I/2024) but are more optimistic in the second half of the year (swissVR Monitor II/2023 and swissVR Monitor II/2024). This pattern is repeated in swissVR Monitor I/2025. Domestic demand is robust in Switzerland, but some uncertainty overshadows export business. This includes the risk of continued weak sales levels in neighbouring markets including Germany and France, a US trade war, and ongoing geopolitical tensions in the Middle East and between China and Taiwan.

While 22% of Board members rate the economic outlook as positive and 14% as negative, a majority (64%) are neutral in their expectations for the next 12 months. There is broad overlap between these findings and those of other surveys, which all forecast below-average growth in the Swiss economy in 2025.

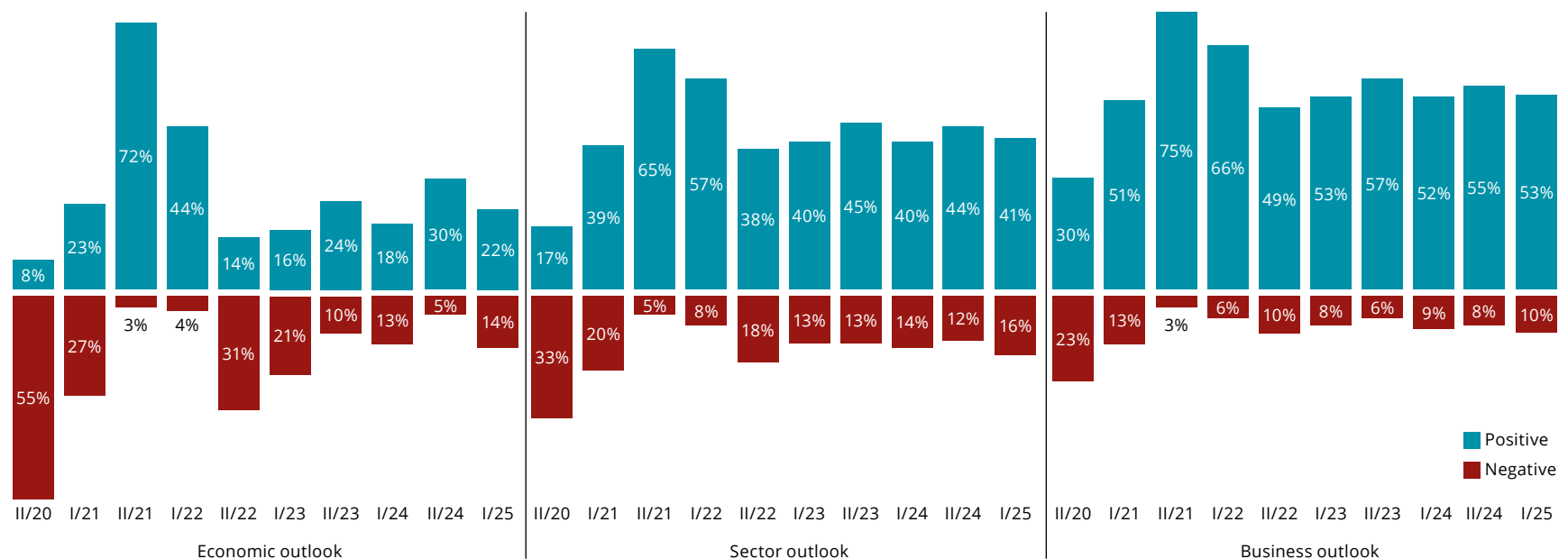
A relative majority of Board members (43%) rate the prospects for their sector over the next 12 months as neutral, with 41% rating them as positive and just 16% (one in six) as negative. Board members in the information and communications (ICT) sector are more likely than the average to rate the prospects for their sector as positive (63% of respond-

ents as against 6% who rate them as negative). The same is true of those in the construction and property sector (where 55% rate the sector outlook as positive and 2% as negative) and in corporate services (where 55% rate the sector outlook as positive and 6% as negative). In contrast, expectations in other sectors are below the average across all sectors: 29% of Board members in the pharma and life sciences sector rate the outlook as positive and 24% as negative, while those in the manufacturing and chemicals sector are more markedly negative in their rating (28% rate the outlook as positive but 39% rate it as negative). This reflects the fact that both these two sectors are highly export oriented and that export demand is currently modest.

Just over half of all Board members (53%) rate the prospects for their own company over the next 12 months as positive. Most of the rest rate them as neutral, while just one Board member in ten rates them as negative (37% and 10% of responses, respectively). Swiss Board members representing companies in the construction and property sector are most confident about their company's prospects, with 74% rating them as positive as against 2% who rate them as negative; Board members in corporate services are also very confident (70% rating them as positive as against 0% rating them as negative). Positive and negative ratings are, by contrast, almost balanced in the manufacturing and chemicals sector (31% and 28%, respectively).

Chart 1. Economic, sector and business outlook over the next 12 months [swissVR Monitor II/2020 to I/2025]

*Question: How do you rate the prospects for the Swiss economy / sector / your company over the next 12 months?
Note: Neutral answers are reflected in the difference between the sum of positive and negative answers.*





Focus topic: Demographic change – the role of Boards in preparing for the future

The structure of the Swiss population, like that of many other countries, is subject to ongoing change because of improved life expectancy, falling birth rates and continued migration. These trends can be summed up as demographic change and they are having an impact on a number of different aspects of business. More Swiss employees are retiring than are entering the labour market, and expert projections assume that by 2040, there will be a shortfall of more than 430,000 skilled staff across the economy – equivalent to 8% of all those currently in employment. Companies will not, however, be able to cover this shortfall fully by recruiting from abroad, because many other countries are facing the same challenges as Switzerland. Demographic change is, though, creating new market potential, such as for goods and services for older consumers, many of whom remain fit and prosperous into old age. The opportunities and risks posed

by demographic change vary widely from sector to sector, but in one way or another, all companies – and, hence, all Boards of Directors – are affected.

The impact of demographic change

Demographic change is likely to have an impact on many different areas of the Swiss economy (see Chart 2). Board members believe its greatest impact will be on pensions, followed by the labour market, and technology and automation. These ratings are set against the backdrop of pension funding and skills shortages, two issues currently receiving considerable attention in the media and from politicians.

Chart 2. Impact of demographic change on Switzerland

*Question: What impact do you think demographic change will have on the following areas of the Swiss economy?
(1 = very small impact; 6 = very large impact)*



Board members believe demographic change is likely to have a substantial impact on the labour market but rate its impact on economic growth as less marked. One possible explanation is that the Board members surveyed assume that the decline in workforces as a result of demographic change can be offset by the use of technology and automation to increase greater productivity.

