

## Big pharma employee numbers stagnant as big biotech booms



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Big restructuring programmes affecting thousands of employees might make the headlines and paint a picture of a shrinking pharmaceutical industry but, as always, the actual story is more complex. Data collected from annual reports reveal that big pharma employee numbers have actually not dropped off much over the past six years, contracting only 4% since 2007 and flat last year.

Expansion in emerging markets has undoubtedly played a major part in keeping up the headcount, and of course the top-line figures mask big layoffs to sales teams in the US and Europe in the wake of patent expiries. Meanwhile a look just outside the ranks of big pharma reveals how important big biotech is to the sector in terms of recruitment - Celgene for example has almost tripled its employees in the past six years (see tables).

Big pharma employee numbers - year end						
	2007	2010	2011	2012	chg (11-12)	chg (07-12)
Johnson & Johnson	119,200	114,000	117,900	128,000	9%	7%
Novartis	98,200	119,418	123,686	127,724	3%	30%
Sanofi	99,495	101,575	113,719	111,974	(2%)	13%
GlaxoSmithKline	103,483	96,461	97,389	99,488	2%	(4%)
Pfizer	86,600	110,600	103,700	91,500	(12%)	6%
Abbott Laboratories	68,000	90,000	91,000	91,000	0%	34%
Merck & Co	59,800	94,000	86,000	83,000	(3%)	39%
Roche	78,604	80,653	80,129	82,089	2%	4%
AstraZeneca	67,400	61,100	57,200	51,700	(10%)	(23%)
Eli Lilly	40,600	38,350	38,080	38,350	1%	(6%)
Bristol-Myers Squibb	42,000	27,000	27,000	28,000	4%	(33%)
Schering-Plough	55,000	-	-	-		
Wyeth	50,527	-	-	-		
<b>Total</b>	<b>968,909</b>	<b>933,157</b>	<b>935,803</b>	<b>932,825</b>	<b>0%</b>	<b>(4%)</b>

Thanks to its acquisition of Synthes in 2011, Johnson & Johnson became the biggest big pharma employer last year, leapfrogging Novartis, data from *EvaluatePharma* show. Because of its diverse business arms, however, the group is unlikely to employ the most people specifically involved in human therapeutics.

Novartis is one of the few big pharma firms to reveal employee numbers by region; GlaxoSmithKline and Lilly also disclose to this level. A closer look at these details shows that the last two companies have cut US employees by 31% and 20% respectively since 2007 - Novartis was also slimming down in the US until it bought out Alcon, which substantially swelled its US ranks. At the same time in regions such as Asia and Africa employee numbers have grown significantly - trends that will no doubt be repeated across the cohort and reflects these companies' quest for growth outside their domestic markets.

The data also show that, despite the infamous patent cliff over which the industry has just toppled, employee numbers do not portray a similar precipice. A much bigger shift was seen over the 2007 to 2008 timeframe, with Bristol-Myers Squibb largely responsible for thousands of job losses after the pharma group sold units and made thousands redundant, although many other companies went through a period of employee retrenchment at that time.

### Growth businesses

As a group, however, the world's 11 biggest drugmakers have become a smaller employer over the past six years, by some 36,000 positions, retracting 4%, the analysis shows. The table below, meanwhile, shows the employee numbers, again as disclosed in annual reports, of other drug companies with a market value above \$30bn. This reveals that the group has added 41,529 employees over the same period, expanding as big pharma has been shrinking.

Different market forces will have been shaping these companies but all paint a picture of growth. The only exception is Amgen, which, despite being the first big biotech on the scene, is arguably more closely related now to big pharma with its ageing blockbuster franchise and struggles to find new growth drivers.

Teva, most known for generics but with an expanding speciality arm, has grown largely through a string of acquisitions; the remaining names have been expanding organically. Hugely successful franchises in focused fields such as HIV for Gilead Sciences, blood cancers for Celgene and diabetes for Novo Nordisk have prompted the explosion in employee numbers. The stock market values of these companies have also been boosted accordingly.

It is not surprising that growth stocks, as the majority of the companies below could be described, are hiring. It is also no revelation to see the huge, multinational big pharma groups shifting in structure – for employers of tens of thousands of people, restructuring never really ends. It will be interesting to see if the big pharma sector does eventually shrink overall – reports recently suggest that many are hiring again in the US.

But with Pfizer, long one of the industry's top employers, seemingly heading towards a break-up, any future drop in big pharma's headcount could reflect structural shifts rather than a leaner and meaner sector.

<b>Employee numbers for \$30bn+ drug developers</b>						
	<b>2007</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>chg (11-12)</b>	<b>chg (07-12)</b>
Baxter International	46,000	48,000	48,500	51,000	5%	11%
Teva Pharmaceutical Industries	27,912	39,660	45,754	45,948	0%	65%
Novo Nordisk	25,516	30,483	32,632	34,731	6%	36%
Amgen	17,500	17,400	17,800	18,000	1%	3%
Biogen Idec	4,300	4,850	5,000	5,950	19%	38%
Gilead Sciences	2,979	4,000	4,500	5,000	11%	68%
Celgene	1,685	4,182	4,460	4,700	5%	179%
<b>Total</b>	<b>125,892</b>	<b>148,575</b>	<b>158,646</b>	<b>165,329</b>	<b>4%</b>	<b>31%</b>

All data sourced from EvaluatePharma.

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