



# Biopharma focus: Gender diversity

A study of leadership teams at the top 50 pharmaceutical companies around the world highlights the current state of gender diversity and suggests ideas for leaders who want to improve it.

The benefits of having a diverse workforce, including at the top, are well known.<sup>1</sup> Biopharmaceutical companies are making strides in gender diversity, but both securing these executives and retaining them are proving difficult for many.

Indeed, just 6% of CEOs at these companies are women; this figure, while low, is roughly on par with the 7% of women CEOs in the Fortune 500.<sup>2</sup> At the executive level more generally, one study shows that, among nearly 200 biopharmaceutical companies around the globe, some 16% of C-suite executives are women.<sup>3</sup> To get a better sense of how women executives in biopharma are progressing and moving around both within the industry and beyond it, we reviewed the leadership profiles of 893 women on leadership teams in the top 50 global pharmaceutical companies.<sup>4</sup>

We see high competition for women executives among biopharma companies. The trends in internal and external hiring and among the smaller companies versus the larger companies we researched can help senior leaders build strategies to increase the gender diversity of their leadership teams.

1 See Vivian Hunt, Lareina Yee, Sara Prince, and Sundiatu Dixon-Fyle, *Delivering Through Diversity*, McKinsey & Company, January 2018, [mckinsey.com](https://www.mckinsey.com); Marcus Noland, Tyler Moran, and Barbara Kotschwar, "Is gender diversity profitable? Evidence from a global survey," Peterson Institute for International Economics, February 2016, [piie.com](https://www.piie.com); and Dieter Holger, "The business case for more diversity," *Wall Street Journal*, October 26, 2019, [wsj.com](https://www.wsj.com).

2 Emma Hinchliffe, "The number of female CEOs in the Fortune 500 hits an all-time record," *Fortune*, May 18, 2020, [fortune.com](https://www.fortune.com).

3 Andrew Dunn and Ned Pagliarulo, "Follow the money: How biopharma CEOs and workers got paid in 2018," *BioPharma Dive*, May 28, 2019, [biopharmadive.com](https://www.biopharmadive.com).

4 Our research looked at women at the vice president level and above; data are current as of June 2020.

## The state of gender diversity in biopharma today

The share of women in leadership roles in biopharma companies across regions is largely aligned with where those companies are located. For instance, as the home to the majority of large biopharma companies, the United States claims 55% of these women leaders. Countries across Europe—specifically France, Germany, Switzerland, and the United Kingdom—also have a large share of these leaders, while fewer are in the Asia Pacific region.

### Shares of women in leadership roles by company size

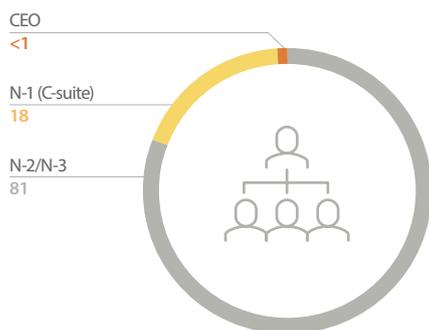
Global ranking	Executives	% of companies	% of women executives
1–10	252	20	31
11–25	295	30	37
26–50	255	50	32

Note: Number of executives may not total 893, due to variations in the data availability on specific points.

It's notable that the largest companies far more often promote from within: 70% of the women leaders at the largest companies were hired internally, compared with 57% at the smallest of the companies surveyed. This suggests that large companies are better able to develop and retain women leaders. Large companies more often have diversity and inclusion (D&I) programs and other means of enticing women to stay, including more room for growth and more levels. In Europe, large companies may have offices across countries, presenting more opportunities for women to move up.

However, there does still seem to be a ceiling for women at these large biopharma companies: the vast majority are in senior leadership but not C-suite roles, and just a handful have reached the CEO position.

### Women executives by level (%)



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One reason for this could be because the pipeline of women remains small. However, the data also show women leaving these largest companies to take CEO and C-suite roles at smaller companies, especially biotechs. Women chief executives are very rare in the drug industry in particular: 12% of all those captured in the study changed roles in a period of just nine months, with nearly three-quarters of those moving to companies too small to be included in our study or outside the sector entirely.

### Where departing women executives go

	% of those who moved
Executives who have moved to another large biopharma company during the study period	26
Executives who have moved to smaller companies during the study period	74
Moved to a smaller biopharma/biotech	48
Moved to other sectors	52

Women hold leadership positions across functional areas, with the largest number in the various research and development (R&D) functions that are core to pharma operations. This is likely because R&D is made up of various subfunctions that provide leadership opportunities and because roles in R&D are typically split by therapeutic area, again offering more positions to be filled.

### Women in leadership positions across functional areas

	N-1	N-2/N-3	% of total
Research & development	10	150	20
Operations and general management	25	119	18
Commercial	12	98	14
Legal, risk, and government affairs	15	62	10
Supply chain	18	46	8
Finance	1	59	7
Human resources	25	30	7
Strategy	6	49	7
Information & technology	10	30	5
Communications and public affairs	11	25	4

Note: Number of executives may not total 893, due to variations in the data availability on specific points.

However, the numbers for R&D show a bottom-heavy pyramid: in the C-suite, just 10 women are in R&D roles, compared with 62 in support functions and a further 61 in other operational functions, including strategy and supply chain.