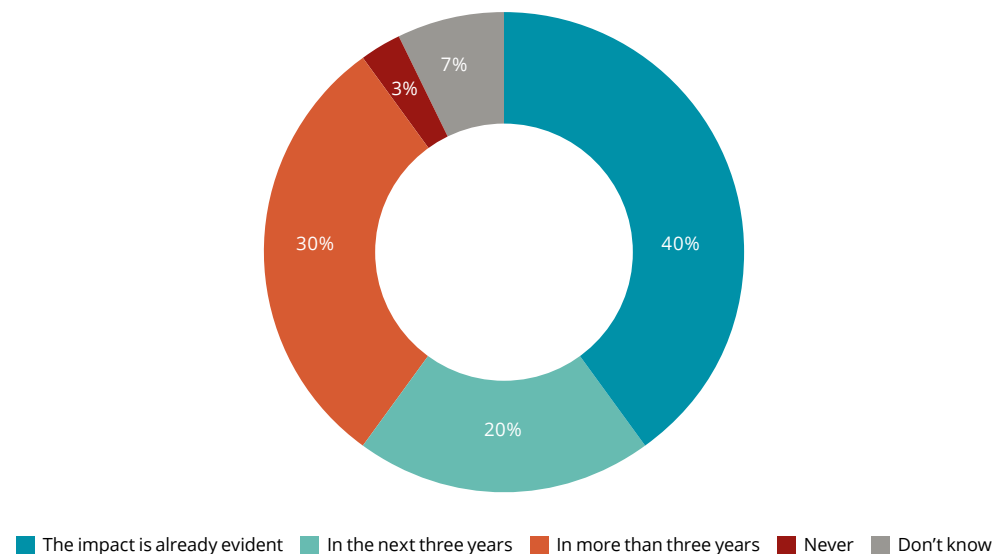
In terms of the impact of demographic change on their own company, a relative majority (40%) report that it is already evident (see Chart 3). One in five Swiss Board members (20%) believe that its impact will become evident over the next three years, with just under a third (30%) taking the view that its impact will become evident in more than three years' time. Just 3% think that demographic change will never have an impact on their company.

Board members in the pharma and life sciences sector are particularly likely to report that the impact of demographic change on their company is already evident (60%), probably because demographic ageing has a direct impact on their companies' goods, services and markets. Those in the corporate services sector and in manufacturing and chemicals are less likely to report a current impact (22% in both cases). Large companies are more likely than small companies already to be experiencing the impact of demographic change (52% of respondents in large companies and 30% in small companies).

Demographic change will have an impact on various aspects of business models (see Chart 4). Most Swiss Board members expect an impact on customer relations (65%), on their cost structure (61%) and on their company's offering of products/services (59%). They expect less impact on their

Chart 3. Timeline of the impact of demographic change on companies

Question: When will the impact of demographic change on your company become evident?



company's core production activities and on infrastructure (46% and 39% of responses, respectively).

The impact on different aspects of companies' business models varies from sector to sector. Board members in the manufacturing and chemicals sector, for example, expect production to be influenced by demographic change (56%). In contrast, those in construction and property who frequently cite customer relations in their responses, think there will be less impact from demographic change (43%).

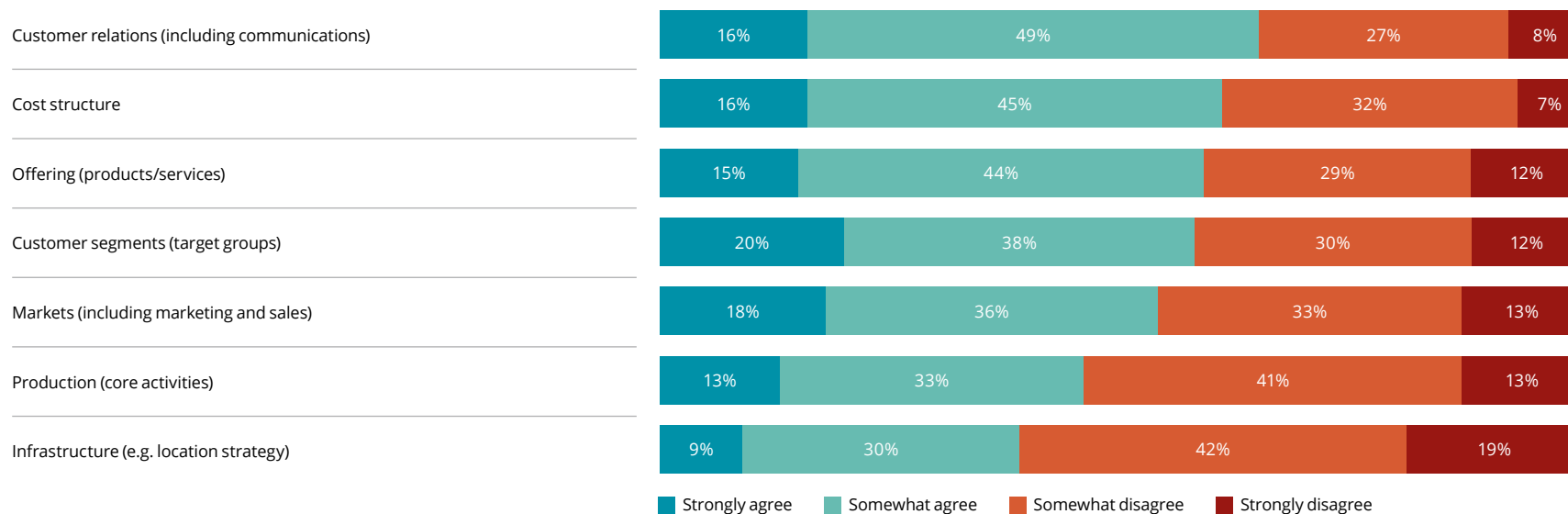
As mentioned above, Board members representing large companies are not only more likely to report that the impact of demographic change is already evident but are also more likely than those representing small companies to expect this impact to shape various aspects of their business

model. If these two findings are taken together, Swiss Board members expect demographic change to have more impact on large companies than on small companies.

The existing impact of demographic change and its future impact on corporate business models demonstrates the importance of Boards of Directors discussing these changes. Boards should identify and analyse the challenges and opportunities that demographic change represents for their company and devise a range of ways to adapt their strategy.

Chart 4. Impact of demographic change on business models

Question: Which aspects of your company's business model will be impacted by demographic change?



Preparedness of companies and measures taken

Board members were asked to rate their company's level of preparedness for demographic change. On a scale of 1 to 6, most rated it as medium in all areas (see Chart 5), with sustainability the only area where reported preparedness was lower. There is very little difference between company size or sector.

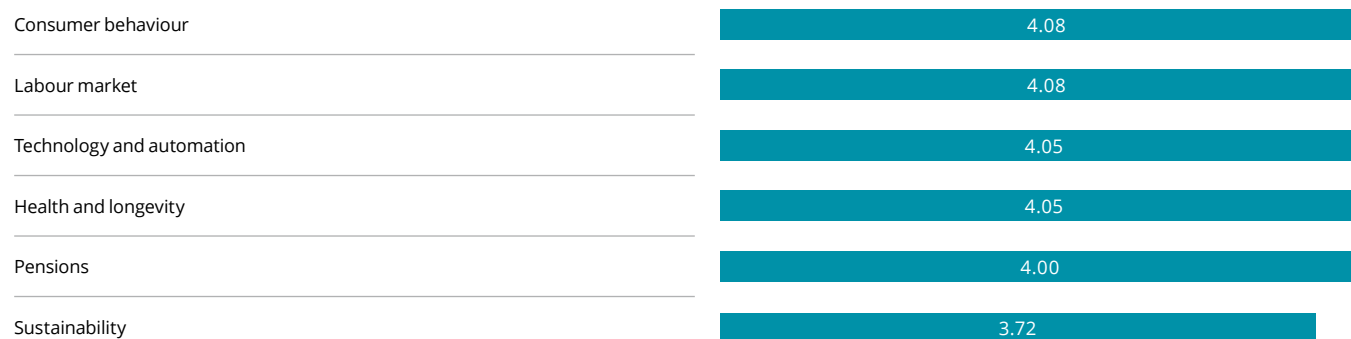
It is striking that Board members' ratings of their companies' preparedness for the impact of demographic change is higher than their actual preparedness in nearly all areas except sustainability (see Chart 2). For example, the average value for the expected impact on the labour market is 4.83 but

preparedness is just 4.08. This mismatch, and that in other areas, makes clear that companies need to act.

