



EMPLOYEE RETENTION IN INDIAN PHARMA INDUSTRY– AN OVERVIEW

Ms. Karuna Chennupati

*Assistant Professor, Department of Business Management, Vaagdevi Degree & PG College
Hanamkonda, Telangana State.*

Abstract

The demand for talent within the country like India has risen to a good extent thanks to globalisation. Globalization has modified not solely the business world however additionally the minds of the people. Each pharma company is interested to grab the fittest from such a competitive atmosphere. Employee retention problems are rising because the most important manpower management challenges of the immediate future, driven by worker loyalty considerations, company restructuring efforts and tight competition for key talent. Employee retention matters as pharma companyal issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an pharma company. In view of the importance of Employee retention, the paper presents the detailed analysis on significance of Employee Retention and need for Employee Retention practices in Indian Pharma Industry.

1. Introduction

Studies have indicated that retention driven by many key factors that need to be managed congruently: structure culture, strategy, pay and advantages philosophy, and career development systems (Fitzenz 1990). Retention is vital for firm performance. If the pharma company isn't able to retain its staff, it'll not be able to maximize human assets developed inside the pharma company (Shekshnia, 1994).

There are 5 determinants like Career Development Opportunities , Superior Support, Work atmosphere, Rewards, and Work-Life Policies to review the impact of HRM practices on retention of staff. Retention of worthy employees is critical to the long-term health and success of any pharma company. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded pharma companyal knowledge and learning.

Various estimates suggest that losing a middle manager in most pharma companies costs up to five times of his salary. Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.

One of the foundation stones of companies which attract, retain and motivate high performing employees is a positive and valuing attitude toward them. In this era of monster mergers and mega corporations, it is all too easy for top management to see employees as expendable resources to be hired and fired at will according to the current short-term business plan. A doubt can creep into a work force which undermines its efforts, and this can cause employees to look for work elsewhere when opportunity arises. The internal and external situations that cause pharma companyal turnover are vast and complex. Pharma companies can do little to control the country's economy or an employee's preference for mobility. An enterprise can, however, design internal culture, structures, strategies and programs that retain valuable employees.

The world's most successful companies make employee retention a top priority. These companies use a variety of financial and non-financial incentives to attract and keep the best employees. They also know how to create appealing corporate cultures and sustain morale during difficult times. Key employee retention is critical to the long term health and success of your business. Managers readily agree that retaining your best employees ensures customer satisfaction, product sales, satisfied co-employees and reporting staff, effective succession planning and deeply imbedded pharma company knowledge and learning.

2. Employee Retention – Conceptual Overview

Employee retention refers to the ability of a pharma company to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that a pharma company kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome. Employee retention, especially of the best, most desirable employees, is a key challenge in pharma companies today. The demand for talent in the country like India has increased to a great extent due to globalization.

Employee Retention is a process in which the employees are encouraged to be with the pharma company for the maximum time. Though, employee – employer relationship has undergone a fundamental change, which has implications on the attrition, motivation and retention of talented employees. Employee retention is beneficial for both the pharma company and employee. Employee retention is a process in which the employees are encouraged to remain with the pharma company for the maximum period of time or until the completion of the project. Employee retention is beneficial for the pharma company as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand.

The studies reveal that the employee retention is significantly contributed to the overall pharma company productivity. Further, the turnover of employees and the performance of business are largely associated with the employee retention. The strategies adopted as part of employee retention mechanism in pharma companies benefit them in terms of retaining employee in the pharma company and this would result in increasing employee productivity. The pharma companies have recognized that in order to make positive impact on productivity, they require experiences of the existing employees in comparison with newly recruited employees.

3. Objectives and Methodology

The paper focuses on the following objectives.

1. To study the significance of Employee Retention
2. To study the significant factors contributing to the Employee retention
3. To analyze the employee retention in Pharma Industry.

The paper is compiled based on the existing literature obtained from the select journals and publications. The performance of Pharma Industry is extracted from the reports of Department of Pharmaceuticals and web sources.



4. Significance of Employee Retention

Today's labor force is different. Supervisors must take responsibility for their own employee retention. If they don't, they could be left without enough good employees. A wise employer will learn how to attract and keep good employees, because in the long run, this workforce will make or break a company's reputation.

