

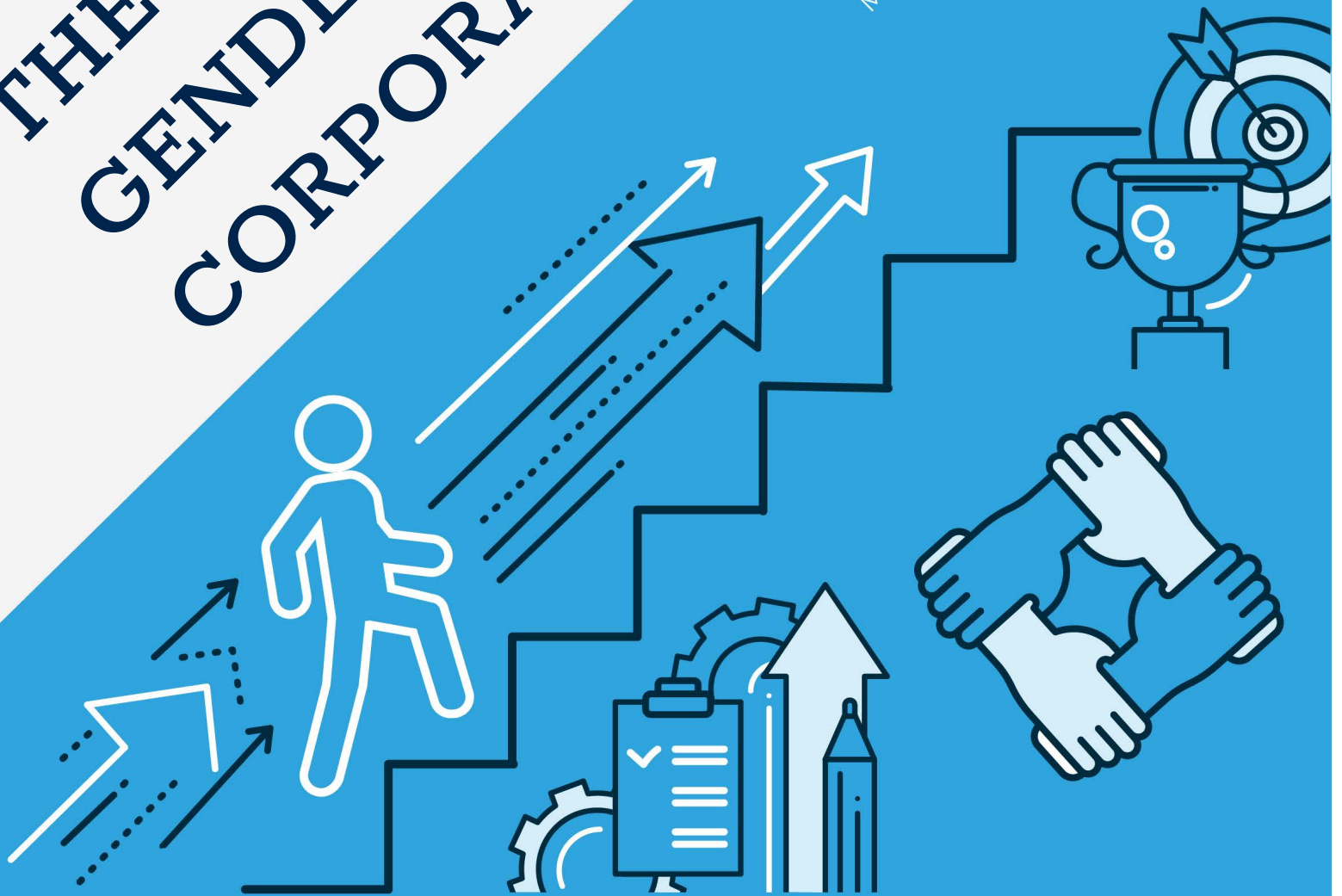
2019

# THE ROLE OF GENDER DIVERSITY IN CORPORATE RELEVANCE

POWERED BY W20

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## Introduction

Over the last year, gender diversity has been increasingly covered by mainstream news outlets – from women emerging in record numbers into politics, to the hiring of first-time Fortune 500 female CEOs, to laws enacted requiring diversity in the board room in California by 2020, to other initiatives aimed at promoting more women into leadership ranks. It appears that 2019 could be the year of reckoning for gender equality. Campaigns such as #MeToo and #TimesUp have begun to shine a light globally on the unequal distribution of power that perpetuates gender bias. Many of these initiatives are equally charged with physical, sexual and emotional undertones – a level of gray some would say – in a black and white world. Moreover, study after study shows that organizations pursuing gender parity and diversity will reap the benefits of increased revenue, decreased costs and maximized profits, as well as more effective employee recruitment, improved retention and an enhanced corporate image.

