Reducing the gender pay gap to drive success in the healthcare industry

A report from the Healthcare Businesswomen’s Association, Europe Region, in partnership with Aon
Executive Summary

Success for the life science sector depends on being able to effectively draw upon and develop the talent pool in its entirety. A gender pay gap could prevent this due to an inadequate employee value proposition for women, who make up the higher proportion of STEM graduates. This is particularly important for the business of healthcare where women are important stakeholders; women make up the majority of healthcare professionals and are the main healthcare decision makers at home.

A pay data analysis conducted by Aon across 36 countries and more than 120 companies revealed:

- There are notable variations between countries and industries
  - The proportion of men in Germany receiving bonuses is far higher than that of women
  - In France, the bonus gap is 29.2 percent; in Switzerland it is 19.6 percent
  - The UK scored worse than Germany, France and Switzerland for both the pay and bonus gaps, but had a closer alignment in the proportion of males/females who received a bonus
  - Diagnostic and medical device companies had a higher pay gap than biopharma; company size likely has an impact – smaller companies face a bigger challenge

- Differences can be seen across business functions
  - Research and Development showed a higher pay gap than General Management
  - At Executive level the gender pay gap is much smaller

‘Traditional family gender roles’ are seen as a major barrier to pay equity and gender equality, as well as the success of our business leaders (whether male or female).

We looked at strategies that companies in the UK healthcare industry are employing to reduce the gender pay gap, as documented in public reports alongside mandatory pay gap reporting. Some of these solutions include family orientation and flexible working. Others address unconscious bias; cross-functional talent recognition and valuation; focussed recruitment and development; mentoring, networking and partnerships.

HBA Europe calls upon life science organisations to join in raising awareness of varied solutions to deliver gender parity; and, most importantly, to take action to measure and achieve them, so that we can ensure a thriving healthcare industry to serve patients.
Gender parity is critical to worldwide economic growth. The life science sector will only thrive if it is able to effectively draw upon, and develop, the talent pool in its entirety. So, what are the specific challenges facing the healthcare industry and, more crucially, how can they be addressed?

The risks linked to potential gender pay gap and pay equity issues are increasing as a result of many factors including:

- Regular and increasing media coverage
- A tougher regulatory environment
- Increased transparency around pay inconsistencies

In life sciences, one specific challenge relevant to the gender pay gap is an increasing talent shortage. Because most of the STEM graduates in this sector are women, companies need to provide an attractive employee value proposition to attract female talent. This is particularly important for the business of healthcare, given that women are very important stakeholders for the industry, women make up the majority of healthcare professionals and are the main healthcare decision makers at home.

In partnership with the Healthcare Businesswomen’s Association (HBA) Region Europe, Aon has examined the gender pay gap in life sciences. Within their analysis, global data from 36 countries and more than 120 companies were benchmarked to chart where the sector stands in progress towards gender pay equality across differing industries, business functions and grades of seniority.

As well as revealing the extent of overall pay disparity, this report delves into the underlying pay mix (base pay, bonus) to establish a view of how pay gaps differ from a total rewards perspective. Beyond identifying insights into the nature of the challenge, the report also lays out initiatives that companies in the sector are putting in place to address discrepancies.

While the general findings of the Aon analysis very much conform to expectation, proving that pay inequalities exist within the industry – it’s the micro-trends hidden within that expose the real and varied risks of the gender pay gap. Further, it is clear from the analysis and identified potential solutions that change is required, both on a societal level, and on a company by company basis. Only by acting now can the healthcare industry mitigate the risks to reap the rewards of gender equality.
This general picture provides us with the first indication of potential risks. But it is necessary to delve deeper — looking at the underlying pay mix (base pay, bonus) — to establish how the pay gaps differ on a total rewards level. Taking selected countries (Germany, France, Switzerland and the UK) into consideration, we were able to extract some interesting insights that point to different possible approaches to close the gap (as seen in Graphs 1.2 and 1.3):
Germany – the lowest gender pay gap of the four countries; even lower when assessing the gender bonus gap. However, the overall proportion of men in Germany receiving bonuses is far higher than that of their female colleagues.