Women have more often been promoted to the C-suite internally for roles in legal, HR, operations and general management, and finance, while external placements occur more often in IT, communications and public affairs, and R&D. In part, this may be because some companies need external R&D expertise when they are entering a new therapeutic area.

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### External versus internal promotions for women leaders

	External	Internal	% of external
Communications and public affairs	16	18	46
Information & technology	18	22	45
Commercial	46	63	42
Human resources	23	32	42
Research & development	57	99	36
Strategy	19	36	35
Finance	19	41	32
Legal, risk, and government affairs	23	53	30
Operations and general management	43	99	30
Supply chain	17	47	27

Note: Number of executives may not total 893, due to variations in the data availability on specific points.

In summary, companies are making progress and women leaders are in demand in the industry, but there's still work to be done to secure and retain women leaders and enable them to reach the highest levels of these companies.

## What senior executives should consider to increase gender diversity

While there is some nuance between smaller and larger biopharma companies, there are a few practices that can help all leaders increase the gender diversity of their teams.

### Ensure there's room to grow

Creating a pipeline and building up the number of women at lower levels, as many of the surveyed companies have done, are important, but since the data suggest that women are moving up by moving out, potential recruits may well question the likelihood of women reaching the highest levels or assume the company has a broken culture. Leaders should ensure that women can see a path upward and are given opportunities to climb the ranks.

Perhaps most immediately, given that most women biopharma leaders are in the R&D function and that women in R&D are less often promoted internally than women in other functions, executives can assess how to create paths for women to R&D leadership roles and be sure to consider these women for promotions to other roles.

Since larger companies more often promote from within, smaller companies can learn from them in some ways to likewise create a path for women. Though they will never have the same number of opportunities to offer, their small size, with fewer levels, can allow some women to progress faster to top spots. Leaders at these companies should also be open to creating new roles for women who are ready to make a move. And large and small companies alike should be vigilant about ensuring diverse slates for internal hiring, as well as ensuring that the executives and other stakeholders interviewing candidates are themselves diverse.

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### Focus on retention through culture

Our research shows that women spend about 3.5 years in executive roles in these companies and that there's a relatively high attrition rate. It's clear there's a competitive market for women in this field: they have ample opportunities and are often recruited, making retention efforts critical. Senior leaders need to be aware that they may have a short window to make an impact and encourage women to stay.

An inclusive culture where women feel welcome, respected, and heard goes a long way toward both encouraging women to stay and attracting women from other companies or industries. Work across industries by Heidrick & Struggles underlines the fact that such efforts need to start at the board level; if the board isn't committed, it will be difficult for executives to put the necessary effort in.<sup>5</sup>

Other recent research we've conducted highlights the importance of focusing on inclusion at the team level. Well-functioning teams are crucial to sustaining performance over time, and we recently found that companies that more often have formal strategies to create inclusive environments at the team level are also companies that more often see a range of business benefits from diversity and inclusion.<sup>6</sup>

Leaders can also consider bolstering benefits, especially related to flexible working hours or locations, and offering opportunities to be mentored, as well as continuous education and training. While strong benefits related to childcare—as offered in some countries, particularly in Europe—can be a large pull factor, strong internal mentorship to help women develop can also play a big role in encouraging them to stay.

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<sup>5</sup> See Emily Amdurer, "How leaders can help workers thrive now—and build a foundation for growth," Heidrick & Struggles, May 12, 2020; and Nancy Lataille, Mitch Montoya, and Harry O'Neill, "The evolution of LGBTQ inclusion: Building cultures of greater acceptance and stronger communities," Heidrick & Struggles, May 5, 2020, [heidrick.com](https://heidrick.com).

<sup>6</sup> Krishnan Rajagopalan and Lyndon A. Taylor, *Meeting the Inclusion Imperative: How Leaders Can Link Diversity, Inclusion, and Accelerated Performance*, Heidrick & Struggles, April 30, 2020, [heidrick.com](https://heidrick.com).

## Highlight the mission

Big biopharma companies sometimes struggle to recruit from outside the industry; some prospective recruits don't consider the industry competitive, and, especially in the United States, it has a reputation for being too commercially driven.

Biopharma companies that are more mission oriented, particularly in the context of the COVID-19 crisis, can highlight the important contributions they make to society and entice more people from outside the industry to join them, as well as discourage people from leaving by creating a sense of purpose. Heidrick & Struggles research into purpose reveals that 60% of employees who view their company as "purpose-driven" feel a sense of ownership; this is compared with just 39% of those working at companies where the purpose isn't clear.<sup>7</sup> This sense of ownership can encourage employees, including highly sought-after women, to stick around.

Another aspect of a focus on mission can be to help develop a pipeline of diverse young women in science through educational programs, paid internships, and funding academic science and accessibility.

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The senior executives of the largest biopharma companies are largely men. But these companies do have large shares of women in arguably their core function—R&D—and don't promote them as often as they do women in other functions. By beginning with a focus on improving their retention and the career paths for their existing women R&D leaders, these companies can move quickly to make their most senior ranks more gender diverse.

<sup>7</sup> For more on defining and activating purpose, see Alice Breeden, Rose Gailey, and Duncan Wardley, "Activating organizational purpose," Heidrick & Struggles, June 29, 2020, [heidrick.com](https://heidrick.com).

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