Seeking to be more specific about this need for action, Board members were asked which measures their company had already taken in response to demographic change (see Chart 6). A majority reports that their companies have already created more flexible employment models, boosted productivity by using technology and automation, and invested more in continuing training for employees (66%, 58% and 52% of respondents, respectively).

Chart 5. Preparedness of companies for demographic change

Question: How well prepared is your company for demographic change in the following areas?
(1 = very unprepared; 6 = very well prepared)



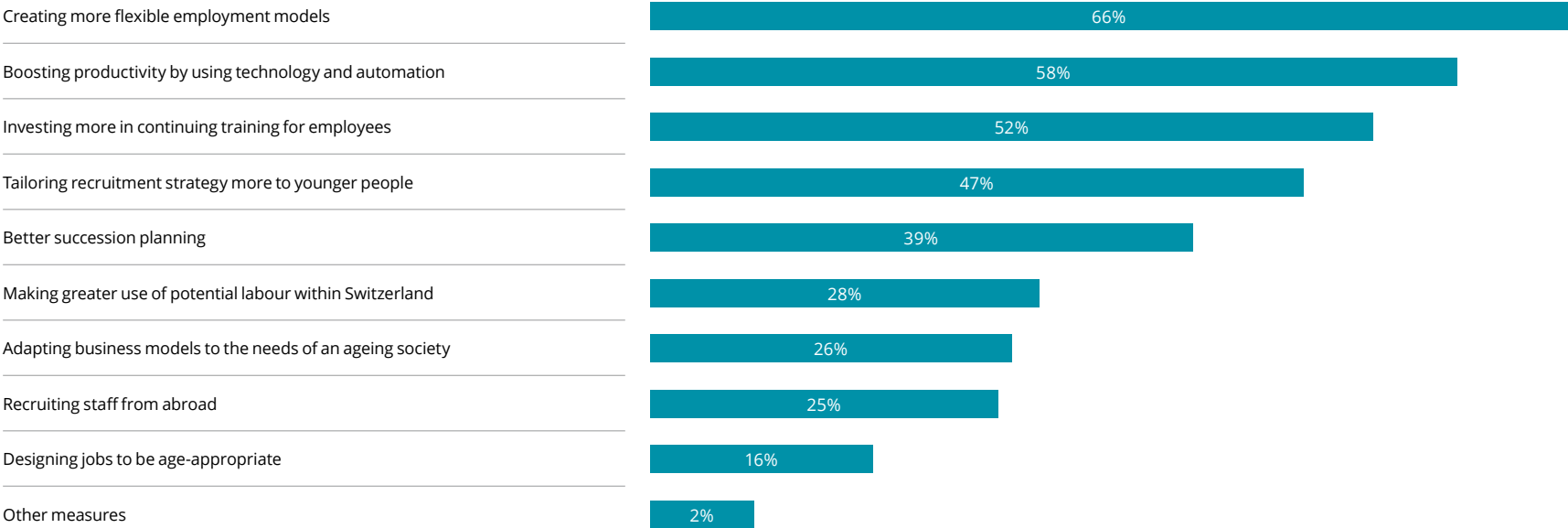
Some measures taken by only a minority of companies nevertheless appear to be effective or necessary to tackle demographic change. Against the backdrop of existing skills shortages in some sectors, these include making greater use of potential labour within Switzerland, for example older workers and women (28% of responses), and recruiting staff from abroad (25% of responses). Only around a quarter of companies are currently implementing these measures.

A similar proportion of Board members (26%) also report that their company has adapted its business model to the needs of an ageing society. Nevertheless, most report that demographic change is likely to have an impact on their customer relations and their company’s offer (see Chart 4). This indicates that action is needed to adapt business models if companies are to make use of the opportunities and risks represented by demographic change.

Board members’ responses on their companies’ level of preparedness for demographic change and on the impact they expect it to have indicate that action is needed in a range of areas including the labour market, and technology and automation. It is advisable for companies to make more use of potential labour both within Switzerland and abroad and to reflect on and adapt their business model against the backdrop of the opportunities and risks represented by demographic change.

Chart 6. Company measures in response to demographic change

Question: Which of the following measures has your company already taken in response to demographic change? (Please select all that apply)



Demographic change and the Board of Directors

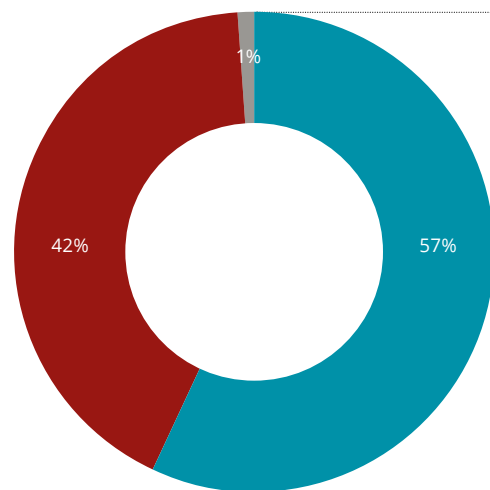
As Chart 7 (left) shows, Boards are discussing demographic change, with more than half of all Swiss Board members (57%) reporting that their Board has discussed this issue over the last 12 months. As reported in previous editions of swissVR Monitor, this compares with 85% of Boards that had discussed sustainability (edition I/2024) and 70% that had discussed generative artificial intelligence (edition II/2024) over the last 12 months, indicating that Boards are paying less attention to the issue of demographic change than to these other issues. Fewer than half of Boards in the manufacturing and chemicals sector and in information and communica-

tions technology companies have discussed the impact on their company of demographic change (42% and 46%, respectively).

Where demographic change is discussed by the Board, the most common forum for these discussions is the full Board (84%; see Chart 7 right); very few Boards discuss this issue within committees (5%) or in the full Board as well as in committees (11%). Here, too, other issues such as sustainability or generative AI are more likely to be discussed in committees (30% and 26%, respectively).

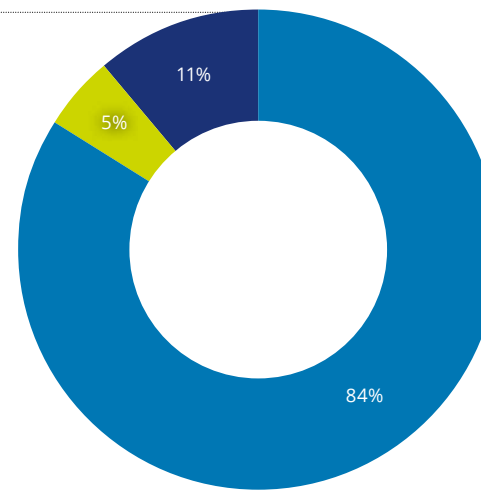
Chart 7. Discussion of demographic change in Boards

Question: Has your Board discussed demographic change over the last 12 months?



