

Creating an industry where everyone thrives



Pharma is already an employer of choice for women: we have an enviable pipeline of female talent and our pay gaps are low, when compared to the general market.”

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Gender equity is for everyone

Ensuring women and men have equal opportunity to thrive is a hallmark of exceptional talent management. Assessing differences in pay and appointment, promotion and retention rates between women and men provides an insight into where an organisation or an industry can strengthen its approach to managing people, with a view to improving engagement, productivity and organisational performance.

Recognising this as an opportunity to strengthen the pharmaceutical industry as a whole, in late 2017 a number of organisations formed the Pharma Australia Gender Equity (PAGE) initiative under the auspices of Medicines Australia (MA).

We then engaged Mercer to analyse our people metrics and run a workshop with leaders to explore solutions to issues uncovered, and build a change agenda that would support the industry in leading Australian workplaces on gender equity.

The results of this analysis were both challenging and uplifting.

It revealed that pharma is already an employer of choice for women: we have an enviable pipeline of female talent and our pay gaps are low, when compared to the general market. Despite this result barriers still exist in some organisations, particularly in key pay gap areas, flexible working arrangements, and support for parental leave.

Looking at our workforce data, it's clear some of the barriers women in pharma face are similar to those that men in pharma face. That's why our action plan focuses on initiatives that support both women and men to do their best work, in an environment of support, collaboration and trust—for everyone.

A number of external forces make this a business imperative. The globalised nature of our businesses, changing competitive dynamics, technological advancements that both liberate employees and intrude on their lives, and the increasing desire for women and men to have careers and lead active lives means we cannot be complacent about the work ahead.

Above all, for this industry to be a true reflection of the patients we serve a gender equitable working environment is a key imperative.

That's why an industry-wide commitment to pay equity, mainstreaming flexible working for everyone – including part time and job share options in management and leadership roles - and supporting parental leave are our key priority areas.

We will work together to share what works and learn from each other's mistakes and achievements.

We look forward to sharing our successes and lessons learned.

PAGE steering committee



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Background


The Medicines Australia Pharma Australia Gender Equity Special Interest Group was formed to support the improvement of gender equality in Australian affiliates of pharmaceutical companies, by:

- **Increasing the number of women in senior leadership roles in the industry**
- **Improving the journey through career milestones, including opportunities for professional development, mentoring, sponsorship, promotion and recognition**
- **Supporting an equitable working environment for all.**

In 2018, PAGE engaged consulting firm Mercer to analyse its industry data and generate insights about the status of and barriers to gender equality and gender pay equity within the pharmaceutical industry.

These insights informed a workshop with industry leaders that was held in late 2018, where challenges were prioritised and possible solutions were discussed, paving the path for the 2019 action plan.



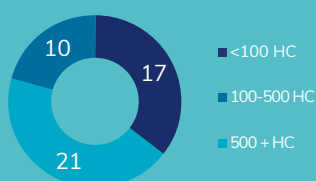
A man with a short buzz cut, wearing a tan button-down shirt, is looking down at a document on a table. A woman with long dark hair, wearing a white shirt with thin vertical stripes, is looking at him. They are in an office setting with a window in the background. A white coffee cup is on the table in the foreground.

“Our action plan focuses on initiatives that support both women and men to do their best work, in an environment of support, collaboration and trust for everyone.”

About the data

This analysis is based on the workforce, remuneration, and policies data from Mercer's September 2017 Life Sciences Remuneration Survey.

