

Healthcare Systems and Services Practice

Women in healthcare: Moving from the front lines to the top rung

Our analysis shows women in healthcare have made progress and continue to report high job satisfaction. However, women also encounter persistent obstacles to advancement, particularly for senior positions, where they remain underrepresented.

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Our inaugural report on women in healthcare, released last year, found that on many measures healthcare was one of the best industries for women. This year, we found women make up around half of the healthcare workforce and experience a limited gender gap in promotions, a significantly better result than other industries such as financial services and automotive and industrial manufacturing. Moreover, women in healthcare positions reported higher career satisfaction and received more of what they requested in compensation negotiations.

Our analysis reveals signs of progress and reason for optimism:

women in healthcare have demonstrated initial progress in moving up the organization and continue to report high job satisfaction. However, women also encounter persistent obstacles to advancement, particularly for senior positions, where they remain underrepresented. We highlight several new recommendations that healthcare organizations can take not only to level the playing field but also to ensure these actions achieve measurable improvements.

Of course, as we share the findings from our latest research, world events have completely reshaped the conversation. Healthcare workers are on the front lines in a global pandemic: its professionals are performing essential roles, including caring for victims of COVID-19, ensuring patients have access to the right care, and developing a vaccine and treatments. Healthcare professionals are receiving overdue recognition for their contributions, but it has come at a tremendous price: longer hours, increased stress and burnout,

and, for those on the front lines, a greater risk of exposure and infection.

Further, the large-scale protests focused on racial injustice in the United States in the summer of 2020 have put issues of equity front and center. Pressure on corporate leaders to respond to this socio-political environment suggests that companies will increase efforts to prioritize diversity, equity, and inclusion.

This backdrop lends greater urgency for action on all fronts. Our hope is that this research will help inform a vigorous debate that continues to advance gender equality throughout healthcare organizations.

Reasons to celebrate

Healthcare continues to outperform other industries in female representation at all levels of the talent pipeline (Exhibit 1). Women account for 66 percent of all entry-level healthcare employees—an increase of three percentage points since last year—compared with 49 percent across all US industries. While the

Sidebar 1

About the research

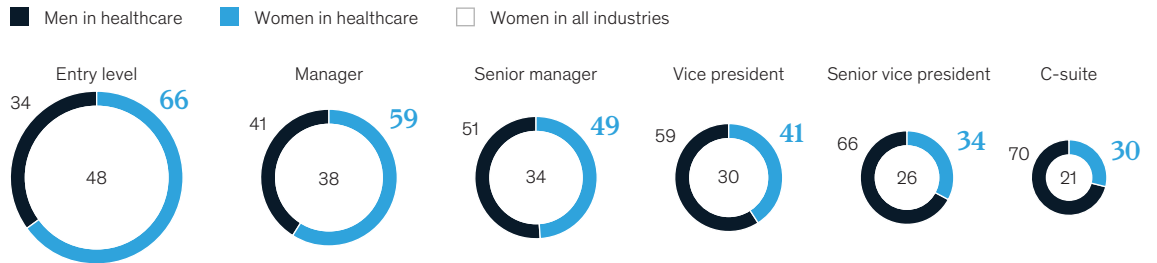
This article is based on analysis of the Women in the Workplace data set, published by McKinsey in partnership with LeanIn.org. The study, which is the largest comprehensive benchmark of women in Corporate America, includes pipeline data on representation, promotions, attrition, and external hiring as well as the results of the Employee Experience Survey. We analyzed pipeline data for the

healthcare industry overall and on the sub-industry levels of payer, provider, and pharmaceutical and medical products (PMP) companies. In all, the data set included 43 healthcare companies with a total of around 51,300 employees. The Employee Experience Survey consists of qualitative questions answered by 8,856 employees at nine companies.

Exhibit 1

Women in healthcare decrease in representation across the pipeline, although do better compared to other industries.

Share of employees in healthcare, by level, %



share of women declines in more senior roles, moving to 30 percent of C-suite positions, healthcare still outperforms all industries.

In healthcare, the sharpest decrease in the share of women occurs at the jump from manager to senior manager (a drop of 10 percentage points). This pattern diverges from other industries, where the steepest decline (also 10 percentage points) happens earlier in the talent pipeline, at the first step up to manager—also known as the “broken rung” of the ladder.

One possible explanation for this divergence between healthcare and other industries is the nature of promotions at different levels, as the drop is most significant in payer and provider organizations. Nursing, for example, requires a large manager workforce (on every floor and department of the hospital), and advancement from a nurse to floor or unit manager involves less formal promotion procedures. At the step up to senior manager, promotion panels are often introduced and additional qualifications are often required, which could contribute to the large drop in female representation.