■ Yes ■ No ■ Do not know

Question: In which forum does your Board discuss demographic change? [n = 205]



■ In the full Board ■ In committees ■ In the full Board as well as in committees

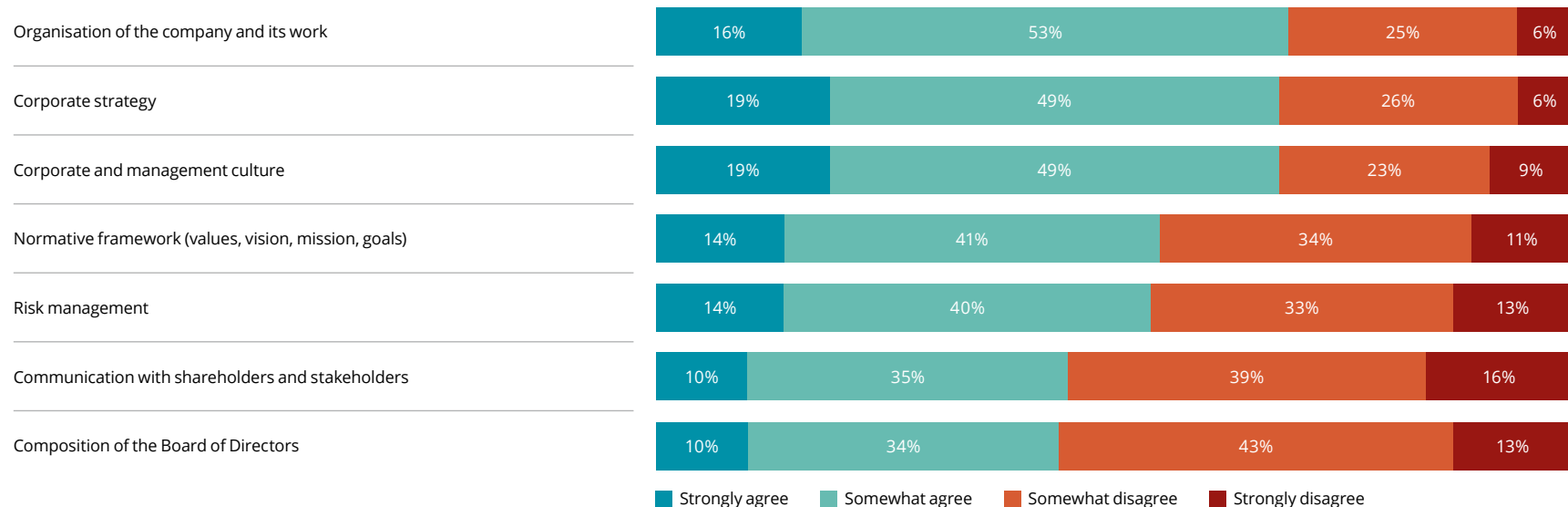
Demographic change is also likely to have an impact on corporate governance (see Chart 8). Board members see the greatest impact on the way the company and its work are organised (69%), corporate strategy (68%), and corporate and management culture (68%). Slightly over half of those surveyed strongly agree or somewhat agree that demographic change will have an impact on the normative framework, including values and goals (55%) and on risk management (54%). Fewer strongly agree or somewhat agree that there will be an impact on communication with shareholders and stakeholders and on the composition of the Board of Directors (45% and 44%, respectively).

The picture that emerges from responses on all the areas surveyed is that Board members in the financial services sector believe demographic change will have above-average impact on governance of their company. By contrast, Board members in the construction and property sector, in manufacturing and chemicals, and in pharma and life sciences expect demographic change to have less impact on corporate governance.

Survey respondents rate their Board’s discussion of demographic change differently depending on the area under discussion (see Chart 9). The vast majority (88%) report that their Board has sufficient expertise to assess

Chart 8. Impact of demographic change on governance

Question: Which aspects of your company’s governance will be impacted by demographic change?



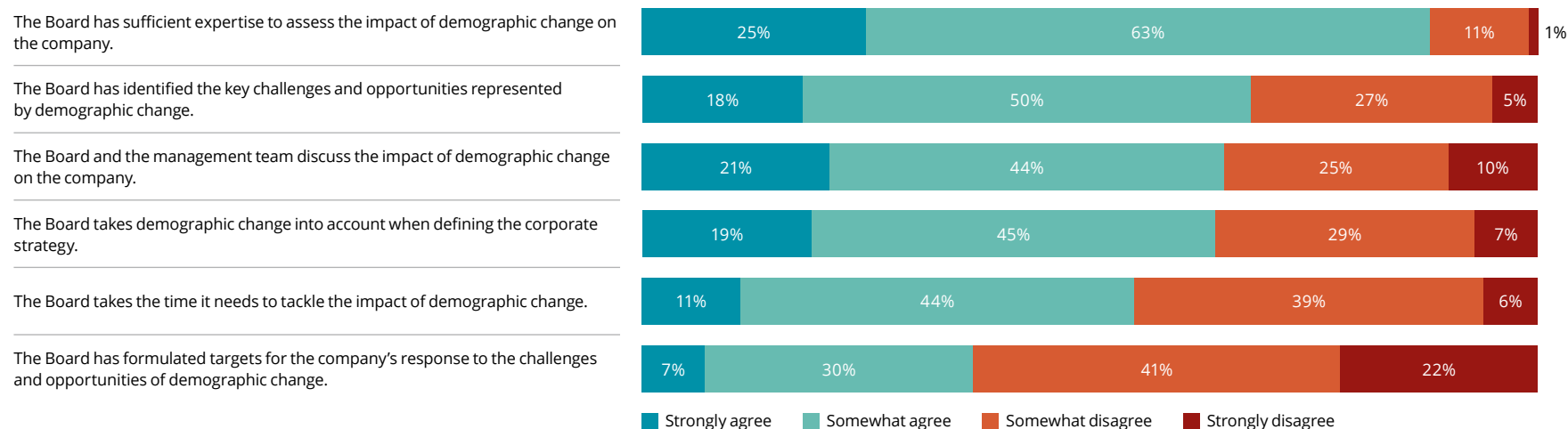
the impact on their company of demographic change. Most report that their Board has identified the key challenges and opportunities for their company represented by demographic change (68% of respondents), that the Board and management team discuss the impact demographic change will have on their company (65%), and that the Board takes demographic change into account when defining corporate strategy (64%).

In contrast, only just over half of all Board members (55%) think their Board takes the time it needs to tackle the impact of this issue. Around one-third (37%) report their Board has formulated targets for the company's response to the challenges and opportunities that demographic change represents.

Demographic change is already being discussed by many Boards, but a substantial number have yet to broach this issue. Strategy Committees, Nomination Committees, Remuneration Committees and Risk Committees in particular need to address the opportunities and risks it represents for their company. Many Boards need to invest considerably more time in tackling demographic change and its impact on both strategy and the company's business model.

Chart 9. Statements about demographic change and Boards

Question: Please rate your agreement with the following statements about your Board of Directors.