Size of orgs by AU headcount

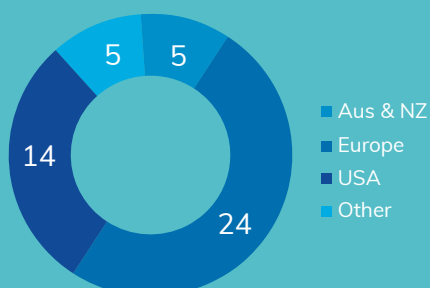


48 Organisations

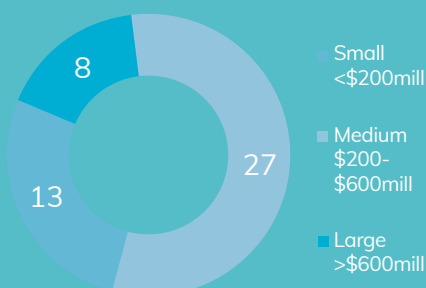
10k Incumbents

133 Comparable jobs

Location of parent company HQ



Size of organisations by revenue



Gender Split

59% 41%

Average Tenure

6.3 7.1

Average Age

40.0 42.6

Female

Male



Data Sample
PAGE Peer Group
September 2017 Life Sciences
Remuneration Survey


Summary of Key findings

Strengths

- Women dominate the sector with a **gender split in favour of women**
- The overall average like-for-like pay gap for the sector (2.4%) is **less than the general market** (2.7%)
- There is a **strong pipeline of women** across the sector, including in the most senior roles. This has contributed to a relatively **low average organisation wide pay gap** (average salary of women compared to average salary of men) of 14.0%, compared to the general market at 22.4%.

Focus opportunities

- Across all career levels there is a like-for-like pay gap for variable reward pay, **in favour of men**
- When starting in a new role and organisation, **women are paid on average 5.2% less than men**, compared to the general market median pay
- Men receive an **average 3.1% higher variable reward** than women do when they don't meet performance objectives
- When women are promoted to Executive level there is, on average, a 7% like-for-like pay gap in favour of men who are **promoted to the same career level**
- Despite women comprising ~60% of the workforce across the sector, **men make up 66% of Head of Organisation roles**
- There are noted **inconsistencies across the sector** in policies and practices that support gender equality, one of the greatest opportunities being a consistent approach to flexible working.

A man and a woman are seated at a wooden desk in an office setting. The man, on the left, is wearing a blue button-down shirt over a checkered collared shirt and is looking towards the woman. The woman, on the right, is wearing a grey blazer over a white blouse with a geometric pattern and is looking back at him. They appear to be in a professional conversation. A rolled-up document is on the desk in front of them.

“PAGE encourages all pharmaceutical companies to have a conversation about gender equality in their own organisation”

How pharma compares

We're proud to report the pharma sector has made impressive progress in implementing policies and practices that are proven to support workplace gender equality and that this compares favourably to the general market in a number of areas. But there is still work to do and PAGE is designed to support ongoing improvements in these areas.

Gender equality indicator	Pharma	General market
Average organisation wide pay gap	14.0%	22.4%
Average like-for-like pay gap	2.4%	2.7%
Provide paid parental leave for primary carer in addition to the government-funded scheme	75%	77%
Provide paid secondary carers' leave	61%	64%
Provide pro-rata variable pay for employees on parental leave	85%	72%
Have a flexible working policy	77%	63%
Allow parents to return to work part time after parental leave	66%	52%
Completed a gender pay gap analysis over the past 2 years	45%	50%
Provide superannuation on unpaid portion of parental leave	27%	22%
Have a domestic violence policy	25%	24%

Source: Mercer 2018 Australian Benefits Review

Why invest in gender equity?

When we invest in gender equity...

...we invest in trust and collaboration

Creating an environment where women and men can manage the often competing demands of work and their personal lives means we must offer flexibility in how, where and when work is done. Giving our employees this flexibility means we have to trust them to do great work and create a culture of open communication, that doesn't depend on proximity to collaborate.

Around 70% of companies in our industry report having flexible work practices but there are variable reports about how flexibility is truly embedded. For many teams and organisations that takes focused attention and intention, and a shift in mindsets and behaviours. But the end result is worth it. Because a culture of trust and collaboration is a sign of a high performing team.

...we invest in productivity and engagement

When we give our people flexibility in how they work, ensure they are paid fairly and support them through major life changes we are ultimately building the capability of our managers and leaders to create team environments where everyone is motivated to do their best work to ultimately serve our patients.

...we invest in the wellbeing of our people

We work in an incredibly competitive, global environment. The demands on our people are high - and growing. We can't expect them to give us their all if we don't do what we can to support their wellbeing.