McKinsey & Company reports that advancing women’s equality would add \$12 trillion to global growth by 2025<sup>1</sup> – roughly the combined size of the economies of the United States and China today. Diversity has been proven to improve productivity and financial performance. The McKinsey report further notes that companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry means and 15 percent for gender diversity. Moreover, the reverse is also true – companies in the bottom quartile in both gender and ethnicity underperformed the other three quartiles. In fact, companies in the bottom quartile both for gender and ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set. That means that bottom-quartile companies are lagging rather than merely just not leading.

Yet, despite this data and the fact that it has been decades since women began entering the workforce in large numbers in many countries, women’s progress in leadership is still mixed. Studies have found greater numbers of women “disappearing” at each successive level of most organizations. A LeanIn.org and McKinsey study of 222 companies in the U.S. illustrated this phenomenon. For every 100 women promoted to manager, 130 men are promoted<sup>2</sup>. By the time women reach the SVP level, they hold just 20 percent of roles that are most likely to lead to the C-suite. When you look at the Fortune 500, only five percent of the top CEO roles are held by women.

The healthcare industry is not immune to the challenges of inequity. A great example of this is media coverage published during the annual JP Morgan Healthcare Conferences over the last two years. In 2017, Fortune reported that more than 100 life sciences industry leaders outlined guiding principles and best practices to improve gender diversity throughout the industry by signing the Mass Bio pledge<sup>3</sup>. A year following that pledge, STAT reported that there were more men named Michael presenting at the JP Morgan Healthcare Conference than all female CEOs presenting combined<sup>4</sup>. While we saw some progress in 2019 with 33 female CEOs presenting at JP Morgan – exceeding the 19 Michael’s on the podium – 90 percent of presenters were still male. The lack of parity representation in the business of healthcare proves that change in the healthcare industry is moving at a snail’s pace and should be unacceptable to us all.

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So how can healthcare companies move the needle to achieve gender parity and the enhanced corporate performance that comes with it? How do we create real actionable change? And what would a different JP Morgan Healthcare Conference experience look like in 2020 and beyond?

Each year at W2O, we conduct a study that examines how companies are maintaining or falling in relevance. Why? Because, relevance is the new reputation in a social and digital reality. If your organization is not considered relevant, sales, profitability, recruitment, retention, innovation, leadership and valuation will be affected. Because of the gender parity movement, and our belief that parity ultimately impacts a company's bottom line, we took our Relevance Index a step further in 2019 by adding gender and diversity as a key measure of corporate reputation.

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<sup>1</sup> Woetzel et al. (2015, September). *How advancing women's equality can add \$12 trillion to global growth*. <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth/>

<sup>2</sup> Leanin.org and McKinsey & Company. *Women in the Workplace 2018*. <https://womenintheworkplace.com/>

<sup>3</sup> Mukherjee, Sy. (2017, January). *More Than 100 Biopharma Execs Are Pushing for More Gender Diversity in the Industry*. <http://fortune.com/2017/01/11/biopharma-jpm-gender-diversity-letter/>

<sup>4</sup> Robbins and Keshavan. (2018, January). *Men named Michael outnumber female CEOs presenting at #JPM18*. <https://www.statnews.com/2018/01/07/jpm-gender-diversity/>

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## Measuring Relevance

### The W2O Annual Relevance Index

To help companies benchmark and track relevance, W2O employs a cross-channel and cross-audience model that measures signals in online conversation and behavior. One of these signals is “insider” relevance, which is tracked based on organic and highly visible feedback provided by employees and investors on digital channels. Other signals are more externally-facing. This includes the relative level of company interest expressed by external audiences through search, as well as engagement with digital content. This engagement can be driven by brand-owned channels as well as earned media, and the model can be customized according to topic and audience.