Despite the obstacles to advancement, women in healthcare have a relatively positive outlook on their careers: nearly 75 percent of women report being happy with their careers compared with around 69 percent of men. This sentiment increases as women rise through the ranks: at entry levels, 71 percent of women report being happy, a figure that increases to 91 percent at the SVP level. The

perception of equal opportunity may be a contributing factor. While 18 percent of women (the same level as last year’s survey) report that gender may have played a role in missing out on promotions, raises, or chances to get ahead, 68 percent do not believe gender had an impact (14 percent report that they are unsure). This finding is notable: our quantitative analysis found that men are generally promoted more than women.

Moreover, organizations are taking action at the top to increase female representation. The external hiring of women rose in the C-suite across healthcare organizations, from 33 percent in 2017 to 42 percent in 2018, a significant year-on-year increase (Exhibit 2). This progress may align to last year’s call to action, since external hiring is one of the quickest levers to improve female representation, especially at the top.

Critical challenges to address

This progress is encouraging, but leaders should not assume that obstacles have been dismantled. Indeed, trends such as external hiring may be a bandage over more systemic barriers—such as promotion and the imbalance of line and staff roles—that are preventing women from parity, especially at senior levels. Consider that across the healthcare industry, women are promoted at similar but slightly lower rates than men until the SVP level. While these differences might seem negligible, they compound and can re-

Exhibit 2

External hiring at C-suite has potential to boost women’s representation but has limited impact on rest of pipeline.

Share of employees who are women, by level, %

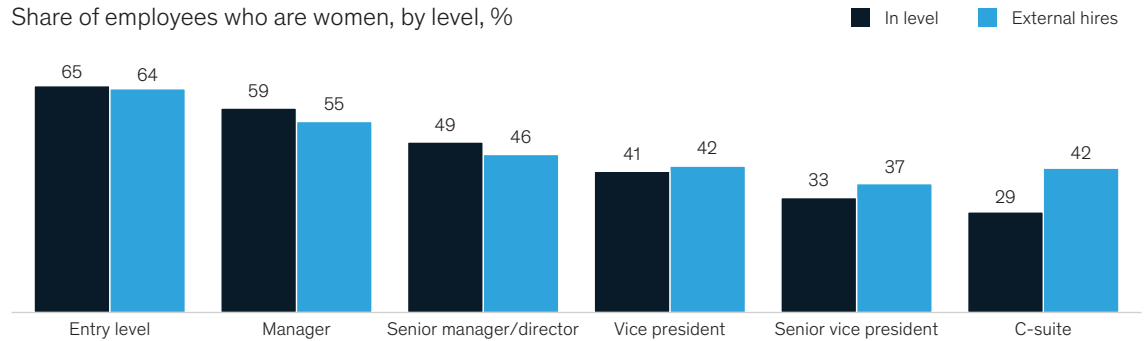
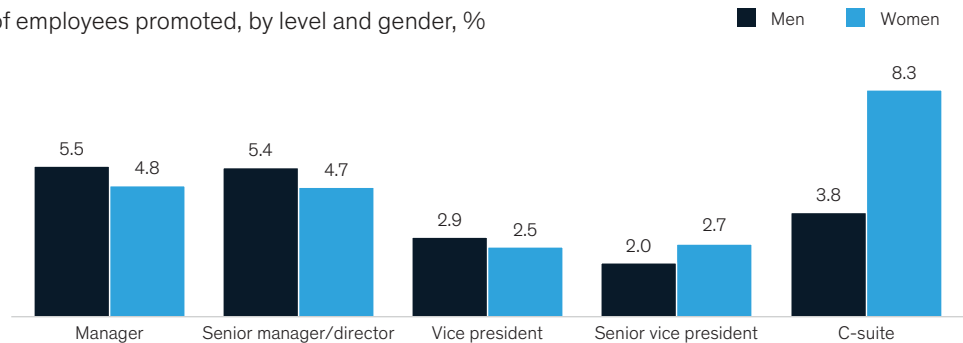


Exhibit 3

Promotion rates for men are generally higher than for women through the VP level.

Share of employees promoted, by level and gender, %



sult in the much lower female representation at more senior levels (Exhibit 3). Promotion rates of women for senior roles seem to reverse this trend, but they belie the fact that there are far fewer women to consider for promotion.

The types of positions that women hold—and the distribution across line and staff roles¹—may also play a part (Exhibit 4). In providers, for example, women represent approximately 80 percent of entry-level frontline workers, such as nursing positions, which are often predominantly female. However, this representation decreases across the pipeline, until women make up only about 30 percent of line roles in the C-suite.

PMP organizations have the lowest share of women in line roles across the pipeline. Although they have more parity at the entry level—women represent 52 percent of entry-level line roles—they fill just 21 percent of the C-suite line roles. This distribution can be problematic, as employees in line roles are often afforded more opportunity for career progression and compensated more highly.