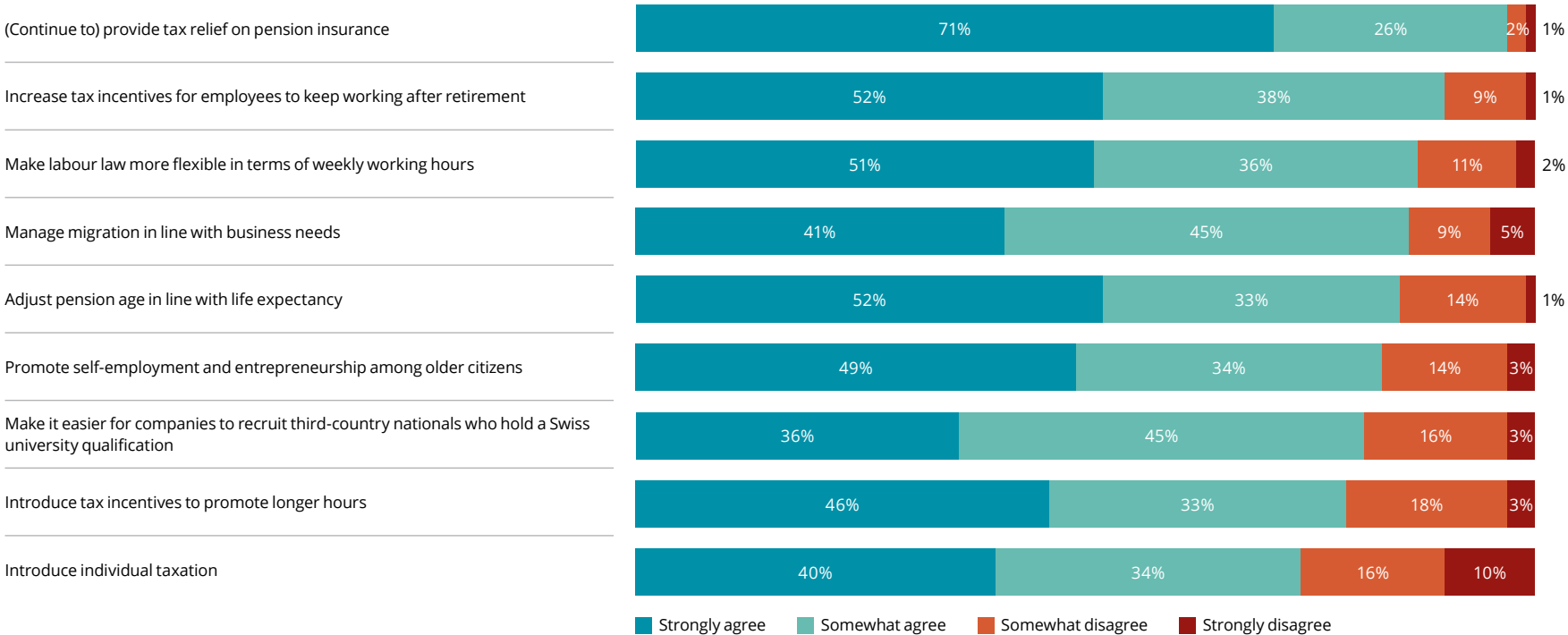
State measures

Board members were asked which measures they think the state should be taking over the next ten years in response to demographic change, and the results were very clear (see Chart 10). Each of the measures listed received between 74% and 97% support from survey respondents, including both those wanting ‘more state’ (for example, managing migration in line with business needs) and those wanting ‘less state’ (for example, making labour law more flexible).

Almost all Board members surveyed (97%) would welcome (continued) provision of tax relief on pension insurance contributions. Around nine out of ten (90%) think the state should increase tax incentives for employees to keep working after retirement, with only slightly fewer reporting they would welcome measures to make labour law more flexible in terms of weekly working hours (87%) and to manage migration in line with business needs (86%).

Chart 10. State measures in response to demographic change

Question: What measures should the state implement over the next ten years in response to demographic change?



Strategic and structural issues facing the Board of Directors

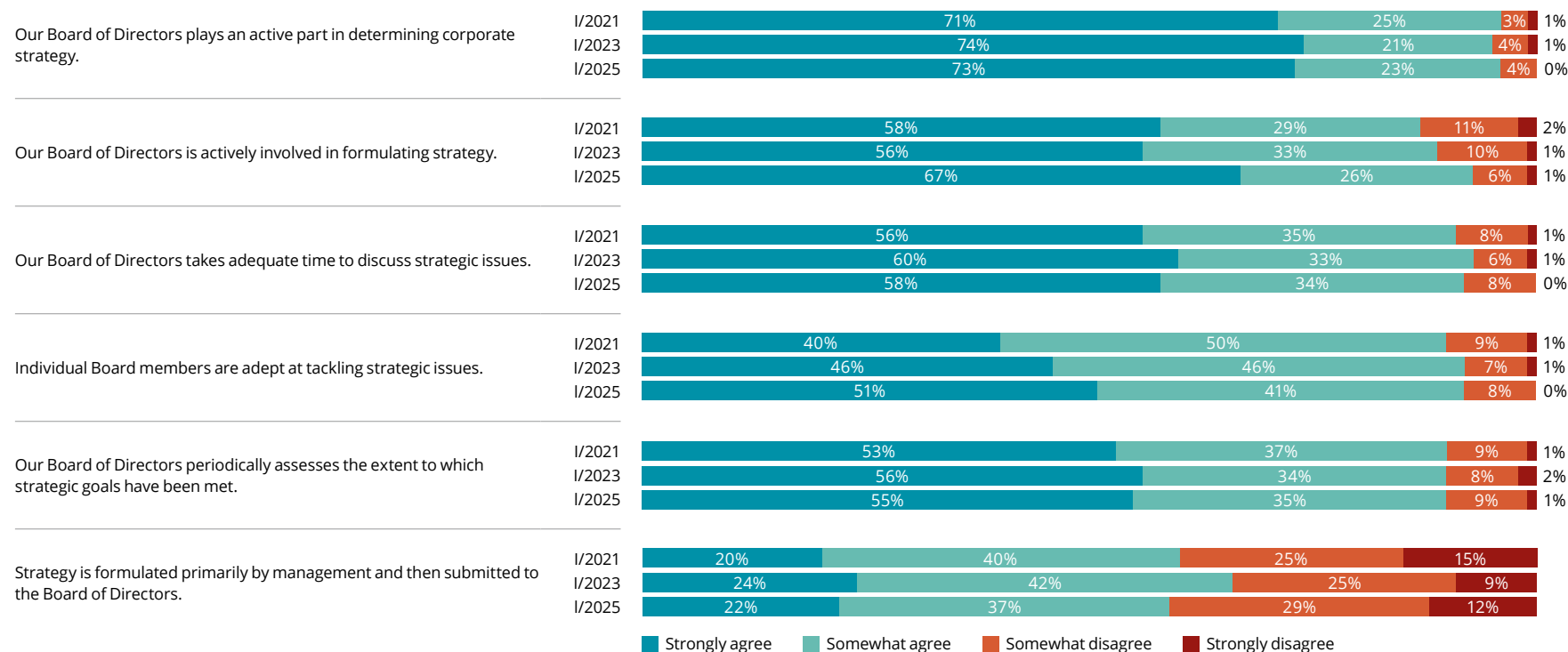
Strategy and corporate goals

Strategy and corporate goals are the major issues tackled by Boards (see Chart 11), so – unsurprisingly – almost all Board members strongly agree or somewhat agree (96%) that their Board plays an active part in determining corporate strategy. More than nine out of ten (93%) also strongly

agree or somewhat agree that their Board is actively involved in formulating strategy, with nearly the same proportion (92%) strongly agreeing or somewhat agreeing that their Board both takes adequate time to discuss strategic issues and that individual members are adept at tackling

Chart 11. Strategy and corporate goals

Question: Please rate your response to the following statements:



strategic issues. 90% strongly agree or somewhat agree that their Board periodically assesses the extent to which strategic goals have been met; this percentage is higher among Board members representing large companies, maybe because large companies and their Boards are more likely than small companies to formalise such monitoring.