W2O’s Annual Relevance Index scores all Fortune 500 organizations on a scale of 0-100. A score above 85 indicates an organization is likely to remain resilient in the face of market changes and competitive threats – the likes of Apple, Amazon and Uber sit among this upper echelon. Still, even entrenched relevance leaders can be disrupted – digital transformation has usurped previous relevance giants such as GE, Citibank and Exxon. There is always a group of companies hovering on the edge of this key inflection point, scoring 75-85, but most companies score between 65-74 – representing a group of companies that are “on the fence” because of unique strengths and common challenges.

### A Microcosm for Relevance: Why Sanofi Felt “Obligated” to Respond

Relevance is a measure of the intersection between *what companies need to communicate about their capabilities and values with the technology, culture and beliefs that shape stakeholder expectations*. When this intersection occurs, it’s explosive. When Sanofi responded via Twitter to Roseanne Barr’s comment that Ambien caused her racist tweet, 254,000 people engaged with Sanofi’s tweet

When Sanofi was asked by *PRWeek* about its decision to respond,<sup>5</sup> Angela Bechan, Head of Communications for North America, said, “It comes down to our core values at Sanofi: we take diversity and inclusion very seriously. It is part of how we work every day.” The virality of Sanofi’s reaction to a defining cultural moment with communication reinforcing corporate values makes it a perfect microcosm for the power of relevance.

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<sup>5</sup> Bradley, Diana. (2018, May). *The Story Behind Sanofi’s Tweet: Using Our Medicines as a Crutch for Bad Behavior is Not Appropriate*. <https://www.prweek.com/article/1466231/story-behind-sanofis-tweet-using-medicines-crutch-bad-behavior-not-appropriate>

## The Healthcare Industry Will Either Define or be Defined by Diversity

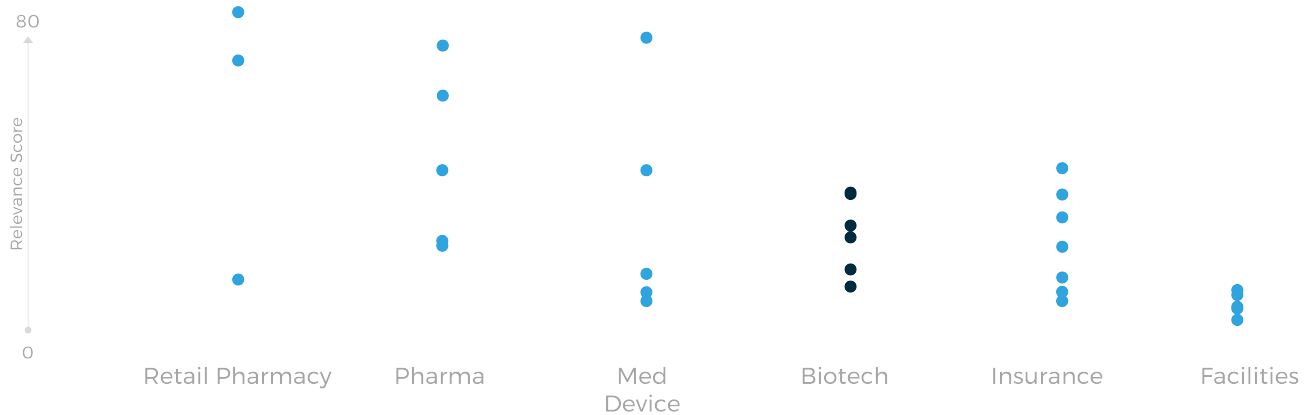
Leveraging benchmarks from W2O's Annual Relevance Index, we scored the 62 Fortune 500 healthcare companies in terms of their relevance in the current diversity landscape. One company registered as "on the fence," and four companies scored above 55, indicating a level of emerging relevance but a lack of reach and influence. The remaining 57 companies scored below 55, indicating significant room for improvement if the healthcare industry is going to be a diversity leader. Unfortunately, these findings are consistent with other cross-industry diversity studies in terms of how healthcare companies stack up to other industries. Only five of the Fortune 500 healthcare companies were included in the top 100 on Forbes' Top Employers for Women 2018 List<sup>6</sup>

However, the data tells a different story when we examine trends year-over-year. On average, healthcare companies improved by nine points on W2O's Annual Relevance Index in 2018 compared to 2017; companies ranking in the top 10 improved by 15 points. It is important to examine what is driving this change and what actions the industry will need to take to continue to improve.

