HR Issues and Challenges in Pharmaceuticals
with special reference to India

Mishra SOVANJEET [1]

Abstract

According to PricewaterhouseCoopers report India's Pharmaceutical sector is estimated to touch US$ 74 billion in sales by 2020, from the current US$ 11 billion. Now, India is among the top five pharmaceutical emerging markets. Despite rising attention on development of pharmaceutical sector in India, little attention has been paid to the role of human resource management which can serve as a vital factor for the growth of pharmaceuticals. At present there are several HR issues and challenges that are being experienced by the pharmaceutical sector.

In this paper, I have analyzed several research data (i.e. collected and processed information by some other person or organizations) and case studies pertaining to pharmaceutical industry in India and found that talent management, rate of attrition, gender inequality, stress at workplace, and changing talent expectations are some of the key issues and challenges that are to be focused at. Different HR strategies should be framed to tackle this situation.

Introduction

Pharmaceutical Industry in India: according to PricewaterhouseCoopers report India's Pharmaceutical sector is estimated to touch US$ 74 billion in sales by 2020, from the current US$ 11 billion. Barclays Capital Equity Research report on India Healthcare & Pharmaceuticals stated that, the Indian pharmaceutical market is expected to grow at a CAGR of 15.3 per cent during 2011-12 to 2013-14.Now, India is among the top five pharmaceutical emerging markets. According to PwC & CII, Indian pharmaceutical industry has been consistently growing at a CAGR of more than 15% over the last five years. As per the data published by Department of Industrial Policy and Promotion (DIPP), the drugs and pharmaceutical sector attracted foreign direct investment worth US$ 9,776 million from April 2000 to November 2012. According to data from research firm IMS Health, year 2012 played a vital role in India's pharmaceutical industry and it closed with a growth of 12% and in the year 2013 it is expected to touch a

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[1] *Mishra SOVANJEET*, Great Lakes Institute of Management, Chennai, India,
  Email: sovanjeet.m@greatlakes.edu; sovanmishra83@gmail.com,
  Phone: +91-9884174885

double digit growth of (13-14) %. India's export in drugs, pharmaceutical and fine chemical grew by 27% to Rs.60, 000 crores for the year ended March, 2012, according to Pharmaceutical Exports Council of India.

Objective of the study:
- To retain and manage the talent.
- To develop HR strategies to reduce the rate of attrition.
- To trace gender inequality and empower women.
- To develop procedures to manage stress.
- To develop principles and policies for upgrading status of the employees.

1. Talent Management

Currently, Indian pharmaceuticals are experiencing heavy talent crunch. The main issue here is that the traditional talent model is outdated with the change in talent expectation. Indian pharmaceuticals being a competitive and emerging market need to attract retain and assist talented individuals. In the era of globalization and technological advancement, organization should focus on management of knowledge workers, skilled and talented employees that are short in supply as compared to that of demand. Organizations should adopt different strategies for managing talented employees. Talented employees are often referred as 'high flyers'. 'Talent Management' is defined as the science of using different human resource strategies to improve business value and to achieve organizational goal. The term 'Talent Management' was coined by McKinsey & Company following a 1997 study.

Past literature highlights the following evolutionary stages and strategies of talent management which are following:
- Stage (I) all employees are treated at par and no separate strategies for talent management was developed.
- Stage (II) it is evolved by isolated and ad hoc tactics rather than comprehensive strategies of talent management.
- Stage (III) it is characterized by integrated and comprehensive talent management strategies for a particular segment of an organization.
- Stage (IV) Talent management strategies are design to link to HR strategies and corporate strategies.

The talent management strategies such as relationship management, pay, benefits and allowances, career and succession planning, bondage, job title, representing the company, recognition, nature of work, work environment, change and creativity, freedom, learning and developing would help the organization to retain, develop and utilize the talent [1].

But following serves as the best fit talent management strategies for Indian pharmaceutical industry [7]:
- ✓ Help Employees stay-Retain your best employee by adopting best HR practices.

- ✓ Focus on Fit –Select those people whose personalities align with organizational culture.
- ✓ Ease Transitions-Make your employee adapt to the changing environment by mentoring programs and assimilation coaching.
- ✓ Make the position attractive –Highlight the opportunities & challenges of the profile.
- ✓ Manage the folklore factor-People should know what you want them to know about your organization.

A firm in a knowledge based sector will have to find out the relationship between talent management, the knowledge economy and intellectual capital in its value chain.