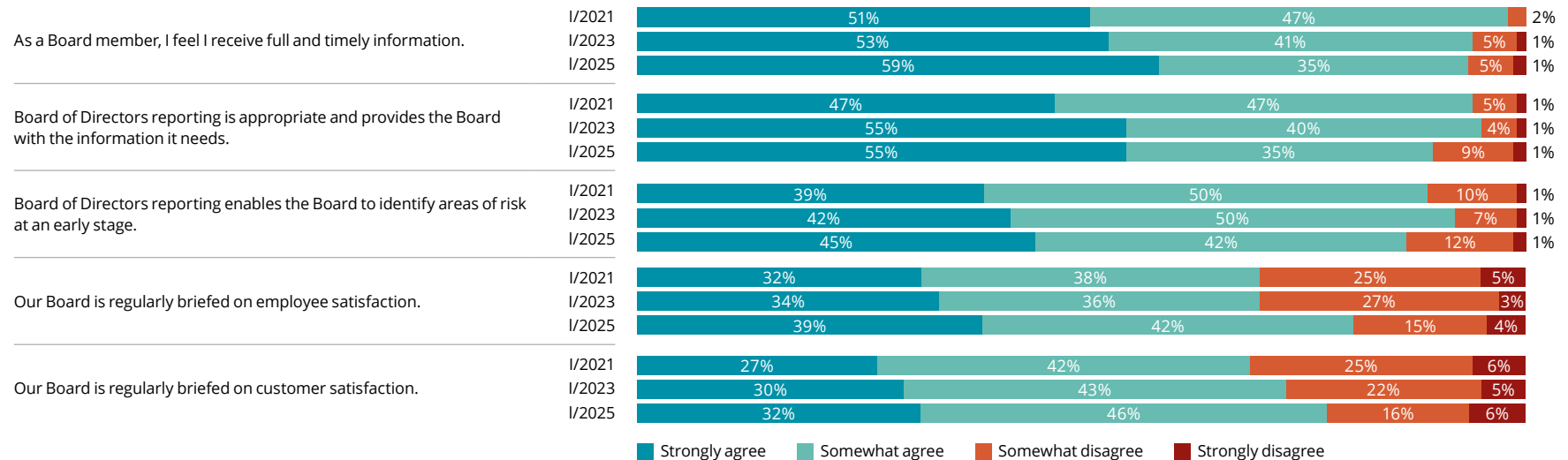
There are few changes from the findings of swissVR Monitor I/2021 and swissVR Monitor I/2023 when this question was last asked. It is striking, however, that the proportion strongly agreeing that their Board plays an active part in formulating corporate strategy has risen from 56% in swissVR Monitor I/2023 to 67% now. This suggests that Boards are playing an increasingly active role in strategy rather than just approving draft strategies submitted to them by management.

Information and reporting

Regular information and management reporting to the Board of Directors is crucial for Boards’ work on corporate strategy and corporate goals (see Chart 12). The vast majority of Board members surveyed (94%) strongly agree or somewhat agree that they receive full and timely information. There are similarly high levels of agreement that management reporting is appropriate and provides the Board with the information it needs (90% of Board members strongly agree or somewhat agree) and that management reporting enables Boards to identify areas of risk at an early stage (87% strongly agree or somewhat agree). Around four out of five Board members strongly agree or somewhat agree that their Board is regularly briefed on staff satisfaction and on customer satisfaction (81% and 78%, respectively).

Chart 12. Information and reporting

Question: Please rate your response to the following statements:



These findings are broadly in line with those of swissVR Monitor I/2021 and swissVR Monitor I/2023, although there has been a significant increase in the percentage of Board members reporting that their Board is regularly briefed on staff satisfaction, from 70% in swissVR Monitor I/2023

to 81% now. This improvement may be attributable to the fact that over recent years, talent management has been one of the most important issues Boards report they have had to tackle, so Boards and management may now be spending more time discussing staff satisfaction.

Chart 13. Key issues for the Board of Directors

*Questions: What have been the most important issues that your Board of Directors has had to tackle over the last 12 months?
In your view, what will be the most important issues that your Board of Directors will have to tackle over the next 12 months?*

	Rank I/2025		Rank II/2024	Next 12 months	Issues
	1 (32%)		2 (30%)	7 (21%)	Formulating a new corporate strategy
	2 (31%)		1 (31%)	4 (28%)	Risk management
	3 (29%)		3 (29%)	6 (23%)	HR challenges at management level
	4 (26%)		3 (29%)	1 (34%)	Improving efficiency / optimising internal processes
	5 (25%)		9 (20%)	4 (28%)	Digitalisation / robotics / automation
	6 (23%)		5 (26%)	2 (31%)	Talent (recruitment, retention, etc.)
	6 (23%)		– (18%)	– (15%)	Corporate transactions (acquisitions, cooperation arrangements and mergers)
	8 (22%)		6 (23%)	2 (31%)	Responding to market developments / behaviour of competitors
	8 (22%)		7 (21%)	– (15%)	Compliance (with legislation and internal codes of conduct)
	10 (20%)		7 (21%)	– (15%)	Sustainability / corporate social responsibility

“–” means “not one of the top-10 issues”.



Strategy



Organisation & processes



HR



Compliance & risk

Key issues for the Board of Directors

The issues tackled by Boards of Directors vary widely. Chart 13 illustrates the most important issues that Boards have had to tackle over the last 12 months and the most important issues they think they will have to tackle over the next 12 months.

In terms of the most important issues they have had to tackle over the last 12 months, Board members are most likely to cite formulating a new corporate strategy (cited by 32%), up from the second most commonly cited issue in swissVR Monitor II/2024. It is closely followed by risk management (31% of responses), which topped the list in II/2024. The relevance of risk management is probably linked to uncertainty factors such as weak sales in neighbouring countries, the threat of a trade war, and geopolitical tensions in a number of areas around the world.

The third most commonly cited issue is HR challenges at management level (29% of responses). This may be related to demographic change and/or to the fact that during 2025 and over the next few years, many older employees will be retiring, so that changes will be taking place at management level.

Over the next 12 months, Board members expect to see changes in the most important issues they will have to tackle. Improving efficiency/optimising internal processes is reported by 34% as the most important issue for the next 12 months, up from fourth place currently. It is followed by talent and by responding to market developments/behaviour of competitors (both cited by 31%). There is a striking and complete switch between the top three issues Boards have had to tackle over the last 12 months and those they expect to have to tackle over the next 12 months.



Interviews

Tackling the economic impact of demographic change

Guy Parmelin, Swiss Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research (EAER)

“State measures could help offset the impact of demographic change but cannot do so in isolation. [...] Alongside positive incentives to work, we must also maintain and improve our capacity for innovation.”

swissVR Monitor: Demographic change is likely to have an impact on various aspects of Swiss society and the economy – the labour market, pensions and consumer trends, to name just three. What do you think will be the greatest impact of demographic change on Swiss business? And what will be the greatest challenges?