Where female advancement breaks down

In healthcare, the biggest obstacle to women’s progression comes when making the leap from manager to senior manager, where female representation falls by 10 percentage points overall (Exhibits 1 and 5). The discrepancies in promotion rates create significant barriers for

¹ Line roles are positions in core functions or those with profit-and-loss responsibility, while staff roles are positions in functions, such as legal, human resources, and IT, that support the organization.

representation of women in more senior roles that cannot be adjusted with external hiring alone. To compound the challenge, attrition is fairly even by level across men and women, but a gap of around 1.5 percentage points exists for women at the SVP and C-suite levels (Exhibit 6).

Headwinds for women of color

The challenges that women as a whole face are magnified for women of color. Across healthcare industries, the share of white women in entry-level positions starts at 46 percent, gradually declining to 25 percent at the C-suite (Exhibit 7). Women of color account for 20 percent of entry-level representation, but by the C-suite their share has dropped to just 5 percent. As with women overall, the sharpest decline for women of color is seen at the transition from manager to senior manager. Compare that with the figure

for white men, who are able to increase their share of roles nearly two and a half times as they move from entry-level to senior positions. By contrast, the percentage of men of color at roles throughout the industry stays flat, at about 11 percent. While men of color have the lowest representation initially and are likely an “only” more often, their career paths do not narrow across the talent pipeline in the same way as white women and women of color.

This lack of representation among women of color can have a far-reaching impact: fewer executives who are women of color translate into fewer role models for women just starting their careers. The C-suite sets the tone for an organization, especially as champions of diversity initiatives and the embodiment of values and priorities. Racial and gender diversity also has a direct connection to

Exhibit 4

Women less likely to be in line roles with increasing seniority across subindustries.

Share of employees in line roles, by level, %



PMP, pharmaceuticals and medical products.

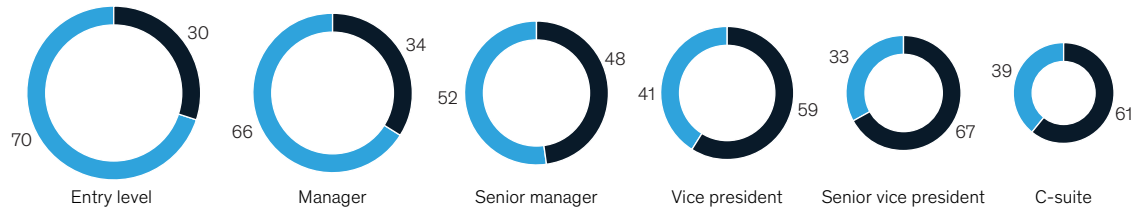
Exhibit 5

Women most represented in provider organizations and least represented in PMP across levels.

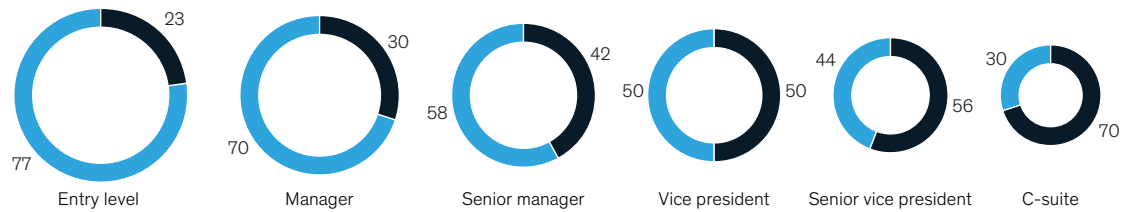
Share of employees who are women, by level, %

■ Men ■ Women

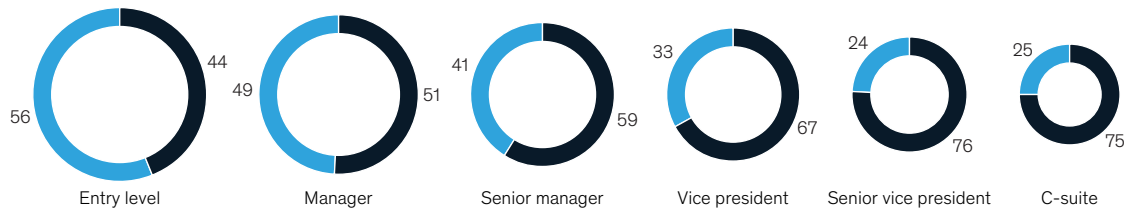
Payers



Providers



PMP companies



PMP, pharmaceuticals and medical products.

Exhibit 6

Female attrition is either similar or lower than for men through VP and approximately 1.5 percentage points higher at the most senior levels.