In present scenario, ICT (information and communication technology) in firms help knowledge workers to contribute to the production of intellectual capital. Now days the term manager is replaced by Knowledge workers because all managerial work today has a knowledge and talent component. So talent management is considered as a point of convergence between management theory and human resource management. Furthermore, Harvard has always been synonymous with *'talent management'* even before this term became popular in contemporary management theory. The concept of Talent management emerged from the research based on war for talent which states that a firm does a number of things to fight the war for talent, because a firm has good understanding of whether it is product based or service based and hire and manage talent accordingly with some value addition. A differentiated workforce and talent integration also serves as a technique for managing the talent [2].

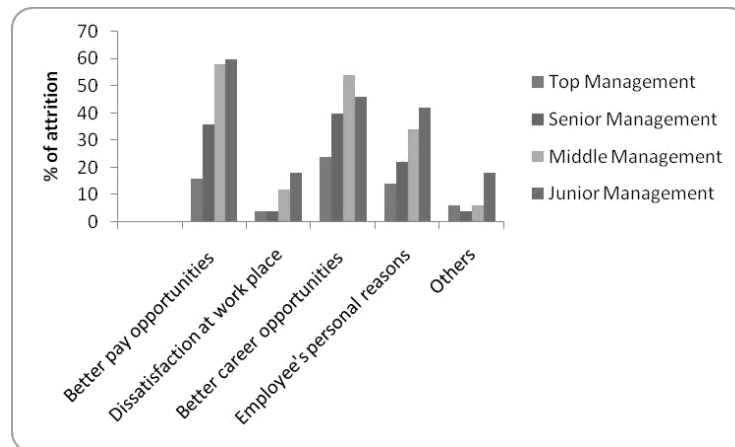### 1.1 Changing Talent Expectations

It has been a recent challenge that pharmaceuticals are experiencing not only in India but across the globe. In the present scenario the millennial & Generation X have become greedier in terms of compensation and want a luxurious working lifestyle from the day one they enter into the job sector and cases associated with it are following:

Case study 1: Mr. Ronald C Sequeira, Executive Director of HR, at Glaxo Smith Kline Pharmaceuticals Ltd. pointed out that young people in India don't want to do the grunt work and straightaway go into fancy jobs. He stressed that young people should do entry level job, so that when they reach apex of the organization they get to know how to make strategy at operating level [12].

Case study 2: In the recent 8th, Annual Pharma HR forum held in May 2013 at Amsterdam in which Natalia Skakunova, Director (Hr), Geropharm said that young specialist who have just graduated with no actual experience, already think of themselves as professionals in business and demand salaries as high as we pay to truly qualified specialist with brilliant professional ground and several years of experience [13].So the organizations have to work harder to formulate strategies to tackle this situation.

2. Attrition and Retention

At present, Indian Pharmaceutical sector have registered highest attrition rate. Pharmaceutical, healthcare and life science has the highest overall attrition at 22%. Attrition is highest at middle management level [8].Retention management is the concept in which organizations design and implement retention strategies in order to keep the existing and valued employees with scare skills and talent. Literature identifies some of the strategies to retain the employees are competitive pay, continuous training, efficient career planning, succession planning and development, good human relations, identifying employee grievances and employ corrective measures, family involvement programs, internal mobility and job change, meet employ growing demands and innovative strategy of creation of social capital [1].

Figure 1. Attrition in Pharmaceutical Industry, International Research Journal, ISSN- 0975-3486
(*Source:* Dhotre, A., (2010))

Main reasons for high attrition in Pharmaceuticals in India:
- Competitive Pay: As per the latest data by Deloitte Compensation Trend survey 2012, increment in the healthcare sector is among the lowest across all sectors in 2012-2013. Median variable pay is at 15% and even few pharmaceutical players do not have a variable pay scheme in place. Variable pay for this sector is lowest at Junior and Middle Management levels. As the organization in this sector have recorded a decrease in the annual increment percentage, which might be a reason for employees opting for a high rank with a competitive pay.
- Personal Reasons: Sales forms the main parameter in promoting business in Pharmaceuticals industry. This rigorous nature of sales in the job profile of the employees forces them to quit their job in this industry at regular intervals.

> ➢ Better Career Opportunities: Especially employees of junior management level which constitutes major sales profiles as graduates quit their job for higher studies for a better pay and a higher rank [8]**.**

Attrition in Pharmaceutical Industry can be reduced by providing a good work environment to its employees in terms of supportive work culture, training programs, and policy in place for conflict management and appropriate rewards and recognition program [9].

3. Gender Inequality

As per data published by Times of India (TOI), Bhubaneswar edition 16-03-2013, gender inequality in India is the worst in the world. As per report by TOI, Bhubaneswar edition 09-03-2013, India Inc. gets more women in top management, but unfortunately, there are very few ladies in the board room of pharmaceutical companies, except in few promoter owned companies.