### Healthcare Industry Patterns

Currently, there are patterns in the types of companies that are the most diversity-relevant. The data shows that healthcare organizations that provide services directly to consumers are the most likely to benefit or suffer from a relevance perspective, with retail pharmacy ranking at either the very top or bottom of the index.

Diversity Relevance Scores by Type of Healthcare Company



Pharmaceutical and medical device companies are the other segments represented among top diversity relevance leaders. Biotech and insurance companies are more likely to score lower on the Index, with hospital systems scoring the lowest.

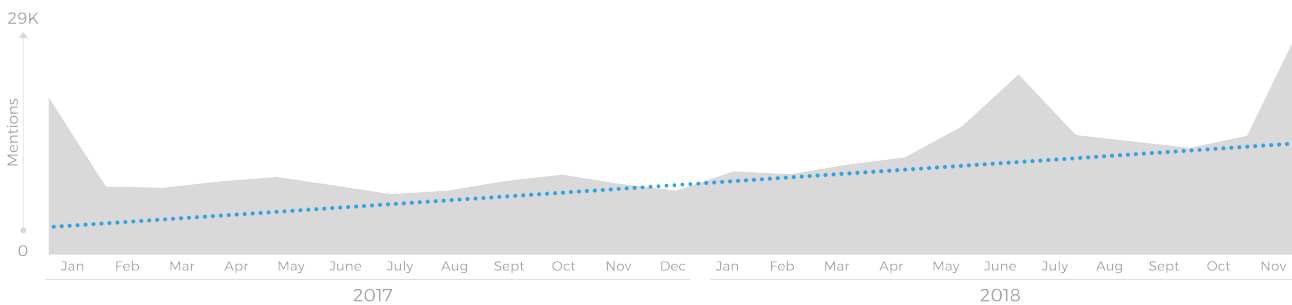
<sup>6</sup> Forbes. Best Employers for Women. <https://www.forbes.com/best-employers-for-women/list/>



## How the Conversation Related to Diversity is Changing

As diversity is increasingly at the forefront of the cultural and political stage, online conversation related to the healthcare industry has been affected. Discussion among healthcare audiences related to Fortune 500 healthcare companies and diversity **more than doubled in 2018**, and it is increasing at twice that rate among online physicians.

Online Discussion Related to Diversity + Fortune 500 Healthcare Companies, 2017 - 2018  
Excluding content related to the Sanofi + Roseanne Barr Event



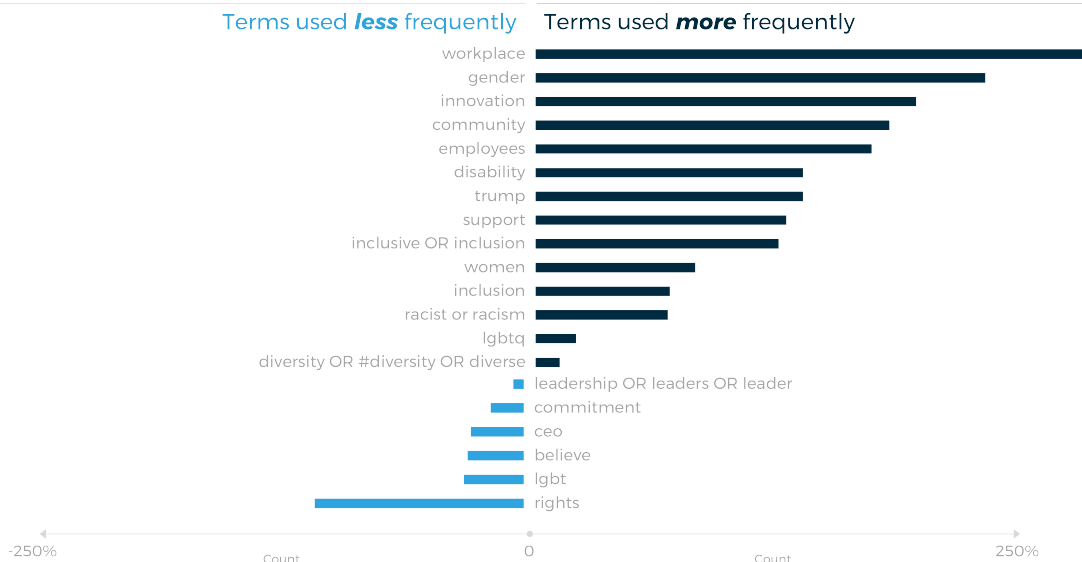
**126%**  
Total Conversation  
Growth YOY

