

Championing Pay Parity

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Despite women's significant strides and contributions in the healthcare field, they are paid less than men. Unfortunately, as is the case in most spheres, persistent pay disparities plague the life sciences sector. How big is the gender pay gap in the pharma industry? Are companies and the industry doing enough to address this issue? Let's find out.



GlaxoSmithKline's (GSK) appointment of Emma Walmsley as CEO in 2016 made headlines for more than one reason. Notably, she became the first woman to lead a major pharmaceutical company in big pharma history. Her appointment also drew attention because she was paid less than her male predecessor. Her starting base salary of £1.0 million for 2017 was still lower than that of her predecessor, Andrew Witty, who earned £1.11 million in 2016. An EP Vantage analysis finds that her starting base salary is the lowest awarded to the existing generation of global big pharma chiefs. GSK defended the decision to pay her less based on her experience, pointing out that this would be her first chief executive role.

Years later, she remains the only woman CEO of a big pharma company and the issues of pay parity persist. This highlights the sad affairs of women's representation in leadership roles and unequal pay.

There have been numerous reports highlighting the lack of pay parity in the life sciences sector. According to a report from the World Health Organization, women worldwide still face a 24 per cent salary differential compared to men across the healthcare sector. This figure hasn't budged much since the early 2000s. The report examined data from 54 countries across all geographic and income regions. The study found a 24 per cent gap after factoring in age, education, and number of working hours.

Another report by Arjuna Capital and Proxy Impact highlighted that the healthcare industry is reported to have the fifth widest adjusted gender pay gap out of 22 industries, at 5.7 per cent as reported by Glassdoor. That gap has improved by 1.5 per cent since 2015. Biotech and pharma are reported to have the smallest adjusted gender pay gap at 2.2 per cent improving 0.8 per cent since 2015.

"As a global advocate for women in the healthcare ecosystem workforce, the Healthcare Businesswomen's Association (HBA) is increasingly alarmed by data indicating that the gender pay gap is not only persisting but, in many instances, worsening. We acknowledge the complexity of this issue, recognising that the global gender pay gap is influenced by various factors such as geographical location, company policies, and individual roles," said **Nancy White, Senior Director, Communications,**

Fair Play

Efforts to narrow the gender pay gap have gained momentum globally, with recent legislation and directives promoting transparency on pay. Japan and Australia have enacted laws to address gender pay gaps. Australia's legislation mandates firms with over 100 employees to disclose their gender pay gap from next year, part of efforts by the Labor government to enhance working conditions for women. Similarly, Japan's gender pay gap disclosure law requires larger corporations to report gender balance and overall pay gaps within three months of the fiscal year's end. Companies must also submit evidence of workplace initiatives supporting work-life balance. These measures aim to increase female workforce participation and enhance opportunities for advancement, with Japan targeting 30 per cent of women in managerial and executive roles by 2030.

Australia is recognised for its leading efforts in closing the gender pay gap, particularly within the pharmaceutical sector. The average gender pay gap, standing at 14 per cent, is lower than the general market average. In 2017, Australia initiated the Pharma Australia Gender Equity (PAGE) special interest group under Medicines Australia, to strengthen the industry's talent development approach to ensure equal opportunities for advancement and recognition for all individuals. It is worth noting that 75 per cent of employers within the sector provide flexible working provisions, which further contribute to gender equity in the workplace.

Big pharma companies are taking steps to address pay disparities. Pfizer received an A rating from Arjuna Capital and Proxy Impact's fifth Racial and Gender Pay Scorecard. Notably, Pfizer excelled in quantitative disclosures for closing racial and gender pay gaps. In 2022, Pfizer UK garnered recognition for its remarkable achievements through the implementation of its 'Closing the Gender Pay Gap' strategy. This strategy comprised five impactful initiatives aimed at achieving gender balance by recalibrating the distribution across various business levels. The strategy's effectiveness is evident in Pfizer UK's significant reduction of the gender pay gap from 15.9 per cent in 2018 to 7.5 per cent in 2021. Since the strategy's inception, Pfizer UK has observed a notable increase in female applications for senior roles, and the number of women in senior positions has experienced double-digit growth.