3.1 Empowering women at work

Pharmaceutical companies need to develop women-friendly policies as well as strategies to recruit, retain and provide career advancement opportunities for women to ensure greater participation in the workforce. We have to take examples of banking and FMCG sector which has produced successful lady CEO's. Near about 1 billion women are to enter the workforce in next decade and we cannot ignore the pool of talent generated from this women workforce, rather organizations should tap these potential for generating revenue and economic growth of the country because gender equality and women empowerment has direct correlation with GDP growth, infant mortality rate and literacy rates [10].

But there are certain pharmaceutical and healthcare companies in India who have taken initiatives for promoting women workforce to a large extent in their organization and to name a few are: Biocon, Quintiles India, Karmic Life sciences and Medtronic India. Similarly other pharmaceutical companies should take initiatives by slightly modulating the HR policies and making it a bit women-friendly to manage to retain women employees and train and advance them to middle and senior management position in the organization. Flexi work hours and work life balance, safety and security, education and training and equal opportunity for women are some of the modification in the HR policies that would motivate and promote women to work in the organization for longer span of time. No single initiative can guarantee retention of women at workplace. Cases regarding the same are following:

Case study 3:Pfizer, a research—based pharmaceutical firm has a supplier diversity program with women and minorities, more than five child care facilities, a phase-back program for new moms returning to work, and flexi time.

Case study 4: Both Quintiles and Karmic Life sciences offer flexible working options including option to work from home, part time employment options as well as flexible working hours [11].

4. Stress at Work Place

Stress is a more common term for employees working as medical representative or sales personnel in pharmaceuticals. Unmanaged stress has a negative impact on employee's physical and mental well-being. Different parameters such as long working hours, work overload and ambition to perform better leads to stress. Stress cannot be completely eradicated; rather some preventive measures should be taken to make the working environment more conducive for the employees. We can manage stress by identifying root cause of the problems and devising solutions for that. But the question is that, Are pharma companies in India aware of this problem? Yes they are but only the HR Department is active enough. It should be the combined effort of Managers, HR and the employee himself to tackle this problem [16].

Pharmaceuticals should adopt following methods to manage stress [15]:

- Educating managers to recognize when a member of their sales force is struggling to cope and offering 24 hour Employee Assistance Programs(EPA) and counseling services.
- Flexible and part-time working options to improve employees work life balance. For Ex- UK based pharmaceuticals.
- Organization should frame and implement remedial stress policy.
- Improve quality of workplace benefits such as meals, recreation, break-out areas etc.
- Engage employee's families through company events where in they become more aware and thus support employee at the time of work pressure.
- Organization should encourage managers and other employees to attend stress awareness workshops.

Research Methodology

Researcher used secondary data as source of information. The data represented out here is the collected and processed information by some other person or organization. Data are gathered from official website, research journals and from reference books and is validated through primary interaction. Case studies have helped in formulating discussion.

Case study 5: Talent management philosophy at Dr. Reddy's Lab [4]:

- ✓ Be a meritocracy where the best talent is spotted, nurtured and rewarded.
- ✓ Look for talent everywhere and in everyone. Talent is not constrained by age, gender, background, experience or tenure.
- ✓ Attract, develop and retain multi-skilled high-performers.
- ✓ Create a learning organization.
- ✓ Develop and nurture leaders.
- ✓ Promote teamwork and collaboration.
- ✓ Build a diverse workforce.

Case study 6: Talent management at Pfizer: At Pfizer, talent management involves training and enabling employees to quickly integrate into the company and become productive, establishing processes to measure and manage employees and delivering training to employees for continuous improvement in performance [5].

Case study7: Talent management at Ranbaxy: "People first" being their guiding principle, it is but natural that they place the highest priority on nurturing and growing talent. Ranbaxy believe that the growth of the company can be sustained through the continuous development of their people and their constant effort is to harness the innate potential each individual brings to the organization. Identifying potential, developing talent, building leader across the organization, developing young managers are the talent management philosophy for Ranbaxy [6].

Conclusion

Indian pharmaceuticals need to build a new talent management model with scope for talent mobility and adopt new inclusive leadership styles to meet changing talent expectations. Talent gaps can be closed, by changing traditional organizational structures and bringing diversity in cultures, ages, backgrounds and geographical locations. Competitive pay including variable pay, job enrichment, sponsoring talented employee for higher studies and remedial measures to manage stress are some of the strategies that would help to control high attrition in pharmaceuticals. So it's high time now, the government and India Inc. has to take collaborative measures to eradicate the problem of gender inequality and need to empower women by formulating women-friendly policies. This would encourage more women to join Indian pharmaceutical sector.

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