Share of employees who left the organization, by level and gender, %

■ Men ■ Women

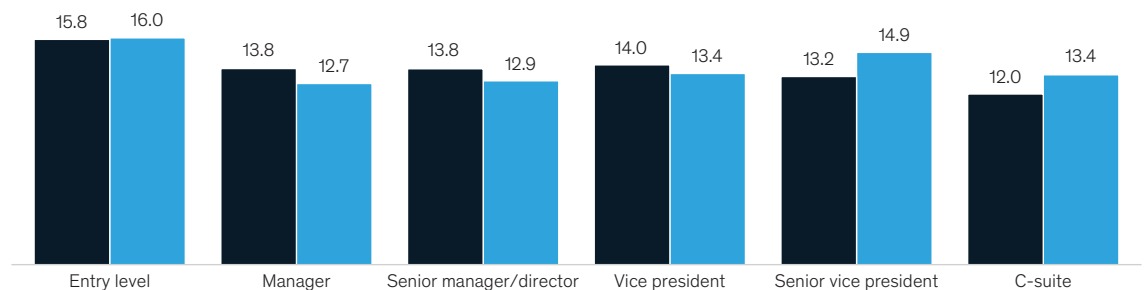
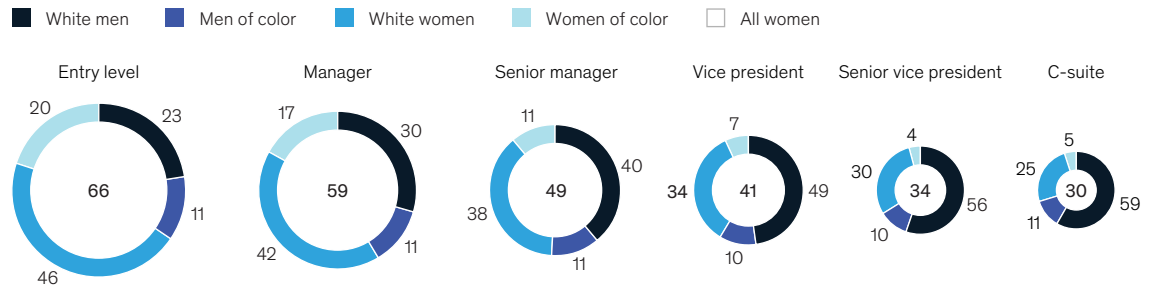


Exhibit 7

For women of color, the senior manager or director level presents the steepest drop-off in representation.

Share of employees by gender, race, and level, %



performance. Companies in the top-quartile for gender diversity on executive teams were 25 percent more likely to have above-average profitability than companies in the fourth quartile. Further, organizations with top quartile ethnic and cultural diversity on executive teams outperformed those in the fourth quartile by 36 percent in profitability.² Last, greater diversity throughout the organization can help healthcare companies more closely reflect the patients and customers they serve, thus strengthening the healthcare ecosystem.

Divergent perceptions on priorities and impact

The overwhelming majority of men (80 percent) and women (90 percent) report that diversity is widely recognized as a priority at their company. However, only 10 percent of women and 16 percent of men say that diversity is a top priority, highlighting the potential for it to be deprioritized in favor of other business demands. For example, the pandemic and economic crisis could lead companies to elevate resilience and recovery as priorities. At the same time, the current wave of protests and demands for progress might compel long-overdue changes in how organizations respond to their lack of diversity.

Men's perceptions of their ability to advance may sometimes diverge from the data. For

example, despite a higher rate of promotion across the healthcare pipeline, 12 percent of men said they believed that their gender has played a role in being passed over for a promotion, raise, or a chance to get ahead, up from 7 percent the previous year. However, this perception does not reflect the promotions data across the pipeline.

Subindustry deep dives

An examination of payers, providers, and PMP companies highlights the differences in approaches and factors in promoting gender diversity (Exhibit 5). The mission of companies in each subindustry can have an impact on career paths. Entry-level positions in provider organizations include direct care, while payers or PMP organizations often seek entry-level applicants for positions such as customer service and marketing.

Women represent a large majority of employees in lower levels at payers and providers; the latter subindustry has the highest representation of women at all levels of the organization except the C-suite. They are tracking well ahead of their industry counterparts until the transition from SVP to the C-suite, at which point the share of women falls 14 percentage points. On the other end of the scale, PMP companies have the low-

² Dixon-Fyle S, Dolan K, Hunt V, and Prince S, "Diversity wins: How inclusion matters," May 19, 2020, McKinsey.com.

est share of women across all positions, moving from 56 percent of women in entry-level positions to 25 percent in the C-suite.

