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ASIA EDITION

# The New Pandemic of Layoffs

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**Employees across various sectors have been hit hard due to various restructuring measures leading to layoffs. It is quite detrimental for an employee to lose a job, however, various factors play a role in a company to take the harshest possible measures. Globally pharma companies have been going in for layoffs and the Asia Pacific (APAC) region is no exception to this. We will take a look at the layoffs in pharma companies across the globe.**



The word layoff is accustomed to us and many companies across the globe take part in this exercise. Excuses like global recession, the so-called term 'restructuring' etc. are often used when companies take part in this exercise. Bad management policies and inability to sustain in a competitive environment are some of the other factors leading to layoffs.

The pharma sector is no exception and according to media reports, there have been quite some layoffs happening now and then. Though in a company hierarchy, the top management usually remains hardly affected by this exercise, it is the middle and low-rung employees who suffer the most. Adding to it, the COVID-19 pandemic led to many openings in the healthcare and pharma industry.

With the pandemic weaning off, a lot of companies have gone back to the drawing board to analyse the drop in COVID-19 tests, vaccines, hospitalisations etc. Geopolitical chaos, including the Russia-Ukraine war, the resurgence of COVID-19 in China, climate change, etc., further impact the market dynamics. War-associated sanctions have raised energy and commodities prices, alongside constantly increasing costs of essential raw materials and API, labour, packaging materials, and intermediary costs, impacting overall production timelines and prices.

## Impact on the Asia Pacific region

Chinese company Zybio, which specialises in R&D, manufacture, sales and technical services of in vitro diagnostic reagents and equipment, with the headquarter and manufacturing centre located in Dadukou District, Chongqing, recently laid off nearly 8000 workers leading to violent unrest in office premises of the company.

Contract manufacturing giant Catalent has wrapped up the expansion of a clinical supply facility in the Waigaoqiao Free Trade Zone (FTZ) in Shanghai, China. The company is also cutting 400 temporary and full-time workers in Bloomington, Indiana and more than 210 workers in Texas and Maryland.

India did not bear the brunt of mass layoffs in the pharma sector. However, French drugmaker Sanofi was planning to review its operations at two of its vaccine-making facilities in Hyderabad. The company plans to let go of all 800 employees at the plants. The company is offering a voluntary retirement scheme (VRS) to all its employees at two sites near Hyderabad. The drug maker employs a total of 5000 employees.

Switzerland-based Novartis plans to go in for a huge makeover. There are reports that the company is going in for a new organisational model and restructuring where some top executives and about 8,000 employees are likely to lose their job.

Novartis India, in a bid to improve drug access for the pain relief drug Voveran, made a sales and distribution agreement with Dr. Reddy's. However, it resulted in the layoffs of about 400 employees.

More recently, Johnson and Johnson announced the de-prioritisation of certain therapy programmes, including those of COVID-19 vaccines, which will have a direct impact on several existing jobs.

Back in June 2022, Pfizer India announced the layoff of over 200 field forces with the claims of 'redundancy,' despite earning huge revenues. The Federation of Medical and Sales Representatives' Associations of India (FMRAI) demanded the revocation of the decision, owing to a lack of strong reasons for the layoffs. However, the company responded to a changing go-to-market strategy, resulting in several changes in the workforce.

Says **Aarti Chitale, Senior Industry Analyst, Healthcare & Life Sciences, Frost and Sullivan**, "Owing to all constant changes and issues, the Asia Pacific region was also strongly hit by pharmaceutical industry layoffs. Whilst companies are working towards reducing the impact of the ongoing geopolitical changes, such as the adoption of digitisation across crucial activities like distribution, track and trace, clinical research, manufacturing and many more, it is directly impacting the manual labour requirement, making it redundant by the day."

**Worldwide scenario**

US-based Finch Therapeutics has cut 37 per cent of its workforce and halted a preclinical programme as part of a restructuring triggered by Takeda's recent decision to cut ties with the microbiome drug developer.

Amgen, which has around 24,200 staff members in over 50 countries, recently laid off between 300 and 500 US employees, about 1.2 per cent of its total workforce, citing organisational changes to its commercial team. One of the speculated reasons according to the California-based drugmaker is adopting digital marketing tools for the long run.

Following this Darmstadt, Germany is letting go of 133 jobs in Billerica, Massachusetts, US as part of a restructuring effort. According to a report in Boston Business Journal, the recent layoffs equate to an approximately 26 per cent decrease in staff in Billerica, consisting of about 500 employees, and an 11 per cent decrease in its US-based EMD Serono employee base.

Thermo Fisher is seeing a two-thirds drop in sales of its COVID-19 tests in 2022 and began laying off hundreds of workers at three manufacturing sites in California. According to media reports, Thermo Fisher is permanently eliminating a total of 230 jobs at the sites, all of which are in San Diego County. Thermo Fisher reasoned that the staff reduction will allow the company to improve efficiency and remain in line with current manufacturing volume demands.

UK-based CDMO Abzena recently laid off 66 employees in San Diego. The company recently hired a new CEO before the layoffs.

News is that Johnson and Johnson and its subsidiary Janssen Biotech are going in for an overhaul of operations for the infectious diseases and vaccine groups and ultimately lying of employees.

According to **Mayank Chandra, Managing Partner, Antal International**, a global recruitment firm, generally, layoffs include underperformers and help in streamlining the talent pool. At one MNC, the therapies or businesses that have become redundant, or low revenue businesses for the company, there has been restructuring in those business units, on the basis of which there have been substantial lay-offs.

**Some solace**

Amidst the layoffs, Massachusetts mRNA star Moderna is staffing up big time, and the company's new chief technical operations officer figures this is just the start. Eyeing potential launches beyond its COVID-19 vaccine Spikevax, Moderna will

hire roughly 2,000 new employees in 2023.

There are instances of labour shortage and going in for skilled employees. Labour and skill shortages are among the second most important external factors disrupting business strategy.

Says **Rituparna Chakraborty, Executive Director and Co-Founder, TeamLease Services**, "The workplace is evolving so rapidly that 76 per cent of the global workforce is not equipped with the requisite skills to function in the new digitally focused workplaces. As organisations across the globe adopt new pedagogies for skilling, it would serve them well to look upon skill development as an integral step to creating long-term value for the organisation. HR Leaders need to assess their Skilling Strategy and come up with a democratic, long-term plan integral to creating sustained value for the organisation."

Despite layoffs, the Asia Pacific region is also witnessing a simultaneous surge in drug discovery and development outsourcing activity, as well as a growing focus on advanced therapies. Across the APAC region, in both developed and emerging markets, there are several TEDD (tech enabled drug discovery) companies, such as Standigm, Intuition Systems, XtalPi, NEC, AI Dynamics, Baidu, etc., which provide AI-enabled drug discovery services. In this regard, jobs across AI/ML, cybersecurity, and data analytics are especially attracting large-scale hiring in the pharma IT sector.

Frost & Sullivan's upcoming Asia Pacific Pharmaceutical Industry Outlook suggests a rise in data management, analytics, and data collection roles in the APAC region, alongside a surge in core drug discovery technology expertise in the form of biotechnologists, biotech engineers, cell biologists and many more, in line with the growing drug discovery and development activities in the region. Hence, despite ongoing layoffs, there will be a demand for newer roles in the pharma sector including those of specialised IT roles, paving the way for better opportunities.

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