New supervisors must be prepared to be collaborative, supportive, and nurturing of their people. The old style of "my-way-or-the-highway" style of management is a thing of the past. Most new supervisors need training to understand what it really takes to retain employees

Furthermore, an employer who implements the three Rs will create a hard-to leave workplace, one is known as having more to offer employees than other employers. One becomes a hard-to-leave workplace—one with a waiting list of applicants for any position that becomes available—purposefully, one day at a time. Retention of worthy employees is critical to the long-term health and success of any pharma company. It is a known fact that retaining one's best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded pharma company knowledge and learning. Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario. However, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.

One of the foundation stones of companies which attract, retain and motivate high performing employees is a positive and valuing attitude toward them. In this era of monster mergers and mega corporations, it is all too easy for top management to see employees as expendable resources to be hired and fired at will according to the current short-term business plan. A doubt can creep into a work force which undermines its efforts, and this can cause employees to look for work elsewhere when opportunity arises. The internal and external situations that cause pharma company turnover are vast and complex. Pharma companies can do little to control the country's economy or an employee's preference for mobility. An enterprise can, however, design internal culture, structures, strategies and programs that retain valuable employees.

The world's most successful companies make employee retention a top priority. These companies use a variety of financial and non-financial incentives to attract and keep the best employees. They also know how to create appealing corporate cultures and sustain morale during difficult times. Key employee retention is critical to the long term health and success of business. Managers readily agree that retaining the best employees ensures customer satisfaction, product sales, satisfied coemployees and reporting staff, effective succession planning and deeply imbedded pharma company knowledge and learning.

5. Employee Retention in Pharma Industry

The Indian Pharmaceuticals industry plays a prominent role in the global pharmaceuticals industry. India ranks 3rd worldwide for production by volume and 14th by value. The nation is the largest provider of generic medicines globally, occupying a 20% share in global supply by volume, and is the leading vaccine manufacturer globally. India also has the highest number of US-FDA compliant Pharma plants outside of USA and is home to more than 3,000 pharma companies with a strong network of over 10,500 manufacturing facilities as well as a highly skilled resource pool.



The pharmaceutical industry in India offers 60,000 generic brands across 60 therapeutic categories. Major segments include generic drugs, OTC Medicines, API/Bulk Drugs, Vaccines, Contract Research & Manufacturing, Biosimilars and Biologics.

The pharmaceutical sector is one of the fastest developing industries, and this sector has the highest attrition rate of about 35 percent in India, which is alarmingly high in comparison to the global rate of 8 to 10 percent. This industry has gained momentum after 1970 with the enactment of the Indian Patent Act 1970, which helped Indian business groups to start their activities in the country. International affairs like General Agreement of Tarrif and Trade and World Trade Pharma company have helped in the foundation and development of the Indian pharmaceutical sector at an alarming speed. Prior to 1970, foreign pharma industries were dominating the country market, and the people in India were compelled to purchase costly medicines, as they had no alternatives.

During that period, only high- and middle-class families had access to treatment, as those persons could afford the cost of treatment as well as surgery. The dominance of Indian pharmaceutical firms in the later years helped in the easy availability of medicines, at a cheaper rate; in addition, India machines for clinical tests and surgery also helped in reducing medical care costs. Currently, medical tourism is one of the prominent industries of India, where people of various countries visit India for surgery and treatment at a reasonably low cost in comparison to developed countries. Indian doctors have proven their potential to work in various developed countries and are highly talented, educated, and are exposed to even advance laboratory facilities in the medical field. Earlier, this was treated as drain, as Indian doctors and para-medical employees were chosen to figure in developed and developing countries visible of their capability, and this has helped to loss of labor force within the medical sector in developing countries in medicine and pharmaceutical industries in the world. However, that scenario has been set right with the supply of first talent within the country, and medical services are presently accessible even at the block level of the districts and in clusters of villages within the kind of primary health centers and family welfare services. Of these units need accessibility of medicines at freed from value or at cheap value. Currently the country is capable to fulfill 95 percent domestic demand of medicines. Medicines are distributed to roughly more than 120 crore people of India consistently.