"This success story exemplifies one of the best practices currently being implemented to bridge the inequality gap for women in the pharmaceutical industry. Numerous other leading companies are also actively engaged in programmes aimed at eliminating outdated policies, with the ultimate goal of achieving equal pay, bonuses, and leadership opportunities for women in the future," said Nancy.

Companies can emulate Pfizer's approach by prioritising strategies such as ensuring a balanced gender candidate slate, fostering a trusting and flexible workplace, providing returner support for colleagues rejoining after a long-term absence, offering career progression support, and implementing family-friendly practices to accommodate the diverse needs of employees at every stage of the family life cycle.

Gender pay disparity stems from the underrepresentation of women in managerial roles and disparities in childcare leave duration and the utilisation of short-time work systems. Data from Mantell Associates reveals that less than 10 per cent of CEOs in the biopharma industry are women, and women constitute only 25 per cent of leadership teams in the broader pharmaceutical sector. These statistics underscore significant obstacles to career advancement and development for women, particularly those aspiring to enter the C-suite.

Experts argue that improving gender disparity in boardrooms is key to addressing pay disparity. Many companies have initiatives for gender parity. In 2018, HBA established its Gender Parity Collaborative (GPC), a consortium of healthcare and life science companies dedicated to accelerating gender parity systematically. Starting in 2024, the GPC will transform into the Gender Equity Think Tank (GETT), focusing on data-driven action and accountability. GETT aims to accelerate gender equity in the life sciences industry.

"With women comprising 70 per cent of the global healthcare workforce, it is crucial for the pharmaceutical industry to champion pay equity. The HBA takes pride in the fact that a significant number of our 150 corporate partners have implemented tangible plans to address and eliminate the gender pay gap," said Nancy.

Japan's leading pharmaceutical company, Chugai, is also actively promoting women in leadership roles. Women now account for 35 per cent of Chugai's total workforce and 26 per cent of career employees (Chugai and its affiliates in Japan). In its annual report for the year ending December 2022, Chugai noted that to increase gender diversity, it has set a goal to raise the percentage of women in all roles to equal the overall percentage of women in its workforce by the end of 2030. To achieve

this, the company is working to increase the visibility of all aspects of its employees and help them grow while improving their work environments.

Chugai has also implemented measures to support the career formation and development of women within the company. Chugai offers a specialised female leader programme designed for female employees at the managerial level, aiming to nurture and empower women leaders within the organisation.

The pharmaceutical major Bristol Myers Squibb (BMS) boasts its own Network of Women (B-NOW), which celebrates women's achievements worldwide while advocating for equal opportunities and gender diversity.

Research highlights the significant benefits of workplace diversity. Diverse teams correlate with better financial performance, increased innovation levels, and higher profitability. Studies, including one by Researchers at North Carolina State's Poole College of Management, affirm that diversity fosters innovation. McKinsey's findings underscore this, showing that the most diverse companies tend to outperform less diverse peers financially. Specifically, companies in the top quartile for gender diversity on executive teams were 25 per cent more likely to achieve above-average profitability.

“Over the years, some progress has been made in women's economic empowerment, but the gender pay gap remains a systemic and persistent issue in and even beyond the pharmaceutical industry. Globally, women are paid about 20 per cent less than men. Achieving equal pay for work of equal value thus requires a range of approaches, from implementing transparency laws and pay audits to promoting collective bargaining and the equal sharing of caregiving and domestic work,” said **Jocelyn C. Chu, UN Women's expert on Women's Economic Empowerment, USA**

‘It takes a village to raise a child,’ and similarly, it requires a collective effort to ensure women's participation in gender-balanced workforces. The challenging issue of work-life balance often leads many women to either leave the workforce or accept positions beneath their qualifications and experience. To empower women to reach greater heights, we require a multifaceted approach.

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