Background

- Pharmaceutical executive committees affect the lives of their employees and consumers, as well as the policies and practices of the global pharmaceutical marketplace. Therefore, it is worthwhile to pursue benchmarking and evaluate the diversity of executive committee boards.
- As pharmaceutical companies operate extensively within the businesses of science and healthcare, the education background of their leadership is worth examining. Additionally, gender diversity on boards of directors has garnered increasing attention and focus. Alongside voluntary quotas in corporate governance codes and increased female representation on boards, which is now required in several European countries. Lastly, the age of committee members may also show the balance between innovation and experience.
- In principle, support for diversity has grown. However, progress is lagging and controversy centers around its impact. Diversity may enhance committee decision-making and monitoring by disrupting the effort to achieve consensus and appraise other perspectives. Additionally, the experiences of a more diverse committee may highlight different questions and concerns.

Objective

Generate a benchmark of diversity in the corporate leadership of major pharmaceutical companies according to the 2017 Fortune 500 list, demonstrated by:
- Gender of executive committee member
- Undergraduate and post graduate degrees
- Approximate age

Methods

1. A list of 11 major pharmaceutical companies across 5 global countries for the 2017 fiscal year was compiled using the Fortune 500 database.
2. A comprehensive list of all executive committee members from the identified 11 major pharmaceutical companies, when available, was compiled based on public online database records via respective corporate websites.
3. Educational background (undergraduate, post graduate, master of business administration (MBA)), gender (M or F), and approximate age (yrs) background was compiled utilizing public online database records via Bloomberg, Reuters, LinkedIn, and respective corporate websites.

Results

- Education – Largest proportion of board members have undergraduate business degrees (n=30, 27%), followed by science (n=19, 17%); 10% of all evaluated board members graduated with engineering degrees. Based on the outlined methods, the undergraduate background of a significant number of board members (n=27, 24%) could not be evaluated limiting the conclusions of this research.
- Gender – Of the 111 executive committee members evaluated are female (22%). The % is below that of the overall population, but is higher than the 2015 % of female Fortune 500 board members. The result corresponds to the trend towards increasingly diverse boards.
- Age – Public availability of executive committee member age is limited. Majority of evaluated leaders are between 50-60 yrs old (n=60, 69%). However, a higher % of these leaders are younger than 50 yrs old than the cross-industry average of 6% (n=12, 14%). Results may represent faster career mobility within the pharmaceutical industry than average.

Limitations

Limitations to the data and data analysis:
- Turnover among executive committee members occurs consistently and this research only reflects a snapshot of time. The diversity of these committees cannot be interpreted as constant and the importance of a short-term perspective on level of diversity may be small.
- Correlation does not demonstrate causation. Companies that are more diverse are better positioned to attract associates with diverse backgrounds; better performing organizations are resourced to pursue diversity; companies can be affected by public and investor influence to increase committee diversity.
- Demographic data was not available uniformly for each company in the data set. As a result, some information was not available and some may not have been included due to public availability.

Future Direction

Interest in the diversity of corporate leadership teams is a topic that is unlikely to fade. Future studies could evaluate trends in diversity over time and include further perspective on the breakdown of graduate and post graduate degrees earned by boards at these and similar companies. Furthermore, the relationship between diversity and performance could be evaluated

Disclosures

Authors of this presentation have nothing to disclose concerning any potential conflicts of interest.

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Eduational, Gender, and Age Diversity in the Corporate Leadership of Fortune 500 Pharmaceutical Companies

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Conclusions

- Future studies could evaluate trends in diversity over time and include further perspective on the breakdown of graduate and post graduate degrees earned by boards at these and similar companies.
- The relationship between diversity and performance could be evaluated.