In spite of progress in health and medical services and growth of pharmaceutical firms to fulfill the country's and world needs, the Indian pharmaceutical business is facing serious issues of attrition at the rate of more than 35 percent that is principally attributable to tremendous growth of the drug company industries and also the presence of foreign firms making a lot of powerful competition within the sector. Every pharma company is gripped with the matter of attrition at varied intensities. It's worthy to say that Government pharmaceutical firms and units are suffering considerable proportion of loss and unable to address their work even when continuous help and providing alternative facilities.

According to Bruman M (2010), even when facing neck-to-neck competition and heavy downside of attrition, the Indian pharmaceutical business is developing at a considerable rate in terms of turnover and production of the worldwide market has conjointly helped within the acceleration of the business, however it's essential to assess the matter of attrition of proficient persons, as this can be occurring at alarmingly high rate. This can be a significant downside restraining the sleek functioning of the pharmaceutical firms, and curbing the matter is that the best answer to keep up a desired solution. Causes for such a scenario within the pharmaceutical business are analyzed, as well as the intensity and magnitude.



A) Cost of Departure Remains Unseen

The cost incurred in losing a well talented employee especially in a pharmaceutical company would yield substantial affect on the performance and the productivity. The ever raising issues such as production deficit, lack of proper coordination between a new and existing employee will adversely affect production targets. But the hidden issues are reduced production and productivity by the departing employee, who is greatly distracted by searching of job and does not contribute much to the pharma company. It is a fact that any employee working in an pharma company might decide to leave in view of the unsafe work conditions, as the business sector has least job security. A person searching for a new assignment in other pharma company will remain confident that getting a job in other places, while working in any pharma company is easy. They are confident of getting alternative jobs with higher remuneration.

If the same individual is removed from the job, the new company questions regarding the issues of retrenchment and the issue may thus lead to a matter of suspicion. In such a situation, getting a job becomes complex, and the employee's worth comes under the scanner in the eyes of the new employer. Hence, any employee getting fear of being removed from a job may plan for getting opportunity in an competitor company and this is also leads a serious cause.

Total worth and loss to a business pharma company because of departure of a key official is sort of substantial and choice of new entrant in the company, training, and making to utilize his services and beginning work on a similar position take time. This impacts the sleek functioning of the pharma company. within the pharmaceutical sector, the staff engaged in execution and development, production, and promoting of medicines cause serious setbacks if they prefer to leave. However, departure of talented manpower engaged within the research of latest medication that is at the verge of completion may result in serious loss to the corporate, as a brand new patent is submitted within the name of the corporate and not a private.

People engaged in marketing and sales of medicines are also valuable, and departure of such people from the pharmaceutical company creates serious loss, as the company may lose retail shops, which the individual had attained with personal efforts while working for the company. The grass root employees make business linkages with personal relations and such retailers as well as doctors know the person and there is least influence by the banner of the company. Influencing the doctor remains easier for the person who has established relations. Their departure diminishes the influence and sales of the product of the company from such an area. Maintaining personal relations, while working in any pharmaceutical company, is easy for some field functionaries.

The company is able to understand the situation quite late, usually when the field functionary has snatched the trade of one group and establishes business for another company. This is an important issue of concern, as newly established companies find it difficult to manage new grass root functionaries, and so they engage people from other companies for boosting the sale of their own company. Newly established business groups start interacting with employees of other companies and offer them some remuneration; the employee of another firm accepts such a proposal as they can complete promote products from their company as well as those of others in one spell. Such persons hide this secret task from their seniors.



When the business of the newly established company is established to the requisite extent with the help of employees of other business groups, the company increases the financial gains. This greatly affects the company, as it pays the salary and other benefits to such grass root employees. Some employees of pharmaceutical field units are most talented and manage extra work without any insistence. The company paying salary and other benefits to such employees and expect business could be known at a much later stage, when the cumulative losses of the observed from an individual person.

Comparatively, the employee leaving the pharmaceutical company is more honest, as they do not put the company into loss through illicit means. Even the persons working in one company visit another company for a few hours to help in technical matters, which is an essential component of business. Thus, in the pharmaceutical industry, there are some unknown issues creating harm to the company through various modes. There are multifaceted problems in the pharmaceutical sector, where resigned employees can harm to a significant extent, as well as those who are currently employed. In many cases, the illicit issues cause more serious problems than because of attrition.