...we invest in women and men

We know that we must tackle the barriers women and men face at work so that we create a better working environment for everyone. In addition to making flexible working the norm for everyone, we benefit from supporting all of our people through important life stages, such as starting and growing a family, or caring for aging parents.

When we look at pay equity, experience shows we might also find men who are being paid less than their peers, when all other data points are comparable.



“Gender equity is not just about women. It’s about creating the conditions that bring out the best in all of our people.”



Findings of the 2018 analysis

Key results from an analysis of the state of gender equality in
Australian affiliates of pharmaceutical companies



Pay equity

Like-for-like pay gaps

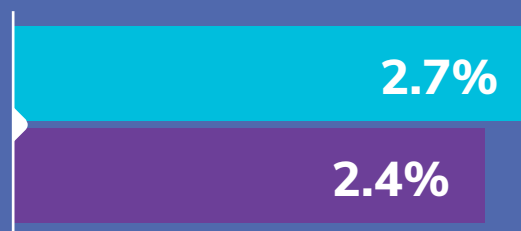
Gender pay equity is achieved when women and men doing work of equal or comparable value are paid the same base and total pay. A like-for-like pay gap exists where the average salary of men is greater than the average salary of women in the same role and career level, or vice versa.

The pharmaceutical industry's pay gaps were calculated using Mercer's job codes and career levels across the industry, which are used to benchmark pay for all PAGE members.

This analysis reveals, on average, men are paid 2.4% more than women who are in the same role and level, which is 0.3% better than the market like-for-like pay gap — but it's still a gap that needs to be investigated.