**+256%**  
Diversity Conversation Growth  
Among MDs

**+16%**  
Average MOM  
Growth in 2018

The conversation is not only growing but evolving. Using quantitative linguistical analysis, we analyzed 436,000 online pieces of content related to Fortune 500 healthcare companies and the topic of diversity. This analysis showed that the use of the term “inclusion” has increased by 50 percent year-over-year compared to the term “diversity,” which has increased by 9 percent. According to veteran diversity advocate Verna Myers, appointed this year as Netflix’s VP of Inclusion Strategy, “Diversity is being invited to the party, and inclusion is being asked to dance.”

## Terms Used by Healthcare Stakeholders in 2018



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## Where We Are

### How the Healthcare Industry is Engaging

Some of the increased attention we're seeing on the issue of diversity in the healthcare industry is driven by healthcare companies themselves, which are leveraging communications and marketing platforms to engage in the dialogue. The amount of content that Fortune 500 healthcare companies posted on social media in 2018 increased by only 2 percent compared to 2017, but content related to diversity increased by 62 percent.

Additionally, the data shows that healthcare audiences are interested in seeing more of this type of content from healthcare leaders. For companies across industries, organic social media engagement is dwindling. Among Fortune 500 healthcare companies, engagement with social content fell by 25 percent in 2018 compared to 2017. **But content related to diversity is bucking this trend, with healthcare companies seeing a 109 percent increase in engagement with diversity content year-over-year.**

### Employee Satisfaction

Online employee reviews, in addition to providing one view of employee satisfaction, are a highly visible window into a company for future employees and impact recruitment efforts. Of more than 63,000 online employee reviews of Fortune 500 healthcare companies in 2017-2018, 3,674 specifically mentioned diversity. We conducted a review of a representative sample of these posts, manually analyzing more than 750 employee reviews of Fortune 500 healthcare companies for sentiment expressed toward diversity at the employee's company.

We found that sentiment is typically highly positive or highly negative - only 5 percent of posts expressed neutral or mixed sentiment towards diversity at the employee's company. Overall, employee sentiment about corporate diversity is slightly more positive than negative - 51 percent compared to 44 percent.

Diversity is clearly a topic that employees feel strongly about, and the data shows it's also a driver of overall employee satisfaction. When looking at how employee sentiment toward diversity impacts an employee's overall rating of their organization, there is a strong positive association ( $p < 0.01$ ).

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## Where We're Going

### The Impact of the Chief Diversity Officer

The factor that was most consistent among healthcare diversity leaders in 2018 was the presence of a Chief Diversity Officer (CDO) within the company. **Every one of the 15 healthcare companies that ranked highest in our Index has a CDO** compared to 60 percent of companies ranking 16-30, 46 percent of companies ranking 31-45, and only 33 percent of companies in the bottom tier (below 30). These C-level leaders are clearly a critical force for meaningful, long-term change within an organization.

### Common Actions Shared by Relevance Leaders

To examine the shared characteristics of diversity relevance leaders, we conducted an audit of publicly-facing diversity initiatives and programs, currently underway, that are led by the top 15 highest-scoring healthcare companies on our Index. Our analysis found that Employee Resource Groups have been the most consistently formalized gender diversity catalysts since 2014 among relevance leaders. As of 2016, all top 15 companies on W2O's Relevance Index also had formalized programs as well as publicly-facing information related to initiatives aimed at diverse talent recruitment, supplier diversity and mentorship programs focused on young women.

As mentioned earlier, healthcare companies improved by nine points on W2O's Annual Relevance Index year-over-year in 2018. This increase in relevance was largely driven by improvements healthcare companies made in driving interest and engagement with audiences related to diversity. Key themes in the stories and content that drove the most interest and engagement in 2018 highlighted new types of diversity initiatives and programs that relevance leaders are developing that are **focused on accountability and transparency**. In examining the number of new publicly-facing diversity initiatives launched in the last 18 months among these top 15 companies, we found that more than half created a formalized executive diversity leadership team or board. Additionally, six of these companies actively promoted their commitment to diversity goals or principles on their website or via other communications and marketing channels.