France – the gender pay gap is 7.5 percent, but for bonuses the gap increases vastly to 29.2 percent. Unlike Germany, however, the proportion of men and women receiving bonuses is much more even.

Switzerland – a similar situation as in France, with the bonus pay gap (39.6 percent) higher than in Germany.

The UK – scored worst for both the gender pay and gender bonus gaps. It did, however, have a closer alignment in the proportion of males/females who received a bonus.

The pay gap varies significantly across industry and function

By industry

The picture becomes more complex if we start to look at specific industries. Graph 1.4 provides an industry overview. While ‘classic’ BioPharma companies tend to be close to the life science median, we see much higher pay differences in diagnostic and medical device companies, and small differences exist in institutions and foundations.

One of the key drivers of these differences could be the relative size of companies. Smaller organisations (i.e. 1,000 employees or less) face a bigger challenge, and consequently, industries with a higher percentage of smaller companies will have a similar challenge overall. This is understandable, since potential outliers have a bigger impact and the opportunity to address the issue is limited by the number of positions available.
By function

In Graph 1.5, comparisons were made between General Management, R&D and Marketing/Business Development (BD). We expected to find differences in General Management (given the publicly communicated focus on supporting women in business leadership) and were surprised to discover that R&D demonstrated a higher gender pay gap and gender bonus gap than the other two functions (18.2 percent compared to 11.1 percent in General Management and 5.8 percent in Marketing/BD).

The gender pay gap is minimal at Executive levels

When we begin to consider different seniority levels, the gender pay gap picture changes (Graph 1.6). Interestingly, for General Management, at the Executive level the gender pay gap was in fact marginally in favour of women (at -2.4 percent). It is at the Management level and below that we begin to see a wider pay and bonus gap against women. We also saw a similar theme within R&D.

From this we can deduce that generally the gender pay gap issue arises at Management level, rather than at Executive level. It will be interesting to see how this trend develops within Management levels over the coming years.

Source: Aon’s Rewards Solutions practice²
Potential solutions

As regulatory requirements for transparency and a sector-wide talent shortage begin to have an impact, life science organisations need to consciously recognise and proactively manage gender pay gap and pay equity.

It is clear from the analysis that the gender pay situation will need to be tackled on a company by company basis, using the general industry as a benchmark. Through the identified variations in data, we’ve highlighted that both basic pay and bonus remunerations need to be addressed, as well as the proportions of staff receiving bonuses.

In addition, companies should also assess the pay distribution on a cross-functional basis – taking into consideration outliers – to establish the most appropriate measures to be taken. The diagnostic and device industry and smaller companies may require specific focus. Each company will require a different strategy unique to its individual gender pay distribution.

In this section, we review perceived barriers and potential benefits to closing the gender pay gap, and document strategies that companies are implementing to address them.

Some companies do not have a public stance – more needs to be said and done

We conducted desk research with the intent of summarising what companies in the sector across Europe are saying publicly about their approach to resolving any gender pay gap they may have. Many companies do not have a publicly available official stance, perhaps due to the evolving nature of the regulatory environment. So, we interviewed leaders in the sector and representatives of some of the HBA’s Corporate Partners in Europe to uncover more.

“The gender pay gap is propelled due to the fact that people are not comfortable speaking about their pay openly. This means it is hard to begin the conversations necessary to address it. Now the issue is being spoken about more openly, change is happening, but progress is still slow. Once men work with senior women they often see the benefit. But in large pharma companies, the C-suite tend to be predominantly men – so this needs to change.”

Vice President, Global Marketing, Italy
The multiple benefits of redressing ‘traditional’ gender roles

Those that we interviewed recognised that the gender pay gap is not solely due to time out of the workforce having children, but they did feel that ‘traditional family gender roles’ played a part in women holding themselves back, and in inadvertently shaping corporate culture away from family orientation.

“The traditional family role tends to be more prominent for women, which means most women end up doing the equivalent of two full time jobs, meaning they have to work much harder to get to the same level as men.”