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Overall

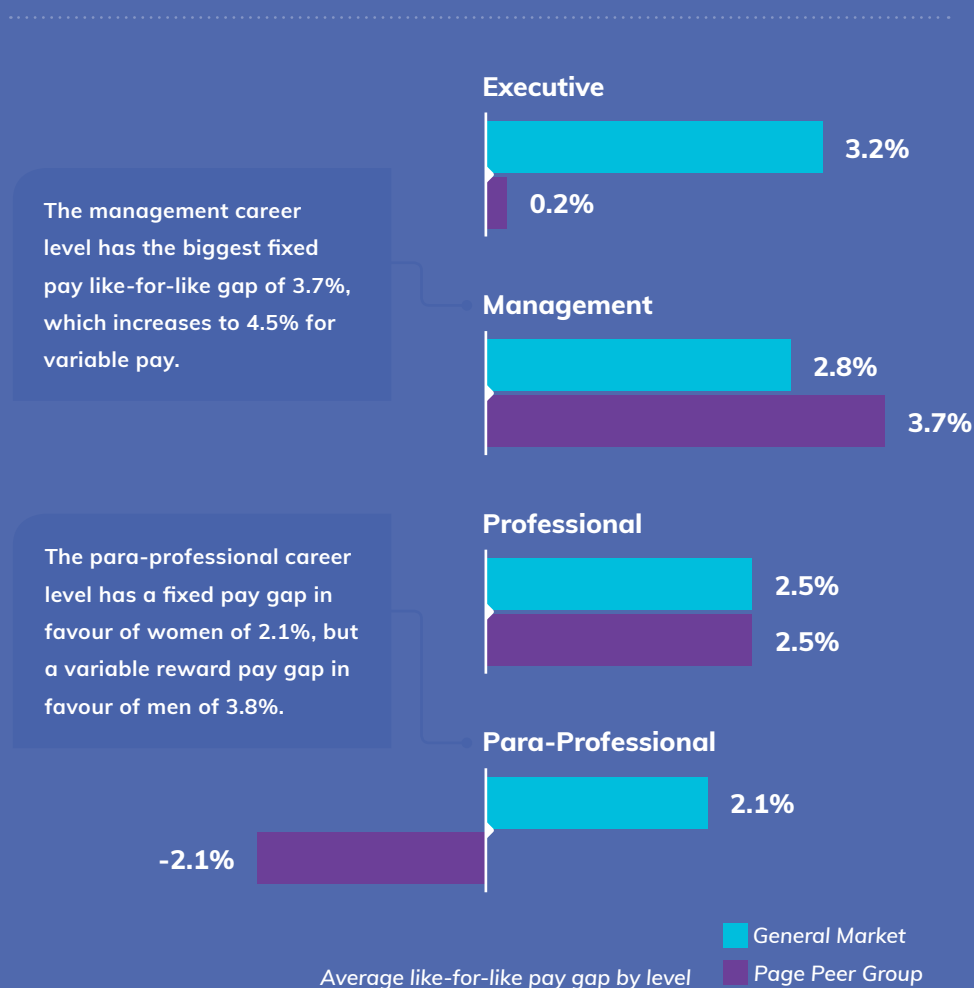


Average like-for-like pay gap by level

■ General Market
■ Page Peer Group

By drilling down into different career levels, job families and performance levels, we uncover pain points and find:

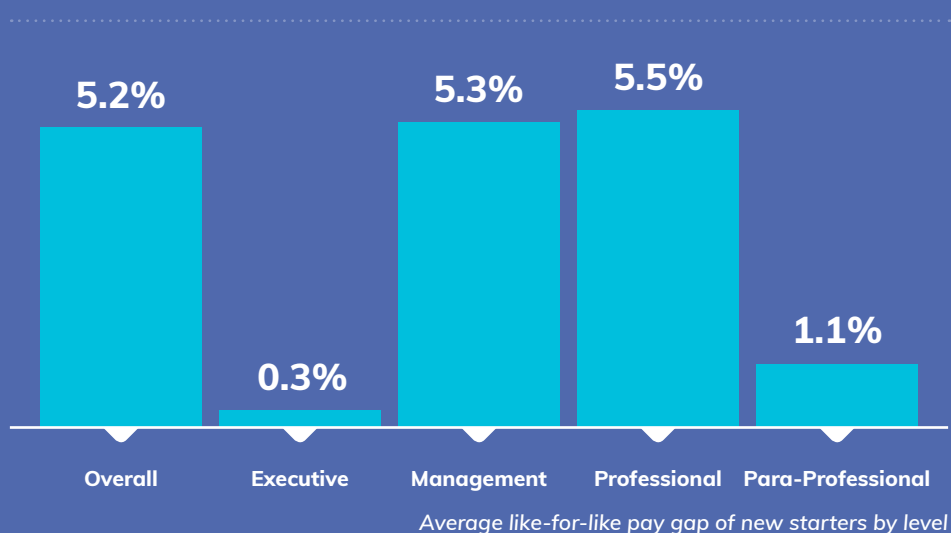
- There are 88 jobs featuring a pay gap in favour of men, and only 45 jobs where women are paid more on average
- Administrative assistants who are men are paid 43% or \$21,000 less than women, on average
- Men receive higher variable pay (as a percentage of fixed pay) than women do, for the same performance.



Where these gaps emerge

Drilling down into pay on commencement and upon promotion reveals where pay gaps start and how they're perpetuated.

For the pharmaceutical industry, female new starts are paid on average 5.2% less than male new starts, an issue that's most pronounced at the professional career level where the new starter gap is 5.5%.



This result is consistent with other research, and reflects the commonly observed incidence of women asking for and receiving less than their male peers when starting a new role.

We can see this manifest in the data for promotions, too. Women promoted to the Executive level received, on average, 7.0% less than men who were promoted to the same level. This trend reverses for employees promoted to the professional and management level where women were paid 3.5% and 1.6% on average more than their male peers.

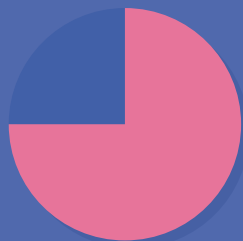
“Fixed pay gaps in favour of men are on average bigger by dollar value, with the biggest pay gap of 34% found in the ‘Account Manager – Experienced’ role. This equates to a pay difference of **\$52,000**”



Policies and practices known to improve gender equity

Across the pharmaceutical industry, a large female workforce and a commitment to the wellbeing of its people has meant significant investment has been made in the key policies and practices that support gender equity.