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## Conclusions

### Accountability, Transparency and Bipartisan Approach

As senior female executives represent only **17 percent of company management teams at the top 20 bio, pharma and medtech companies**, how can healthcare companies move the needle to achieve gender parity and the enhanced corporate performance that comes with it? We see three key themes emerging based on the data: Accountability, Transparency and a Bipartisan Approach to collaborative change.

### Accountability

It would make sense that success starts with building a culture of inclusion in which all employees can realize their full potential. By building a foundation that values diversity, companies can create an organizational environment grounded in trust that creates the culture to support talent to flourish. This requires encouraging participation from everyone, **critically the CEO**, to demonstrate the support and importance of addressing unconscious bias.

It requires creating a core competency around gender partnership and how this plays out around the company. And it requires making gender parity the highest priority in selection, retention, training and promotion, including holding senior leaders accountable for considering a gender-balanced slate for open positions and ongoing mentoring and sponsorship programs.

### Transparency

Holding your organization and individual leaders accountable for race and gender targets is another important tool for change. Tactics include publicly sharing diversity statistics and goals, measuring gender and diversity recruitment and retention efforts, and requiring leaders to develop diverse teams and successors.

One great example of diversity and accountability in the healthcare industry is The Lancet's special theme issue published on February 9, 2019, on advancing women in science, medicine and global health. This theme issue laid out robust evidence to inform an action plan for institutional leaders to confront gender bias, improve diversity and inclusivity, and drive change. The theme issue focused on the fact that strategies to address inequalities are not just women's issues, but they require the full participation of everyone to drive actionable change. Beyond the commitment to publish this special issue, The Lancet editorial staff also stepped forward and put themselves in the hot seat, publicly sharing its own audit data, which was unflattering at best toward women. The publication stated that it intends to improve women's participation in its own editorial process and diversify on multiple dimensions - with a gender parity goal across all journals by the end of 2019.

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## Bipartisan Approach

Evidence shows that increasing diversity requires clear and consistent support from both male and female leaders. Consider a study from Harvard Business Review that found that, when there was only one woman in a pool of four finalist candidates, her odds of being hired were statistically zero<sup>7</sup>. Adding just one more woman to the candidate pool significantly increased the likelihood that a woman would be hired, in effect by creating a new status quo. The study's authors theorized that having only one woman in a pool of finalists highlights how different she is from the norm, potentially making the woman seem like a riskier choice for decision-making. Furthermore, when that minor bias occurs at every level of promotion, the differences at the top become clearer. Making progress on gender equality requires not just that women be placed in senior roles, but also that they are successful in them. Just being aware that this exists and the ability to put new norms in place to counterbalance gender inequality is an easy step to take and one in the right direction toward change. But women can't do it alone – it takes a bipartisan approach. Both men and women need to be aware of these types of biases in the workplace to create real and meaningful change from within.

The healthcare industry is one of the largest employers in the world and accounts for a global market projected to reach \$11.8 trillion by 2021<sup>8</sup>. To sustain the vitality and innovation that are occurring in healthcare, we must seek not only to increase the numbers of women in the industry, but also improve women's respect, influence and authority. Systemic inequities need to be addressed and barriers that prevent women from advancing in science need to be removed. Gender-inclusive workplace environments need to be created so women will succeed in fulfilling their aspirations and reaching their full potential. Equally, we must deliberately and distinctively advocate for a structural approach to change, which we can all participate in. Not only is it the right thing to do, but your organization's relevance, reputation and ROI depends on it.

## About W2O

Founded by Jim Weiss in 2001, W2O is the leading independent provider of analytics-driven, digital-first marketing services and communications to the healthcare sector. W2O applies proprietary analytics models, methodologies and approaches in a digital world to design precise communications and marketing strategies to deliver sustained business results. The firm employs nearly 800 people in 15 offices across the United States and in Europe.

For more information, please visit [www.w2ogroup.com](http://www.w2ogroup.com).

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<sup>7</sup> Johnson, Hekman and Chan. (2016, April). *If There's Only One Woman in Your Candidate Pool, There's Statistically No Chance She'll Be Hired*. <https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theres-statistically-no-chance-shell-be-hired>

<sup>8</sup> Thompson, Derek. (2018, January). *Health Care Just Became the U.S.'s Largest Employer*. <https://www.theatlantic.com/business/archive/2018/01/health-care-america-jobs/550079/>

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