

THREE WAYS COMPANIES CAN CLOSE THE GENDER GAP IN HEALTHCARE LEADERSHIP

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Healthcare is one of the only industries where women have surpassed men both in terms of their influence as consumers and their share of the workforce. In the United States, women consumers make 80 percent⁴³ of the healthcare decisions for their families. Women also make up more than 65 percent⁴⁴ of the hospital workforce, a higher share than many other industries such as financial services – where women constitute 46 percent⁴⁵ of the workforce – and technology – where they make up only 26 percent.⁴⁶

But despite this, women are under-represented in leadership roles and it takes women longer to get to top positions. Women account for only a third of executive teams and just 13 percent of chief executive officers in the healthcare industry. Furthermore, our research showed it can take women on average three to five years longer to reach the chief executive officer position – if at all.

When women are in leadership positions in healthcare, they help companies improve their bottom lines in two key ways. First, companies become more consumer-oriented more quickly when more members of their leadership team reflect and relate to more of their employees and customers. BlueCare Tennessee for instance, led by Amber Cambron and a team that's well over 50 percent female, has received national recognition⁴⁷ for its ability to help its members live in their preferred setting and stay connected via text-based communication to their families and communities. Studies have also shown that diversity in companies across industries makes teams question their default assumptions⁴⁸ in a way that produces more innovation,⁴⁹ increases productivity,⁵⁰ and ultimately creates better financial outcomes.⁵¹

SO, WHY AREN'T WOMEN MOVING UP IN HEALTHCARE?

To discover why so few women in healthcare reach the top and better understand the visible and invisible dynamics at play, Oliver Wyman analyzed the profiles of more than 3,000 healthcare executives at 134 US-based payers and providers, which account for more than 70 percent of the market based on revenue. We also examined the paths of 112 healthcare payer and provider chief executive officers to follow the route to leadership in traditional healthcare organizations. And, we spoke with over 75 men and women in healthcare, from directors to chief executive officers.

We found many organizations are well-aware of commonly cited obstacles such as gender pay gaps, the uneven burden on women due to more obligations at home, dynamics like “the imposter syndrome”, and unconscious bias. Many companies have also already invested in hiring inclusion and diversity executives – in fact, 70 percent of organizations in our study had received some type of inclusion and diversity award.

Yet despite investments (that have the best of intentions) in inclusion and diversity, the industry has still struggled to achieve gender parity at the top. Why? Based on our research, we found the main impediments appear to be hidden influences and implicit assumptions. For instance, there's a general lack of awareness for how trust is formed and how that influences key decisions such as who to promote or hire into very senior roles. This lack of awareness is not limited to any one gender. Men and women also have different perceptions and assumptions of what makes a good leader. These beliefs likely stem from how many have been socialized and culturally influenced throughout their lives, long before they even get close to the C-suite.

That said, there are female and male leaders and organizations who have managed to overcome these hidden obstacles, often with the help of key sponsors. Based on insights from them and many others, we have identified three key ways companies can close the gender gap in healthcare leadership. In the next two pages, we examine each.

1. FIND WAYS FOR WOMEN TO MAKE CONNECTIONS AND FORGE RELATIONSHIPS.

Trust is key to getting promoted to the most senior ranks. Essentially, the chief executive officer or others in the C-suite need to trust that someone is “right for the job.” Yet, most leaders don’t fully understand how trust-based promotion decisions are made. When we asked executives how they evaluated someone for a senior leadership position, respondents identified “ability” and “integrity” as key components of building trust.

However, trust also has an important third, often overlooked, dimension: “affinity.” As studies such as one in *The Academy of Management Review*⁵² describe, people trust those they can empathize with or are personally invested in.

Companies hoping to create a more inclusive leadership team must raise awareness of the role affinity plays in building trust and evaluating candidates for promotions. When executives understand affinity’s role, they can proactively help foster it in situations where it doesn’t spontaneously occur as easily or quickly. Universally, those we spoke with who’d “made it,” stressed the importance of a sponsor helping them navigate who they should get to know better and how to create opportunities to build these relationships. As one female chief executive officer we interviewed put it, “I thought everyone was getting things because of hard work, and then realized that is not how it happens. I saw my boss building personal relationships. As you move up into more senior roles, personal relationships are more important.”

Being purposeful is critical. Women we interviewed, for instance, said they typically have fewer opportunities to create this affinity by connecting with men in

informal, non-work settings after hours or on weekends. Furthermore, the traditional places where affinity develops may not attract women. As one female chief executive officer we interviewed described, “When you’re looking at how people network or forge relationships, there’s a huge problem. Most of these activities are aligned with typical male interests – golfing and cigar bars. But it’s in those settings that trust is established. It’s having a bigger impact than people think.”

