

EMPLOYMENT TRENDS IN 2003

2003 might have been one of the worst years for unemployment in the pharmaceutical industry, but there are signs that the market could be beginning to improve.

The pharmaceutical industry has always been perceived as being 'recession proof'. The constant need for new medicines ensured that pharmaceutical companies could ride economic storms and maintain growth, even through the most difficult periods of downturn.

But times have changed. The industry seems to have succumbed to economic pressure from the worldwide recession and is no longer such a safe haven of employment. The trend towards employment freezes and cutbacks, which began in 2002, has continued in 2003, and stories concerning job losses jockeyed for position with drug approvals and trial results on the front pages of industry news sources.

The most high-profile example came in October when Merck announced it was cutting 4,400 jobs worldwide — around 5% of its workforce — after a 1% drop in third-quarter profit. Worryingly, the company said it was likely that more job cuts would occur. The news followed Schering-Plough's announcement in August that as a result of plummeting earnings combined with issues concerning manufacturing, clinical, and sales and marketing practices, it planned global job reductions — beginning with a voluntary retirement programme to cut 1,000 employees. Mid-sized and small companies were also affected. Baxter announced it was eliminating around 2,500 jobs after cutting sales forecasts, and Millennium Pharmaceuticals, despite its proteasome inhibitor bortezomib (Velcade) being approved this year, announced it was reducing its headcount by 600.

The changes in fortune during the recession have occurred because the industry is being hit by other knock-out punches at the same time. Companies are being affected by competition from generics and there is a lack of new blockbuster drugs coming through the pipeline to replace big-sellers coming off patent. In the United States, lobby groups calling for price controls and reports of people travelling to Canada to purchase cheaper drugs have placed further pressure on companies.

Also, mergers and acquisitions, which many see as a sign of ailing pipelines, create duplication in the workforce — so-called 'natural wastage' — which needs to be pruned. This usually involves non-renewal of contracts and voluntary redundancies, and rather than hiring during this time, companies have often been relying on in-house staff to pick up any slack in the working system. Although Pfizer has not made any official announcements following completion of its purchase of Pharmacia this year, both companies had a hiring freeze for 10 months before the merger, and Pfizer has begun an R&D reorganization, which many suspect will lead to job cuts.

"Overall, these freezes and cutbacks have been occurring across the board," says Pearl Freier, Managing Director of Life Sciences at Talent Capital Group, a recruitment consultancy based in Cambridge, Massachusetts.

For example, the annual salary survey from the American Chemical Society (ACS) showed an unemployment

rate of 3.5%, the highest recorded in more than 30 years, following the record-breaking rate of 3.3% in 2002. "The last two years are the strongest hits felt by R&D chemists," says Mary Jordan, at the ACS's Department of Career Services. "Most of the unemployment rise was a product of chemists working in the traditional chemical manufacturing areas, but those working in biotech showed a sudden and sharp rise in unemployment, contributing heavily to the rise from 3.3 to 3.5% unemployment."

This means that there are too many people and too few jobs. "People I used to have to find now call me, with some people looking for a year for a position," says Freier. "In these cases, they need to be more creative and productive; for example, I sometimes suggest they do consulting for small companies. They may receive little or no compensation but will keep abreast of industry developments."

"The lack of R&D positions has tempted many to leave the bench for more administrative roles, such as regulatory affairs," says Ian Briggs at AJA Executive Ltd, a search and recruitment consultancy based in Birmingham, UK. "But lack of experience in these fields means this is sometimes difficult to break into." Often, people have ended up taking sideways steps internally.

But towards the end of this year there seem to be signs that the market might be changing. In October, Biopolis — a massive research complex that will eventually host more than 1,500 scientists — opened in Singapore, representing one of the largest international recruitment drives ever undertaken in Southeast Asia. Already, Novartis plans to move its Institute for Tropical Diseases there.

In addition, recruitment consultants have noticed that the big companies have begun to recruit more aggressively in recent months. Companies have started going to other company events to find people, and the presence of big companies at recruitment fairs has noticeably increased.

"In the last six months things do seem to be more buoyant in the pharmaceutical industry in the UK," says Ian McKinley, Senior Marketing Consultant at SRG, a UK-based recruitment company. This is partly because employment duplication issues with some post-merger companies, such as GlaxoSmithKline, have been resolved, which means they are ready to start hiring people with the missing skill sets. Also, the prolonged recession in manufacturing means the UK is relying to a certain extent on knowledge-based industries to carry the economy. "Companies had been on a diet; now things are looking better, they are starting to replenish themselves," says Tom Bramswig, President of Pharmaceutical Careers, a recruitment firm based in Pleasantville, New York.

"The overall picture is that whilst it is certainly not growing, the recruitment field is certainly better at this point in 2003 than at the same point in 2002," says Briggs. "I doubt it will get any worse, and there are positive signs that it could be starting to turn the corner."

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