Guy Parmelin: Companies are most likely to feel a direct impact on the labour market. The expanding baby-boomer generation means that increasing numbers of workers are now taking retirement just as falling birth rates mean fewer young people are entering the labour market. This is making it difficult to meet the growing and evolving need for skilled labour. Pensions are another major challenge, though that challenge has an impact not just on business but society as a whole.

swissVR Monitor: What measures would you recommend companies take so that they are in a position to tackle the challenges you have described?

Guy Parmelin: Problems with recruiting are an indicator of the sectors in which demand outstrips supply. Stakeholders need to acknowledge this warning and do all they can to balance supply and demand. Both the scale



Guy Parmelin heads the Swiss Federal Department of Economic Affairs, Education and Research (EAER). After completing his secondary school education, he obtained a diploma in agriculture and a Master's in viticulture in 1985. He started his political career on the Grand Council of the canton of Vaud. As President of the Swiss People's Party of Vaud, he was elected to the National Council in 2003. Election to the Swiss Federal Council followed

in 2015; in that role, Guy Parmelin first headed the Federal Department of Defence, Civil Protection and Sport (DPPS) then, since 2019, the EAER. He has been President of Switzerland since 2021.

of and the reasons for skills shortages vary from one occupational group to another, so solutions and approaches will also need to be tailored.

swissVR Monitor: What would that mean specifically for training, for example?

Guy Parmelin: Companies – especially Swiss companies – have a crucial role to play in training. In the Swiss 'dual' training system, companies are involved in defining the occupational skills underpinning training curricula. They also need to be actively involved in career marketing so that they can train and recruit future generations of employees. Your survey shows that companies are also very involved in continuing training – something I really welcome. For me, the most important thing is that companies provide attractive working conditions so that they can recruit and retain skilled staff. Of course, what constitutes attractive working conditions will vary from sector to sector and from company to company, and your survey also

shows that other aspects, such as flexible working time arrangements, seem to be very important to employees.

swissVR Monitor: And what should be the state's role in that?

Guy Parmelin: The role of the state is to create a solid framework for education and training, for gainful employment and for innovation. I'd identify three guiding principles. First, we need to ensure that our education and training system teaches the skills that business actually needs. Second, our labour market must ensure that those of working age are able to work and also want to work; this means creating incentives so that work actually pays, but we also need to look after employees' health. Third, innovation is of enormous importance. We should not be paralysed by fear that technology will destroy some roles. Instead, we need to recognise that technological advances can protect and even increase our prosperity.

swissVR Monitor: Declining birth rates suggest that in the long term, Switzerland will see its current working age population shrink unless more people join the workforce. What do you think will be the role of migration in this regard?

Guy Parmelin: Migration to Switzerland is driven primarily by strong demand for labour. Other European countries whose population has grown over the last 20 years or so have also been, and continue to be, reliant on migration. There is virtually no growth in the EU/EFTA population, so if countries are bringing in foreign workers, this is likely to be from countries in which demand is outstripping supply. This is likely to apply to highly skilled workers or, for example, to countries of origin where the domestic supply of labour is contracting. Access to the European labour market on the basis of business needs is a key factor in decisions by companies where to base themselves. The first step should therefore be to make optimal use of the potential pool of labour within Switzerland.

swissVR Monitor: The overwhelming majority of Board members surveyed are in favour of bringing the pension age into line with improved life expectancy or of making greater tax incentives available to encourage people to continue working after retirement. What is your view of both these measures?

Guy Parmelin: The AHV 21 pension reform will gradually increase the pension age for women and align it with that for men at 65. Parliament has also tasked the Federal Council with producing proposals by the end of 2026 to stabilise the AHV pension between 2030 and 2040. The measures we take require an overview that, in my view, needs to include the impact on the labour force potential. But I should also stress that the Swiss pension system already enables people to retire both before and after the statutory pension age. So it is also up to companies to make the best use of the current arrangements, especially as regards employees continuing to work beyond pension age.

We also need to avoid disincentives in the tax system as far as possible. If an individual who has reached pension age carries on working, their income from their pension and from employment is combined for tax purposes. Progressive taxation rates then mean that they are taxed disproportionately highly. The Federal Council has produced a report on this issue showing that focusing taxation on employment income for those of pension age would require a constitutional basis.

swissVR Monitor: One further measure that most Board members call for is incentivising the potential workforce by means of tax incentive to work more hours (through less stringent progressive taxation arrangements). How do you assess this measure as a response to demographic change?

Guy Parmelin: In our system, work must pay. And ensuring this includes not only taxation but also, for example, social benefits related to income. The Federal Council sees a particular responsibility to act in the area of taxation of married couples. Taxing couples means that additional earned income is taxed at higher progressive rates. A transition to individual taxation would mean many individuals being taxed at lower rates. State measures of this kind could help offset the impact of demographic change but cannot do so in isolation. Switzerland has a high rate of labour market participation, and most people are working the hours they want to work. There are, of course, limits to what can be achieved in terms of making better use of the pool of potential labour in the country, but this is not the case with innovation or with labour productivity. Alongside positive incentives to work, we must also – as I've already mentioned – maintain and improve our capacity for innovation.

Company measures in response to demographic change

Bettina Schaller, President of the World Employment Confederation and Adecco Group Head of Public Affairs

“Making employment models more flexible is an important part of tackling demographic change and enables companies to boost employee satisfaction and productivity, with a positive impact on staff retention. But such measures in isolation are not enough.”

swissVR Monitor: You have enormous experience as an expert in human resource management, giving you a particularly good overview of the impact demographic change will have on the Swiss labour market. What do you see as the main impact it is already having and the future challenges it represents?

Bettina Schaller: Demographic change is already having a substantial impact on the Swiss labour market. One of the most serious challenges is the country's ageing population – the high number of baby-boomers moving into retirement is creating a growing shortage of skilled labour. At the same time, falling birth rates and social change mean fewer and fewer young people entering the labour market. In the short term, weaker economic growth is helping to cushion these problems, but the long-term issue remains. Structural change, such as measures to support families or initiatives to make it easier for individuals to combine work and family responsibilities remains crucial. As well as demographic ageing, younger generations have different expectations of employment culture and different values: issues such as sustainability, meaningful work and work-life balance are increasingly important to them and determine how attractive individual companies are to younger people. Swiss businesses will continue to be dependent on migration to some extent, but it is likely to become more difficult to recruit skilled labour from Europe as our neighbours also grapple with their own skills shortages.



Bettina Schaller heads the Group Public Affairs activities and chairs the Responsible AI Committee of the Adecco Group. She joined the Adecco Group and the private employment services industry in March 2010. She is President of the World Employment Confederation and also Vice-Chair of the Business@OECD Employment, Labour and Social Affairs Committee, Co-Chair of the B20 Future of Work and Education Task Force, a member of the B20

International Business Advocacy Caucus as well as a Steering Group member on the World Economic Forum 'Center for New Economy and Society' and a Steering Group member of the Global Apprenticeship Network. Bettina is a 2011 Young Leader of the American Swiss Foundation and member of the ASF Board. She is a member of the Asia Society Switzerland Advisory Board and sits on the Advisory Board of the 'Geneva Center for Science and Diplomacy'.

swissVR Monitor: What do you see as the most important changes the labour market needs to make over the next few years in response to demographic change?