To remedy this issue, companies must be more creative in designing inclusive events to accelerate the rate of personal connection between all employees. For example, instead of a baseball game or happy hour at the local bar, companies can enlist employees in an ongoing community service project like mentoring high school students weekly or helping a local non-profit raise money. Whatever activity a company chooses, the goal is to find a non-work activity where employees can engage with those in the company with whom they don’t already have a personal relationship. These events should be an inclusive alternative to networking events that tend be more favorable of men’s interests and schedules than women’s. These events must also work on a collective goal to foster rapport and equalize the playing field in hierarchical organizations.

Companies can also educate their senior women on the importance of sponsorship to help them navigate their careers. One study⁵³ found women value guidance less and would pay \$197 monthly for advice, versus men who would pay \$289. It takes an active experience with sponsorship to appreciate its impact. Companies should also require senior executives and C-suite leaders to assign accountable sponsors for high potential women.

2. DEVELOP A MORE EXPLICIT SET OF LEADERSHIP CRITERIA, COMPETENCIES, AND INTERNAL LEADERSHIP DEVELOPMENT.

Misinterpretation of what’s considered effective leadership plays a larger role than most executives recognize in evaluating a person’s potential. When we asked C-suite executives to define leadership, people said a leader must drive results and have a strategic, senior leadership presence.

Strategic skills, however, are either too narrowly defined and traditionally exclusive of women, or lack leadership acumen. For example, when we traced the backgrounds of 112 payer and provider chief executive officers, we found 86 percent had prior profit-and-loss experience, yet men are three times more likely to fill such positions.

Senior executives need to recognize this reality when comparing candidates and either consider a wider range of experiences or more explicitly place high potential candidates in these roles. The chief executive officers we interviewed from organizations where women held at least 40 percent of C-suite positions took the former path, prioritizing ability and potential above a perfect resume of past experiences.

In terms of what drives results, our interviews found men and women evaluate competency differently. For instance, we found women think job candidates should check all the boxes – but men disagree. This becomes an issue when women take themselves out of the running for roles their backgrounds don't perfectly align with. Here too, sponsors can make a huge difference. As one female senior vice president said, "Without sponsors, I would have fallen into the trap of, 'I don't know anything about medical plans,' and not have taken over the product area. Men think you just need to surround yourself with the right people and don't need to be an expert."

3. IDENTIFY HOW MEN AND WOMEN LEAD AND COMMUNICATE DIFFERENTLY.

Part of developing a common set of explicit leadership criteria involves uncovering the implicit ways different genders think teams should be led. In our research, we found senior women often favor a more collaborative approach, but that can lead to a lack of clarity about the leader's role in the results. As one senior director we interviewed explained, "A manager in a review told me, 'You need to find your leadership voice.' Had he not said that, I wouldn't be where I am today. I don't think women are aware leadership's an issue. They think they're doing right by letting the team present information."

In addition, our research showed many women initially build their credibility as problem solvers, but this then causes them to be pigeonholed and limits their ability to lead and develop a broad strategy. As one female vice president we interviewed put it, "It's not enough to just deliver. You need to bring ideas, insights and strategy. Execution alone does not get you there."

Leaders also need to be more purposeful developing the high number of women they already have in lower and middle ranks, particularly as companies in healthcare promote in such large numbers from within. In our research, 63 percent of the 112 payer-and-provider chief executive officers we analyzed were promoted from within. Yet since there are a limited number of senior executive positions in any given company, executives need to be more explicit about leadership criteria and plan ahead to develop high-potential female candidates so they are competitive for promotion opportunities. If companies look to hire from outside, it's more challenging to find female candidates. Healthcare is regional, so new talent comes from other geographies. Moving is more challenging for women because female executives are more often part of a dual-career household. A Harvard Business School study⁵⁴ found 60 percent of male executives' spouses did not work full-time outside of the home compared to 10 percent of female executives.

Not only do men and women build and evaluate leadership styles differently – they also communicate differently and react differently to leaders with contrasting communication styles. As research has shown,⁵⁵ women are more likely to interject with small acknowledgements to show active listening. Men tend to find this disruptive, whereas women think men aren't listening if they **don't** do this. By contrast, men are reportedly⁵⁶ twice as likely than women to interrupt a speaker, and three times more likely to interrupt a woman than a man.

The communication burden falls on women – it's commonly women who adapt their leadership and communication style to that of men, not the other way around. If companies want a better balance at the top, they need to help all employees get a better understanding of each other's leadership and communication styles and collectively understand destructive behaviors they are unaware of.

THE PATH FORWARD

While the challenges are real, companies are increasingly committed to balancing the ranks of senior leadership in healthcare. But announcing your commitment is not enough, and simply adding women to leadership teams to meet a quota won't bring about real results. To change the composition of C-suites, companies should explicitly address misperceptions and hidden biases that impact promotion and embed diversity goals within the daily discussions of strategic objectives.

KEY TAKEAWAYS

- Women make 80 percent of family healthcare decisions yet are only 13 percent of healthcare's CEOs.
- Hidden, subtle influences and implicit bias – “affinity” – affect senior-level leadership promotions.
- Many women initially build their credibility as problem solvers, which ultimately pigeonholes them.