External hiring

All subindustries have been emphasizing external hiring efforts to fill roles with female candidates, particularly at the senior levels (Exhibit 8). Providers had the highest representation of women across the organization, except the C-suite. Among all three subindustries, external hiring for entry-level positions is very close to the overall share of women in these roles. Starting at the manager level, however, the share of women hired externally drops about 8 percentage points below the organization's in-level share for both payers and providers. In contrast, at PMP organizations external hir-

ing for women at the VP level and above is higher than total female representation for that level, suggesting an effort to increase diversity at the top.

Promotion rates

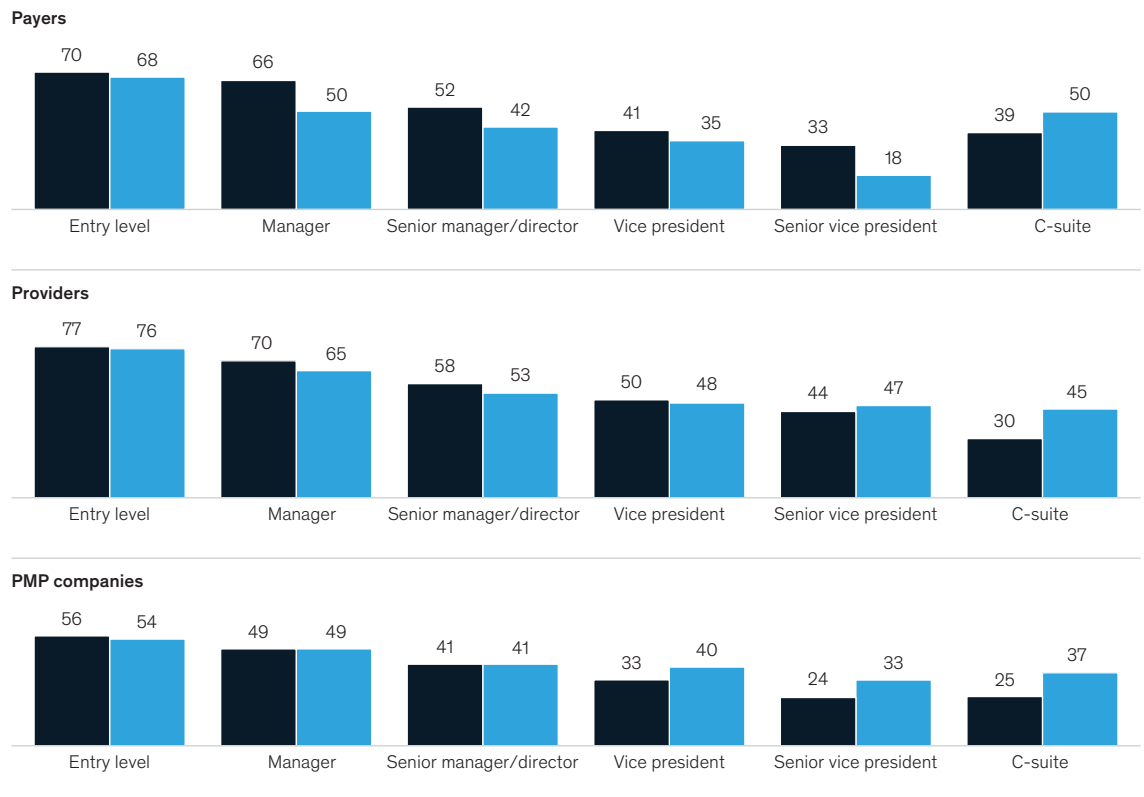
In all but the senior most levels, the three subindustries promote women at slightly lower rates than men, with payers showing greatest disparity (Exhibit 9). At payers, for example, men experience higher rates of promotion than women, especially at the senior manager and VP levels where promotion rates for men are almost double that for women. While less pronounced, this gender difference also exists in providers and PMP companies at earlier tenures. Gender bias throughout the evaluation and promotion process, as well as support from

Exhibit 8

External hiring at C-suite has potential to increase women's representation at top but has limited impact on rest of pipeline.

Share of employees who are women, by level, %

■ In level ■ External hires



PMP, pharmaceuticals and medical products.

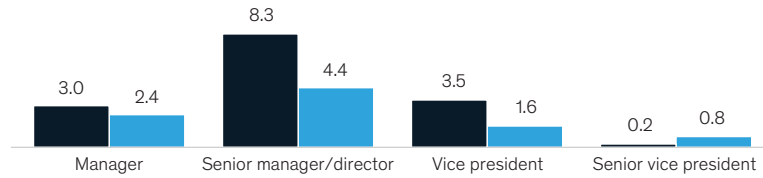
Exhibit 9

Across organization types, women are promoted at slightly lower rates than men through VP, with payers showing the greatest gap.