The research conducted found that of the employers in the industry:



75%

Provide **paid parental leave for the primary carer** in addition to the government funded scheme



85%

Provide **pro-rata variable pay** for employees on parental leave



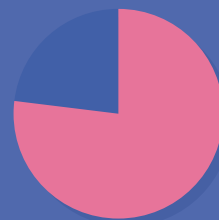
61%

Provide **paid secondary carers** leave



66%

Allow parents to **return to work part time** after parental leave



77%

Have a flexible working policy

When compared to the Australian workforce as a whole, it's easy to see that the pharmaceutical industry is taking practical steps towards supporting working families and promoting the wellbeing of its people.

But while the industry is moving in the right direction, there is still scope for improvement across a number of policy areas. Most tellingly for employers:



55%

Have **not completed a gender pay gap analysis** over the past 2 years



27%

Don't provide any super on parental leave and 73% only provide superannuation on the paid portion of parental leave



77%

Don't have a domestic violence policy

Gender composition

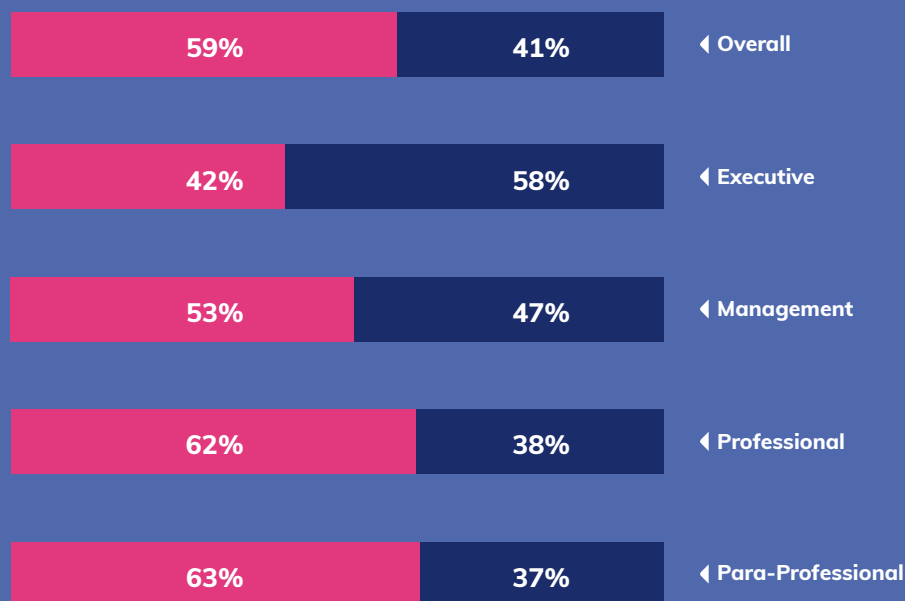
The pharmaceutical industry enjoys an enviable gender balance across its pipeline with a 60/40 female/male split across the workforce. Women are being appointed, promoted, and retained at near equal rates to men, at nearly all levels.

The ratios start to favour men at Executive career levels, where the compositions ratios reverse to 40/60. The workforce analysis reveals this is largely due to women leaving at greater rates than men at that level. It's interesting to note that despite this ratio, women are being appointed and promoted into roles in this career level at higher rates than men.

Men are more likely to be appointed to Head of Country roles, with every appointment (four in total) over the research period being awarded to a man.

Gender composition by level

F% M%





“Despite women comprising approximately 60% of the workforce across the sector, men make up 66% of Head of Organisation roles”

Personal experiences from our employees

To inform the 2019 PAGE action plan, PAGE members held one-on-one interviews with 92 employees throughout the industry, with the aim of understanding the lived experience of women and men across the workforce, within the context of their gender.

We asked and probed on one simple question:



“What’s it like being a women or man in this organisation?”

The qualitative data provided real-world, first-hand experiences from employees, some of which was eye-opening.

The interviews revealed:



Women feel uncomfortable in salary negotiations. They feel that men are more confident at putting themselves forward for pay and promotion opportunities, and felt at a disadvantage to men in these situations.