Bettina Schaller: Over the coming years, the labour market will move further towards flexible working models to help meet the needs of an older workforce. These could include working from home, part-time working, a flexible retirement age, and an opportunity to reduce hours of work in the last few years before retirement. At the same time, the demand for technology and automation will continue to grow as more employees retire and businesses attempt to offset the resulting decline in productivity. And an ageing population may also result in demand-led changes on the labour market: an older population will purchase different goods and services, so for example the demand for skilled staff in the area of health is likely to increase.

swissVR Monitor: Our Board survey shows that most companies are making their employment models more flexible in response to demographic change, for example by introducing working from home, part-time working or a flexible retirement age. How do you rate the effectiveness of such an approach, given the challenges you have just described?

Bettina Schaller: Making employment models more flexible is an important part of tackling demographic change and enables companies to boost employee satisfaction and productivity, with a positive impact on staff retention. But such measures in isolation are not enough: they need to be accompanied by further initiatives of the kind we already know about – expanding support and mentoring, promoting family-friendly working arrangements, combatting age discrimination, and actively integrating workers from abroad. And we will have to address a new challenge – how AI agents will influence work. Right now, it is too early to assess this, but a holistic approach will be the key to long-term success.

swissVR Monitor: A majority of Board members also report that their company has boosted its productivity by using technology and automation as a response to skills shortages. What part could technologies like artificial intelligence (AI) play in tackling demographic change?

Bettina Schaller: We should link artificial intelligence with the emergence of AI agents, as both play a crucial role in tackling the challenges posed by demographic change. They enable companies to automate processes, replacing the work done by employees who are retiring. AI also enables employers to boost their employees' efficiency – and hence also their productivity – and to tap into new areas of business. It is crucial though to ensure a harmonious interaction between human and machine. Older workers in particular would benefit from targeted measures to help them understand the benefits of AI and to make better use of the technology. Transparency and training are the key to boosting confidence in these technologies and ensuring that humans are always in control. And it is important that in the case of core processes, for example recruiting to fill a staff vacancy, AI is used only to support the process, with a human always making the final decision. Companies need to ensure that the technology they deploy does not cause harm to or discriminate against individuals. The aim is an ideal interaction between human and machine. Indeed, stipulating the importance of the 'human in the loop' is a key condition of the EU's Artificial

Intelligence Act, which sets out preliminary benchmarks for the use of AI beyond the HR function.

swissVR Monitor: Which further measures would you consider to be essential if companies are to be able to tackle the impact of demographic change successfully?

Bettina Schaller: I am waiting for the growing interest in longevity to become evident in company projects. Swiss SMEs in particular are continuing to use tried and tested ways to keep their ageing workforce healthy, motivated and productive while also trying to attract younger generations. The Swiss apprenticeship system means that for some time as many as four generations have been working in the same company at any one time, and this has an influence on corporate and management culture.

As well as more flexible employment models and the use of technology, lifelong learning and targeted in-service training are crucial. Lifelong learning helps companies adapt their employees' skills to the changing demands of the labour market. And companies also need to promote an inclusive corporate culture that actively supports diversity and equality of opportunity. A further key measure is collaboration with training institutions so that companies can identify and support future talent at an early stage. Ultimately, we won't be able to avoid a certain level of migration in future but we do need an integrated approach that involves companies, their employees and policymakers.

The role of the Board of Directors in relation to demographic change

Nathalie Bourquenoud, member of the Board of Vaudoise Assurances, Chocolats Camille Bloch and the Foundation of the Committee of UNICEF Switzerland and Liechtenstein

“Ignoring demographic change is like being in a boat and ignoring the fact that the water level is rising with the tide. Proactive Boards will always be one step ahead of the competition. [...] It’s vital that investments are considered strategically rather than focussing solely on cutting costs at any price.”

swissVR Monitor: You have proven expertise with mandates on Boards across different sectors. What is the role and responsibility of Boards when it comes to tackling the impact of demographic change?

Nathalie Bourquenoud: The impact of demographic change is far wider than just the effects on a company’s employees or resources. It also extends to its customers, its development strategy, its digital transformation, and its political and geographical importance. The Board’s job is to ensure the company remains viable for the future by making it attractive and efficient in the long term. The onus is on the Board to be forward-looking in its approach to the impact of demographic change so that the company can be proactive rather than reactive.

swissVR Monitor: Our survey findings show that just over half of all Boards have discussed demographic change over the past 12 months. How do you react to that figure?

Nathalie Bourquenoud: It’s a good start, but that means that nearly half of all Boards are not discussing the issue. Ignoring demographic change is like being in a boat and ignoring the fact that the water level is rising with



Nathalie Bourquenoud is a member of the Board of Vaudoise Assurances (including its Remuneration Committee and its Digital Transformation Committee), of Chocolats Camille Bloch SA, and of the Foundation of the Committee of UNICEF Switzerland and Liechtenstein. As the founder of Oxadi AG, she has experience of overseeing organisational transformation. Prior to this, she contributed to transforming employment at PostFinance and

Mobiliar, bringing both companies in line with the demands of the digital world and making them two of the best employers in Switzerland. At the age of 34, Nathalie Bourquenoud was the first female manager at Swiss Post and was promoted to CFO of PostColis SA. Her 17 years at PostFinance and Raiffeisen gave her wide-ranging experience in retail banking. She also spent eight years on the management team of Mobiliar, while for six years, she was President of the Board of Directors at insurance company SwissCaution.

the tide. Proactive Boards will always be one step ahead of the competition. Discussions should also be conducted at every level of the organisation. It’s vital that investments are considered strategically rather than focussing solely on cutting costs at any price.

swissVR Monitor: Our research also shows that most Boards discuss demographic change within the full Board but rarely in committees. Which committees do you think are particularly relevant when it comes to this issue?

Nathalie Bourquenoud: Well, at least the issue is being discussed, but discussion about demographic change needs to go further than just statistics: it is a qualitative challenge that focuses on the skills and expertise we need to secure our future. The issue is relevant to Nomination and Remuneration Committees (because it covers talent management and diversity), to Strategy Committees (because it covers the company’s offering and ability

to tap into new markets) and to Digital Transformation Committees (because it relates to both human and technological skills). And why shouldn't the social impact of demographic change and intergenerational transfer also be on the agenda for the CSR Committee? Demographic change is an overarching issue and calls for thorough discussion at all levels.

swissVR Monitor: More than eight out of ten Board members surveyed report that their Board has sufficient expertise to assess the impact demographic change will have on their company. Which specialist areas should be represented within a Board to ensure it has sufficient expertise on this issue?

Nathalie Bourquenoud: Expertise needs to be multidisciplinary and cover the following areas:

- Digital and innovation: the younger generations no longer work or consume as older generations did.
- Financial and business models: demographic change is having an impact on consumer spending and on costs.
- Human resources and leadership: it is important to attract, retain and develop talent.
- Regulation and ESG: diversity, inclusion and pensions are all key aspects. Having specialist expertise is good – but it's even better to make specific use of it.

swissVR Monitor: According to our Survey respondents, most Boards have not yet set targets in relation to the challenges and opportunities for their corporate strategy arising from demographic change. How can Boards help with target setting?

Nathalie Bourquenoud: Well, why should we always focus on setting targets? What's most important is to act, to be specific and to develop our systems further. The first step is to make a qualitative assessment of the actual impact demographic change is going to have on the company. The next step is then to initiate a process in which everybody reflects on issues such as cross-generational diversity, product adaptation and the building of key skills. Finally, these challenges need to be incorporated into an overarching strategy that avoids thinking in silos. Companies must not be satisfied with impressive-sounding declarations, either: assess the impact of the measures you take and launch a real internal debate!



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