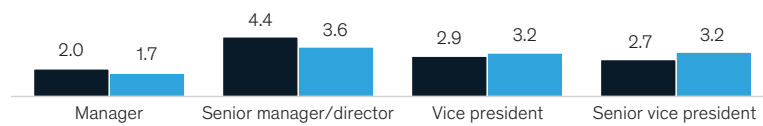
Share of employees promoted, by level and gender, %¹

■ Men ■ Women

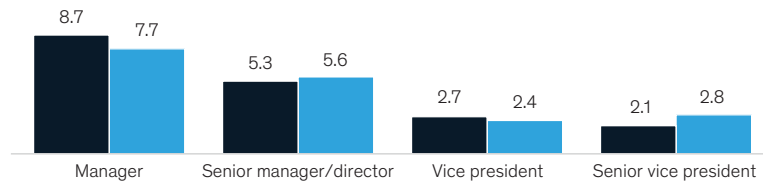
Payers



Providers



PMP companies



PMP, pharmaceuticals and medical products.
¹ C-suite data omitted due to small sample size.

mentors and sponsors, is a significant contributor to these results.

Attrition

Payers, providers, and PMP companies all exhibit fairly similar attrition levels across the organization, though some gaps begin to emerge at more senior roles (Exhibit 10). In PMP companies, male and female attrition rates begin to diverge at the VP role, a trend that carries through to the C-suite. The most pronounced difference is seen in the C-suite of payers, where the female attrition rate is nearly double that of men. Providers have been more successful at retaining women in the C-suite, with an attrition rate that is around one-third that of payers and PMP companies.

Women of color

In the three subindustries, women of color account for one-fifth to one-third of entry-level positions (Exhibit 11). By senior manager, the share of women of color has dropped to 11 percent across all three. Payers and providers see the sharpest drop at the senior manager level. At payers, for instance, representation of women of color declines by more than half at this juncture, while white women experience little to no drop-off.

As discussed in “COVID-19: Investing in black lives and livelihoods,”³ during the pandemic “Black Americans will likely sustain more damage across every stage of the wealth-building journey. Crucially,

³ Florant A, Noel N, Stewart S, and Wright J, “COVID-19: Investing in black lives and livelihoods,” April 2020, McKinsey.com.

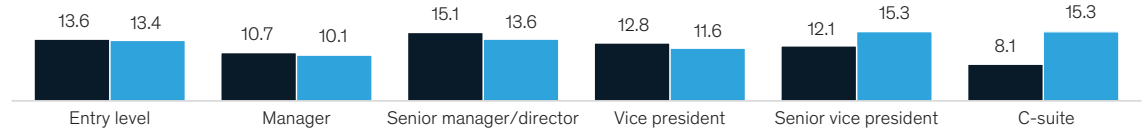
Exhibit 10

Attrition is fairly similar across organizational types and genders until C-suite.

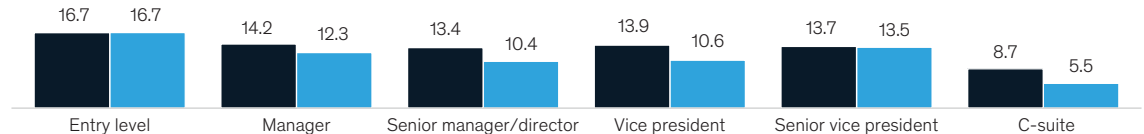
Share of employees who left the organization, by level and gender, %

■ Men ■ Women

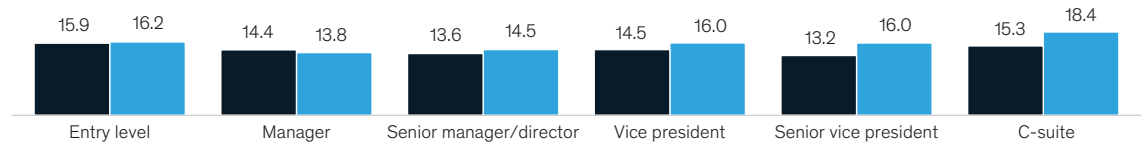
Payers



Providers



PMP companies



PMP, pharmaceuticals and medical products.

39 percent of jobs held by Black workers (seven million jobs in all) are vulnerable as a result of the COVID-19 crisis compared with 34 percent for white workers.” Black women and men tend to be overrepresented in high-contact low-wage essential healthcare jobs but are underrepresented in higher-paid fields such as nursing or physicians. For example, Black people make up more than one-third of psychiatric aides, orderlies, and nursing assistants, but just 10 percent of registered nurses and 5 percent of physicians.⁴ Some organizations have made progress. In the United Kingdom, the National Health Service reported that roughly one-third of all people of color reach the top level, compared with 50 percent of all Caucasians.⁵ PMP orga-

nizations have the lowest representation of women of color compared with payers and provider, ranging from half that of white women at entry level to one-third or less by senior management.