Factors affecting Employee retention in Pharmaceutical Industry. Many pharma companies remain unaware about the reason for their employees leaving the job. Employees leaving one pharma company and getting a job in another pharmaceutical firm report the reason as better remunerations, but this is not relevant in all situations. Many employees avoid revealing the actual reason of their departure from one company fearing their own deficiencies. There are various instances where employees change their pharma companies frequently, but remuneration is not the main factor for their departure. In some cases, the reason for departure remains lack of professional development, and such a situation is true with various new units, where such facilities are generally deficient.

B) Managers' Role is Paramount but Underplayed

In pharmaceutical pharma companies, where the exit of employee is quite natural due to the nature of job in pharma industry, the managers are found to be not doing justice to their responsibility and generally report the reasons for exit as issues unrelated to the pharma company. This is a common feature of human weakness, and they may choose not to disclose the correct reason, which may put him in a adverse situation. In many situations, the managers could realize about the factors for departure of an employee, but fail to adopt sincere efforts and show unawareness regarding the situation. This is one of the most prominent factors for high rate of exit of the employees from the pharma company, where managers fail to cope up their role as representatives of the pharma company.

The managers are one of the vital elements of pharma company and hold higher responsibilities in comparison to their subordinates. They are supposed to remain conscious of the development among the employees, where issues of dissatisfaction arise, as well as personal relationships between supervisors and employees. They need to take an active role in assessing the issues in their team, as all such issues are reported as personal problem by the employee while departing from the pharma company. It is quite evident that conscious managers help in controlling the departure of employees in cases of internal issues of the pharma company and prevent the situation from escalating. Usually personal ego remains the prominent factor for various differences at different levels.

Loss of key employees, even very less in number can be devastating for the pharmaceutical company. Therefore, all possible efforts need to be taken to stop the exit of key functionaries in particular and all the employees in general. The sudden vacuum in the company and training a new person to a functional level is time consuming, where finances, production, functioning, and capability of the pharma company

to compete in the market smoothly remain at stake. The preventive measures can set aside all the incoming problems before the pharma company. As part of preventive measures, it is the duty of the management to express confidence on their managers, who are the backbone of the company and are able to control the ongoing problems effectively.

The managers can perfectly perform their duties by considering the control of departure of employees as high-priority issue and incorporating all as part of management. Menial treatment and discouraging the managers' efforts in the presence of others discourages the decision-making skill of the managers, which is a most sensitive issue. There are events and situations where the management is not satisfied with the decisions of the managers; however, these need to be interacted in isolation in a most respectful manner.

Accepting the confidence of the management is quite a difficult task, as management considers oneself superior as the owner of a prestigious company and the manager is merely a servant to work according to their wishes. There are various issues where the management is unable to take appropriate decisions and hearing the views of managers before taking any decision does not undermine the powers of management. Rather, the managers can gain confidence when they are associated with strategic issues of the company, not for the reason that they would become masters of the company, but for the reason that they possess appropriate knowledge regarding the market conditions and can suggest better options.

In most of the cases, the managers receive resignation of employees and after understanding the real cause for leaving the pharma company, try to convince them to of their error. Such situations can be tackled suitably when the managers are able to assure about future prospects with the help of the management. In such situations, if the management is ready to take a sympathetic view, mentioning that the company can create more opportunities for the employee if they can assure to work hard and increase production and productivity. There remains a communication gap between the management and the employees, where managers have no powers to assure employees about their future prospects.

In many cases, employees leave their resignation on the table and hope to be persuaded by the managers or the management with either a hike in their emoluments or an assurance for promotion. In many cases, where the response from the management is not positive or totally overlooked, the employee has to start putting efforts to get a job in another company. In such a condition, the employee is bound to leave the job, as no initiative was taken to retain the employees. If there is some positive response to reconsider the issue within a few months, there is no insistence from the employee, and fear of an employee leaving is undone.

