

Achieving Global Pay Equity with BioMarin Pharmaceutical Inc.

Aon has partnered with BioMarin to bring the company's pay equity gap in the United States to virtually zero. This case study explains how we are able to achieve such an encouraging result in a short period of time.

Aon began working with BioMarin Pharmaceutical in 2018 to provide biannual pay equity analyses that examine base pay and total compensation. The California-based life sciences organization wanted to ensure it was meeting its pay equity goals, as well as the stringent standards set forth in the California Fair Pay Act that took effect in 2016. A separate fair pay disclosure rule was recently passed in California ([read our alert for more details here](#)).

Prior to the partnership with Aon, BioMarin conducted its own internal pay gap analysis using a variety of statistical techniques, which became labor-intensive as the company grew in both size and breadth of locations. Throughout our three-year partnership, the objective for BioMarin was not just to be in compliance with legal requirements; the biotechnology firm was also committed to ensure fair compensation by completely eliminating gender and ethnicity pay discrepancy. Although the gender pay gap at the start of the engagement was already minimal, BioMarin was committed to a complete elimination of any pay disparity. Accordingly, both gender and ethnicity pay discrepancy has been monitored closely and the gap has continued to shrink even amidst workforce changes (e.g., turnover, promotion, hiring).

The Situation

Aon has conducted pay equity analyses twice a year for BioMarin over the past three years – once in the fall before its compensation planning season and again in February before the firm's annual compensation cycle takes effect to ensure merit change does not perpetuate gender or ethnicity-related pay gaps. The analyses have evaluated base pay and total direct compensation, including variable pay components such as bonus and equity. In 2021, BioMarin completely closed the gender and ethnicity pay gap in the US.

"BioMarin has closely monitored pay equity throughout the years and as a result, the company has closed both their gender and ethnicity pay gap. Continued reviews followed by pay actions has helped in this effort," says Enpei Lam, director of performance and analytics in Aon's human capital business.

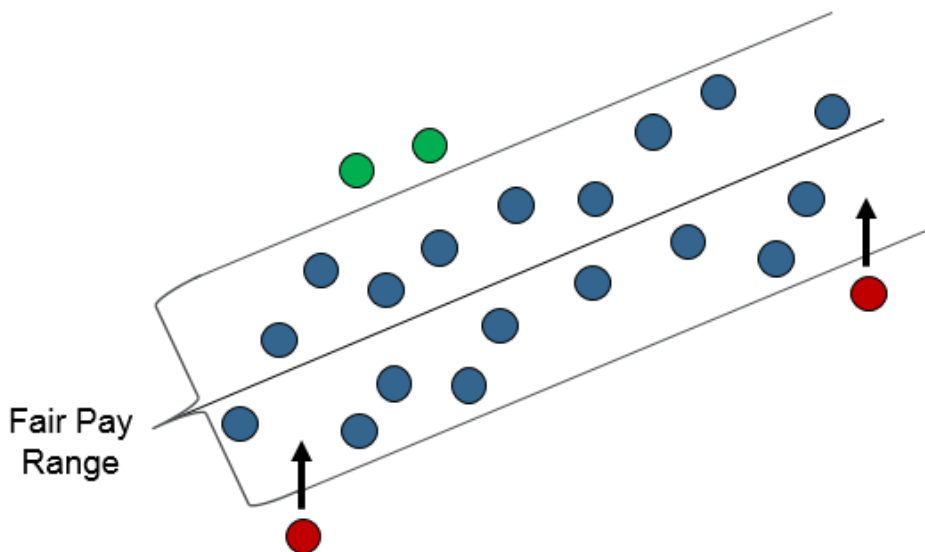
Not only is the analysis conducted biannually critical to closing the pay gap, BioMarin also has the support of a senior leadership team committed to pay equity. The training and tools rolled out to the recruiting team became just as important as the continuous focus on ensuring pay equity.

Our Approach

By leveraging multiple regression modeling, Aon's pay equity analysis controls for many factors, including business unit, job function/family, performance ratings, tenure, experience and more. There are two main outcomes we are achieving from the analysis. First, we ascertain if there is any gender or ethnicity-related pay gap among employees who are engaging in similar work and share similar professional background. If a discrepancy is detected, we provide pay adjustment recommendations and suggest a long-term strategy to prevent the discrepancy from recurring. Second, the analysis reveals pay drivers within a company. For example, does the company in fact reward for performance? If so, what is the pay premium for high performers?

Given the results from the analysis, BioMarin was able to make adjustments to compensation and their workforce strategy to successfully reduce and eventually eliminate pay disparity over time.

Figure 1
Aon's Regression Model Aims to Bring Employees Back Into the Fair Pay Range



Note: Dots represent an employee's pay relative to the fair pay range line of best fit. Green dots represent employees who are paid more than predictions and don't need adjustments to pay. Red dots represent employees who are paid less than predictions and need pay adjustment to bring them in range.

The Outcome

While BioMarin is celebrating a huge milestone for pay equity, the company says it's not stopping there and will continue to proactively monitor their workforce and take corrective action when necessary.

"We will continue our regular pay equity audits even though we've closed the gap. Our internal workforce and the wider labor market is continually changing and given we are constantly bringing in new talent, if we do not continue to monitor, we could inadvertently re-establish a gap," says BioMarin's SVP of Human Resources Amy Wireman. "Additionally, we are focused on making the same elimination of gap and continued monitoring in our locations outside of the US. It's the right thing to do."

As a positive example of achieving equal pay for similar work, the organization credits part of its success with maintaining its employee leveling and salary structures. Starting with these foundational structures is critical for defining similar work when conducting a pay equity analysis.

Next Steps

When an organization engages with Aon to conduct a pay equity analysis, we recommend thinking through a short- and long-term response plan. In the short term, a company should look at the data on who is underpaid and address issues with market adjustments. At the same time, the business needs to be flexible on individual circumstances — for example, situations where an employee is actually producing higher-level work to justify being paid above market and see if they should be slotted into a different grade or function. Proper documentation is crucial for this reason.

When it comes to thinking more long term, a business should continue to monitor and scrutinize its salary structure to ensure effective administration as well as pay equity.

For questions or more information about how Aon assists organizations with pay equity, please write to humancapital@aon.com.

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About Human Capital Solutions

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