Challenges specific to COVID-19

As the coronavirus pandemic has caused entire nations to adopt remote work, healthcare companies need to increase flexibility to enable employees to fit work into their lives. Many HR leaders have been excited by the prospect that COVID-19 may accelerate organizational acceptance of flexible working, which would benefit employees with more diverse needs. However, COVID-19 may disproportionately and negatively affect women and communities of color, a pattern that should be closely monitored and addressed.

⁴ Association of American Medical Colleges, “Diversity in Medicine: Figure 18. Percentage of all active physicians by race/ethnicity, 2018,” AAMC, December 2019, aamc.org; “Nursing Statistics: Get the latest nursing statistics & demographics in the US,” Minority Nurse, 2020, minoritynurse.com.

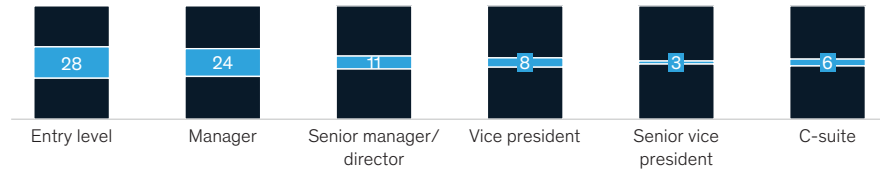
⁵ “NHS workforce: Ethnicity facts and figures,” NHS Digital, published January 6, 2020, ethnicity-facts-figures.service.gov.uk.

Exhibit 11

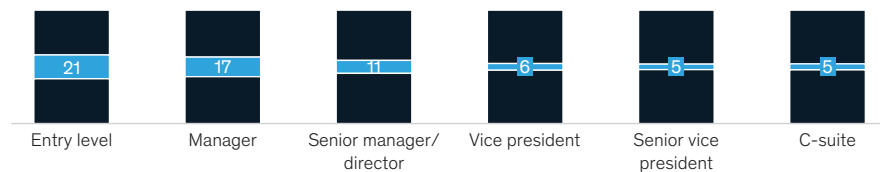
Women of color experience significant drops at senior manager level across healthcare industries.

Share of employees who are women of color, by level, %

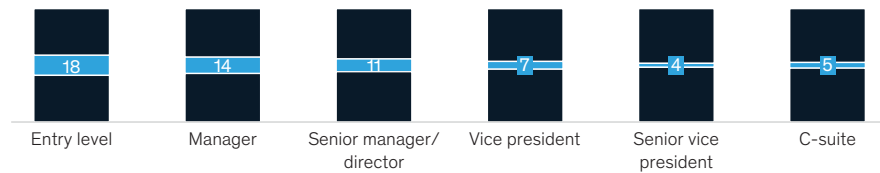
Payers



Providers



PMP companies



PMP, pharmaceuticals and medical products.

Recent research suggests that women are working a “double double shift” as a result of the coronavirus pandemic⁶—equal to 20 hours of additional work—compared with men.⁷ Surveys conducted in April 2020, by LeanIn.org and Survey Monkey, found that 31 percent of women with full-time jobs and families say they have more to do than they can possibly handle, whereas only 13 percent of working men with families say the same.

This burden and negative impact are particularly felt by women of color. Black women and men are disproportionately represented in frontline and essential care workers.

In addition, even though Black women are already twice as likely to perform housework as Black men, they still shoulder more than half of caregiving responsibilities.⁸ Compared with Black men, Black women spend 2.7 times as many hours on unpaid work caring for household members and children and 1.3 times as many hours caring for non-household adults.

Five sweeping actions to take

Once healthcare executives become more familiar with the challenges their organizations and subindustries face through rigorous analyses of the talent pipeline and

⁶ Sandberg S and Thomas R, “Sheryl Sandberg: The coronavirus pandemic is creating a ‘double double shift’ for women. Employers must help,” *Fortune*, May 7, 2020, fortune.com.

⁷ LeanIn.Org and SurveyMonkey, “Women are maxing out and burning out during COVID-19,” Lean In, May 7, 2020, leanin.org.

⁸ Florant A, Noel N, Stewart S, and Wright J, “COVID-19: Investing in black lives and livelihoods,” April 2020, McKinsey.com.

leakage points, they can start to devise and implement targeted interventions. Employers can continue to make promotion practices fair and emphasize communications and transparency to prevent negative attitudes from taking hold and impeding diversity efforts. Fixing the step up to senior manager will set off a positive chain reaction across the entire pipeline, as more women will be available to promote and hire at each subsequent level. Put another way, more entry-level women will rise to middle management, and more women in management will rise to senior leadership.