Vice President, Global Marketing, Italy

“I think one of the reasons behind the gender pay gap is the gender ambition gap; ambition may be blocked when company culture is such that employees stay late in the office to show their dedication. Women may not apply for a great job opportunity if they assume that certain jobs require long hours because they do not want to disrupt the family equilibrium. Companies should ensure they are not nurturing this kind of ‘presenteeism’ culture. With time, as more and more people, (including men), leave the office at 5pm, people around them will start feeling like this is a normal thing to do and it should no longer block one’s ambition.

Hopefully when our children start their careers, these considerations will seem completely obsolete and families/household responsibilities will be a lot more balanced.”

EU Communications Director, France

Why working dads would benefit from reducing the gender pay gap

Mark McCartney, The Dad Coach
https://www.linkedin.com/in/bigjobsmallchildren/

I’m an executive coach. I specialise in enabling working dads to win at work but not lose at home. Working dads I coach in the pharmaceutical industry see the benefits of addressing the gender pay gap, and fast. Because, in a more equitable society, everyone benefits:

- Children: carers are involved in their life irrespective of gender
- The workplace: increased loyalty; attracting the best talent (who want to work for enlightened organisations)
- Society: better able to deal with macro trends such as the ageing work force and the need to stay economically productive for longer
- Working dads: less economic pressure; fully involved at home; mental wellbeing; future proofing

There is currently a clash between ambitions at work and aspirations at home (to be a great parent) that causes many working dads to neglect their own mental wellbeing. By moving away from a still prevalent mindset - when children come along, it is the man who needs to provide and the other parent, care – we not only provide women with more economic opportunity, we free up working men from a disproportional financial pressure. Encouraging more balanced working cultures (with focus on work and home life, recognising how success in one feeds success in the other) would:

- Help more working dads spend more time with their children during the crucial early years
- Enable working parents to future-proof themselves – by taking short sabbaticals to learn a new skill, and by working as a unit with their partner
Initiatives documented in UK gender pay gap reporting

As discussion arises around equality between men and women across the world, governments are becoming more involved in documenting whether companies have a gender pay gap. At the end of 2018, France put into effect legislation, meaning that French companies are now required to publish and report gender pay gap information (‘equal pay index’), and, if necessary, put in place corrective measures. Companies failing to do so will be liable to a financial penalty. German companies also are required under law to disclose their gender pay gap, and Iceland has made the gender pay gap illegal. In the UK, as of 2017, companies with more than 250 employees had a legal obligation to report gender pay gap data.

The first UK gender pay gap reports were published in 2018 and will be published annually; the 2019 data is still rolling in and many companies have yet to publish as of June 2019. Some companies have produced a consolidated report that includes examples of what they are doing to help overcome the pay gap – these reports provided us with a public source of information, so we’ve summarised strategies documented by life sciences companies here.

Attract

A number of companies mentioned ‘attract’ as part of their overall strategy to close the gender pay gap, as they felt the gap was partly attributed to differences in the representation of women at senior levels of business. By increasing the talent pool at the entry level, companies felt this would help restore the balance further up the chain.

Candidate recruitment

The first step is to provide recruitment focus where needed – on women, in STEM. AstraZeneca UKMC (AZUK), Johnson & Johnson (J&J), Novo Nordisk, Pfizer and Gilead all mentioned this as part of their strategy. J&J, Novo Nordisk and Pfizer focus their campaigns on women in graduate, undergraduate and earlier school levels, with J&J stating they aim to reach 2,000 young women, and Pfizer noting their Science in a Box school programme. Additionally, AZUK and Gilead provide an augmented writing software tool to check that job adverts use gender neutral language.

Candidate assessment

Once these women have been attracted, the next strategy companies mentioned was to make sure they are fairly assessed. AZUK, Gilead and J&J mentioned strategies including diverse recruitment panels and diversity/unconscious bias training for hiring managers.