Managers are well aware of the impact on their functioning when a valued employee leaves. Attrition even has impact on the customers. Often when a key employee leaves customer contract functions, the customers usually experience a discontinuity in relationship, negative impact on the productivity of the company, and time wastage in orienting a new employee to operation and work culture. Such a relationship represents as value-added partnership, and the change in account managers or service providers can set such relationship back by a few months and give competitors a weighty advantage.

In cases, where the medical representative is unable to maintain the sale of medicine to retail shops for various reasons, beyond the control of the person, the role of seniors is to analyze the actual situation and take suitable measures. If even the seniors are unable to bridge the conditions in a requisite manner, it becomes clear that the explanation of the medical representative was convincing. In such situations, the management has to take appropriate decision to wait for a suitable opportunity to reactivate the

situation or concentrate over other areas, where the situation is favorable. If the medical representative assures to set right the condition in reasonable time, the seniors should rely on his suggestion.

6. Conclusion

Retention of key employees is critical to the long-term health and success of any pharma company. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded pharma company knowledge and learning. Especially in Pharma sector which is one of the fast growing industries in India, the demand for manpower and retention of the manpower requires proper execution of HR policies with optimum focus on employee welfare and satisfaction. Execution of Employee retention policies and practices in pharma sector will help the pharma companies to improve the productivity and sustain in the market.

References

1. Aggarawal, N. M. and Thite, M. (2003). 'Human Resource Issues, Challenges and Strategies in the Indian Software Industry', International Journal of Human Resources Development and Management, Vol.3, Issue 3, pp: 249–264.
2. Atul Mathur and Agarwal.P.K.(2013), 'A study on impact of Employee retention in private sector sugar mill', International Journal of emerging research in management and Technology, January, 2013.
3. Bhatnagar, J. (2007). 'Talent Management Strategy of Employee Engagement in Indian ITES
4. Budhwar, P. S.; Varma, A.; Singh, V. and Dhar, R. (2006). 'HRM Systems of Indian Call Centres: An Exploratory Study', International Journal of Human Resource Management, Vol.17, Issue 5, pp: 881-897.
5. Chhabra, T.N., 'Human Resource Management' (2006), Dhanpat Rai and Sons, New Delhi.
6. Das B.L., and Baruah M., 'Employee Retention: A Review of Literature, IOSR Journal of Business and Management, vol.4, Issue 2, November-December, 2013, pp.8-16.
7. Greenhaus, J.H. and Callanan, G.A. (1994). Career Management. The Dryden Press, Fort Worth, Texas. Eisenberger, R., Fasolo, P., and Davis- LaMastro, V. (1990). Perceived pharma company support and employee diligence, commitment, and innovation, Journal of applied psychology, 75, 51-59
8. Kirschenbaum A. & Mano-Negrin R., 'Underlying labor market dimensions of "opportunities": The case of employee turnover', Human Relations, vol. 52(10),1999, pp.1233-1255.
9. Kirschenbaum A. & Weisberg J. , 'Employee's turnover intentions and job destination choices', Journal of Pharma company Behavior, vol. 23(1), 2002,pp.109-125.
10. Narang U, 'HRM Practices- its impact on Employee Retention', IRC's International Journal of Multidisciplinary research in Social and Management Sciences, vo.1, issue 4, December, 2013.
11. Politt D. 'Marina Developments staff get a lift from boatyard training' Human Resource Management, vol.12(2), 2004,pp.14-16.
12. Rao A., 'Employee Retention- A Real time challenges in Global Work environment', Abhnav National Monthly refereed Journal of Research in Commerce and Management, vol.1, Issue 11, 2011.
13. Uma Narang(2013), 'HRM Practices – its impact on Employee retention', IRC's international journal of multidisciplinary research in social and management sciences', vol.1, Issue4, October-December, 2013.
14. Vasantham S.T., Swarnalatha C., 'Need and importance of Employee Retention in Pharma company related to Human Resource Management', Laxmi Book Publications,



15. Data retrieved from <http://bx.businessweek.com/employee-retention>
16. Allen,D.G. (2008).Retaining Talent.Retrieved from
<http://www.shrm.org/about/foundation/research/documents/retaining%20talent-%20final.pdf>
17. Data cited from <https://www.investindia.gov.in/sector/pharmaceuticals>.