Healthcare companies can take five specific actions to fix representation at the manager and senior manager levels. These actions are aligned with our broader research but have been tailored to the healthcare industry and its challenges. Since women of color face additional challenges, these actions should be adapted to this group's needs (see sidebar, "Targeted support for women of color").

Set a goal for getting more women and women of color into senior management

Healthcare companies should set and publicize an ambitious target for expanding the number of women at the senior manager level. Moreover, companies should establish goals for hiring and promotions—the processes that most directly shape employee representation. To increase female representation at executive levels, companies can focus on ensuring female representation across entry-level roles, particularly where senior leaders traditionally develop out of. They can also create and cultivate "non-traditional" senior leadership pathways for frontline staff (for example, nursing, case managers). For example, companies can offer frontline employees training and capability-building opportunities to develop the skill set that would qualify them for increasingly senior positions.

Require diverse slates for hiring and promotions

Organizations are more likely to ensure diverse slates of candidates for promotions at senior levels than entry-level positions. Research⁹ has found that a more diverse selection of candidates can be a powerful driver of change at every level. When two or more women are put forward for consideration, the odds that a woman will be promoted rises dramatically. This could be particularly beneficial in more formal promotion processes, like that which nursing floor or unit managers may face for the first time when being considered for more senior roles.

Put evaluators through unconscious bias training

Unconscious bias can play a large role in determining who is hired, promoted, or left behind.¹⁰ Companies are less likely to offer unconscious bias training to employees who participate in entry-level performance reviews compared with senior-level reviews, but mitigating bias at this stage is particularly important. Since candidates have less experience early in their careers, evaluators may make assumptions about their future potential based on their gender. Healthcare companies should invest in training to educate all evaluators on unconscious bias and create allies for women in early stages of career advancement. This training may be particularly beneficial for payers, where unconscious bias may be playing into the promotion rate for men at the senior manager level being nearly twice that for women.

Establish clear evaluation criteria

Companies must ensure the right processes are in place to keep bias from affecting hiring decisions and reviews. A critical step is establishing well-defined evaluation criteria in advance of the review process. Evaluation tools should also be intuitive and developed to aggregate objective, measurable input.

⁹ DuBois C, "The impact of 'soft' affirmative action policies on minority hiring in executive leadership: The case of the NFL's Rooney Rule," *American Law and Economics Review*, Volume 18, Number 1, 2016, pp. 208–33; Johnson SK, Hekman DR, and Chan ET, "If there's only one woman in your candidate pool, there's statistically no chance she'll be hired," *Harvard Business Review*, April 26, 2016, hbr.org; Martin J, "A fairer way to make hiring and promotion decisions," *Harvard Business Review*, August 13, 2013, hbr.org.

¹⁰ McKinsey & Company and LeanIn.org, "Women in the Workplace 2019," October 2019, womenintheworkplace.com.

Targeted support for women of color

To date, some companies have had success in adapting the five steps to promote women of color. A critical step is for executives to take the time to acknowledge the specific challenges faced by this cohort. Important barriers include the concept of being the “only,” and the perception of fairness in the workplace. Addressing these experiences and needs directly can help organizations design more targeted interventions while building on other ongoing diversity efforts.

Another hurdle cited by women of color is the glass cliff—that companies are more likely to appoint women to positions of authority during times of crisis, almost as if they are being set up to fail. Sponsors and mentors should be aware of this dynamic when advising women of color on career opportunities. However, women of color seeking leadership are often more than ready to take on those challenges.

Organizations should also promote transparency and communicate the fairness and objectivity of review processes. These efforts will ensure that the progress women make is perceived as merit-based by the entire workforce.

Put more women in line for the step up to senior manager

Women must accumulate the experience they need to prepare for management roles and raise their profile so they are considered for senior-level positions. The building blocks are not new—leadership training, sponsorship, high-profile assignments—but many companies need to redouble their efforts to provide female employees with access and opportunities. It is especially important to do so across all roles (for example, physicians, R&D scientists) so that diverse talent is more evenly distributed with equal opportunity for advancement. According to 2017 Women in the Workplace research, women who receive career guidance and direction from their

managers and senior leaders are more likely to be promoted. Healthcare companies should seek to obtain data on the performance of their current programs and identify employees who don't have sponsors and mentors. For instance, an organization could pair women with a senior leader who is tracking their progress and speaking on their behalf.

Our hope is that the events of 2020 will serve as a galvanizing force for change. This moment represents an opportunity for healthcare stakeholders to change the industry's narrative and environment—and improve people's lives in the process. The recommendations we have laid out can help organizations maintain their focus on gender diversity as competing priorities vie for attention and resources. Only through a sustained commitment will healthcare companies ensure that their workforce reflects the communities they serve.

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