Retain

Once companies have attracted a balanced amount of talent, they need to provide policies and culture that retain their talent. Companies mentioned a number of points, including flexible working hours, family orientation, mentoring and networking organisations and internal talent recognition.

Flexible working and family orientation

Pfizer, Gilead and Novo Nordisk all mentioned flexible working policies, including working from home, sabbatical, and providing reduced working hours for certain positions. AZUK, Pfizer, J&J, Illumina and The Francis Crick Institute (The Crick) all mention their family orientated policies, including parental leave entitlements. Pfizer have adopted a formal salary review for all colleagues returning from long-term leave (e.g. maternity, adoption leave, long-term sickness) to ensure colleagues don’t fall behind. J&J offer additional benefits including surrogacy and fertility support, adoption support, support for children with special needs and childcare, the last of which The Crick also supports. Illumina and The Crick also have shared parental leave.

Networking and mentorship

Networking opportunities within the company can help women with the support they need, as well as drive employee engagement, performance, progression and mentorship. J&J, The Crick and Gilead all mentioned tailored mentorship programmes as part of their strategies. AZUK, Gilead, MSD, Bristol-Myers Squibb (BMS), J&J and Illumina all have specific internal women’s groups committed to development, advancement and retention of women leaders. BMS feels these have been “influential in employee development, employee engagement and business connectivity”.

Talent recognition and reward

In large organisations, having strategies in place to be able to recognise internal talent across functions is needed to make sure reward decisions are gender neutral. AZUK, Gilead, Pfizer, Illumina and Novo Nordisk all mention this. Gilead has enhanced cross-functional talent reviews to identify top female talent for key projects, with an aim to provide increased visibility, rotational assignments, lateral moves and roles of increasing responsibility. Novo Nordisk have implemented a new salary structure, placing greater emphasis on internal equity when making pay decisions; for UK Leadership Team positions, a critical impacting factor on their gender pay gap metrics, 71 percent of internal successors identified as ‘Ready Now’ or ‘Ready within 1–2 years’ are female. Pfizer have formalised their approach to salary offer development, incorporating gender pay analysis and introducing an additional formal approval process. Illumina published a global microsite on Illumina pay practices to improve knowledge and transparency to assist pay-related decisions. They provide analytical support and training to managers to assist with fairness and consistency in the decision-making process.
One of our core strategies towards this is to measure data to demonstrate the gender gap and track success and business/social impact of activities to address it – because we need clear evidence of what is working so that we all can benefit. We also aim to partner to build best practices for multiple approaches to drive action on gender parity.

We call upon life science organisations across healthcare to join us in raising awareness of varied solutions to deliver gender parity. And most importantly, take action to measure and achieve them, so that we can ensure a thriving industry to serve patients.

"Change needs to come from many levels."

EU Communications Director, France

"Words are not going to make a difference – there needs to be action."

Vice President, Global Marketing, Italy
About the HBA

Core purpose:
To further the advancement and impact of women in the business of healthcare.

The Healthcare Businesswomen’s Association is a global non-profit organisation comprised of individuals and organisations from across the healthcare industry committed to:

- Achieving gender parity in leadership positions
- Facilitating career and business connections
- Providing effective practices that enable organisations to realise the full potential of their female talent

The HBA accomplishes its mission through strong business networks, education, research, advocacy and recognition for individuals and companies.

References
1. Gender pay gap – A measure of the difference between men and women’s average earnings across an organisation or the labour market. It is expressed as a percentage of men’s earnings. Source: Equality and Human Rights Commission
2. About Rewards Solutions The Rewards Solutions practice at Aon empowers business leaders to reimagine their approach to rewards in the digital age through a powerful mix of data, analytics and advisory capabilities. Our colleagues support clients across a full spectrum of needs, including compensation benchmarking, pay and workforce modeling, and expert insights on rewards strategy and plan design. To learn more, visit: rewards.aon.com.
3. All information in this section has been sourced from the UK governmental website https://gender-pay-gap.service.gov.uk which provides a function to search and compare gender pay gap data
With thanks to Syneos Health and Aon for their support in the production of this report.