Men felt conflicted in supporting their partner after childbirth, finding it hard to choose between reducing their hours at work and continuing to work full time.



Mixed messages are sent when women take time off to have a family. Some women were told they're lucky to have their role when they return, and others felt that assumptions were made about their willingness to travel and their commitment to the role after having children.



Men feel women are benefiting from positive discrimination.



Part time and job share options in Senior Management roles continue to be elusive. This burden is most commonly carried by women with data from the Australian Bureau of Statistics showing women spend 1.8 times more than men on domestic chores.



“Addressing our challenges will not only support our current employees but will also help the pharma industry to attract and keep the best talent”



How we plan to leverage our strengths and address these challenges

Based on the information delivered by the Mercer analysis, a workshop was held with industry leaders in August 2018 with the goal of agreeing on priority areas for addressing these gaps, and developing options for industry-wide solutions. In this session we agreed to prioritise:

- **Mainstreaming flexible working solutions for everyone**
- **Adopting a rigorous approach to achieving and sustaining pay equity**
- **Improving the parental leave experience for all working families in pharma**

To make these priorities a reality, we're putting a number of actions in place:

Assessing where we can improve our policies and practices in these priority areas

We have developed a set of guiding principles for key HR policies and practices that address the biggest barriers to gender equity.

Our baseline is commercially realistic but with sufficient flexibility to drive impact and change at the industry level. Additional stretch areas have been identified to encourage leadership across all domains.

The Flex Ready flagship program

Widespread adoption of flexible working is essential for women and men to thrive in the workplace. We know that making best-fit flexible working solutions a mainstream occurrence requires a shift in both mindset and behaviour, and a capability uplift across the board.

While some PAGE members are already well-progressed in their efforts to make flexible working the norm in their workplace, few have cracked flexible working solutions for leaders, which is arguably the biggest barrier that our people with significant life commitments face.

The Flex Ready program will provide access to world-leading toolkits and training, aimed at supporting member companies wherever they are on the flex maturity curve.

Capability building and knowledge sharing

We will hold structured workshops on our priority areas to build capability, share knowledge, crowdsource ideas, and discuss issues in an open and transparent environment. These workshops will focus on providing practical advice and tools that equip PAGE members to take action in their own organisations, and our industry can start to see change from within.

Share our learnings, challenges and successes with our key stakeholders

Promoting our achievements and learnings to external audiences ensures that others can learn from our experiences while positioning pharma as an employer of choice for the best talent.

Thinking ahead to 2020

As the end of year approaches, our leaders will regroup to assess the progress we've made, how collaborating at an industry level has supported our individual companies and how we can build on this program in 2020 and beyond.





Follow us

While we have much to celebrate as an industry, we have much to learn and we look forward to sharing our stories over the coming months.

You can follow us via Twitter @MedicinesAus or LinkedIn - <https://www.linkedin.com/company/medicines-australia>.

Research methodology

Pay gaps were calculated using data submitted to Mercer's remuneration database and Australian Life Sciences Remuneration Review. Client data is matched to a Mercer Universal Position Code based on an 80% minimum match to the Mercer position description. This enables us to perform analysis on a 'like-for-like' basis.

The remuneration of males and females is then compared on this position/'like-for-like' basis. In order to obtain an overall gender pay gap, the analysis is then aggregated on a career level basis.

Additional pay equity analysis and methodology is highly recommended to be undertaken by individual organisations to assess and understand where their organisation is positioned for gender equity and highlight specific points in the lifecycle of employees (e.g. commencement of employment and promotion) and the reward management process (e.g. market range adjustments) when gender bias most often appears. The insight highlights the opportunities where organisations can intervene to ensure long term gender pay equity when supported by the appropriate policy and program initiatives, and a broader inclusion and diversity strategy.

A thick pink line starts at the top left, runs vertically down, then curves diagonally down to the right, ending at a pink hexagon.

Pharma Australia Gender Equity special interest group

For more information, please visit the Medicines Australia website
www.medaus.com.au

