

Review Article

THE CRUCIAL ROLE OF H.R.MANAGERS IN PHARMACEUTICAL INDUSTRY IN COMPETITIVE SCENARIO: AN UPDATE

Saswati Jena^{1#}, Manoj Kumar Katual^{2*}, S.L.Harikumar³

1-Dept. of Management Studies, Gangadhar Meher University, Sambalpur, Odissa, India.

2-Rayat-Bahra Institute of Pharmacy, Education City, Hoshiarpur, Punjab, India.

3-University School of Pharmaceutical Sciences, Rayat-Bahra University, Mohali, Punjab, India

Corresponding author: Manoj Kumar Katual

ABSTRACT

Pharma Industry has proved itself as a recession proof industry in crucial financial crises of a nation multiple times as the No:1 priority lies with health of human being. It leads to the ever growing consumption of drugs and enhancement of population shelf life with standard of living. The emerging of new pharmaceuticals had been constantly increasing over the last decade. The cost of discovery is growing by leaps and bounds, and is estimated to be more than 250 cores/per molecule at present. The new drug discovery is fraught with high failure rate. There is a pressure on the patent holder to recover the expenditure before the patent expires. Thus frauds are not uncommon in this industry. The industry is also very knowledge intensive. Therefore, recruiting the right people, retaining them, and keeping them motivated, is very crucial for the companies. Attrition rate is high in this industry. Companies have been using same old methods like offering higher salaries or stock options to retain important people. But other nonmonetary methods may prove more effective than higher pay. As the culture in each organization differs very much from others, many a time, the person who moved from company to another for the sake of more money may find the change not worth the need for adjustment needed in the new organization. Thus, the HR function is becoming more and more important in such circumstances. But surveys reveal that the mind set of most companies is still ruled by decade old perceptions. This article brings out the need for giving greater importance to HR function and the changing role of HR Manager in the present challenging times. The global economy has recently gone through a tumultuous time, leading to the revision of several operational procedures in organisations. Adopting restructuring policies to devise rational and cost-effective solutions has been the need of the hour for many companies to combat the challenges caused by the economic slowdown. During such times, human resources (HR) departments, which are one of the most valuable assets of an organisation, play a vital role. It is they who help drive the organisation towards attaining its goals and objectives by efficiently managing its resources. The HR department of any organisation acts as a connecting link between the employees and the organisation. However, after the downturn, the role of HR departments has witnessed a sea change.

Keywords: Pharmaceutical Industry, HR role, Pharma employee selection.

INTRODUCTION

Pharmaceutical industry is one of the few which is still growing at a fairly good rate in spite of the worldwide recession. It is expected to grow at about 8% annually from \$1.1 trillion in 2014 to \$1.6 trillion by 2020. In 2010, there were an estimated 6.9 billion people. By 2020, the world population is expected to rise to 7.6 billion. The number of 'middle-class' consumers defined as those with annual incomes of between \$6,000 and \$30,000 (PPP-purchase power parity) is

forecast to more than double from 1.7 billion to 3.6 billion by 2025. As the average income of population is growing, the consumption of pharmaceutical products is also increasing. But the industry is facing several problems- the most important being slower discovery rate of new molecules. The new molecular discovery has been stagnant at an average around 21 for the last ten years, in spite of having large number of new drug discovery projects in the pipeline. Number of drugs are going off patent each year. The price of drugs falls by upto 95% after going off patent. Even at those prices, generic manufacturers of India are making excellent profits. No wonder the large multinational which are holding most of the patents are using tricks like line extensions to cling to the patents. Because of deep pockets enjoyed by such multinationals (Pfizer is said to enjoy after tax profit to sales ratio of over 40%), Indian drug manufacturers are not able to challenge them in the courts. Dr Reddy Laboratories learnt the lesson the hard way. The other problem faced by the industry is dubious promotional practices adopted by pharma companies. Between 2000 and mid-2012, the industry paid more than \$30 billion to settle 226 violations, including off-label marketing and overcharging of taxpayer-funded health programmes and the penalties have been steadily escalating. What are the biggest fraud issues in the pharmaceuticals and life sciences sector? Here's what we learned from our Global Economic Crime Survey 2014 respondents: Bribery and corruption is a major threat. At 31%, it's the second most commonly reported type of economic crime for pharma and life sciences companies. Sector respondents are most concerned about the damage it can do to their corporate reputations. Controls are effective but fraud risk assessment is still rare. [1]

Major Challenges for H.R.Mangers:

The pharmaceutical industry is recognised as one of the fastest-growing industries today. It is a rapidly evolving industry where much advancement has taken place over the years. Moreover, in the near future, this industry will continue to evolve with new life-saving drugs and technologies being launched into the market.

Battling attrition:

An individual spends a substantial part of his day in his organisation. Hence, it is important to have an environment that is conducive for high productivity and growth. HR professionals need to constantly develop innovative ways to make their organisation a popular and enjoyable place to work in.[2]

WHAT EXPERTS SAY:

Surina Iyer, assistant vice president-HR, Inventia Healthcare agrees on Fair and transparent work culture recognition, advancement, development, performance-based pay coupled with good leadership support and team work go a long way in employee retention. "HR management is no longer engaged in simply filling vacancies; rather, they are required to partner with business leaders to ensure that the HR processes and practices are aligned towards the company's growth & productivity. Using human resources effectively in order to give the company a competitive advantage and completing the set targets are some of its priorities." Moreover, the role of HR management has also changed as a consequence of globalisation, economic growth, demographic changes, skills shortage, cut throat competition, manpower turnover and knowledge exodus. "These changes have magnified the challenge of managing people and talent." adds Iyer.

Although the pharmaceutical and biotechnology industries have been comparatively less affected by the downturn, financial spending has been reduced, due to which many companies have closed down some of their facilities, cut down on jobs or bifurcated their business units. However, talent management has been of paramount importance in industries like pharma & biotech, where knowledge is the name of the game. Hence, attracting and retaining the much-needed talent & preventing them from migrating to greener pastures has been a major challenge for HR professionals in pharma.

Anil Kathuria Says, senior manager-HRM, IOL Chemicals & Pharmaceuticals Ltd, “In such times, HR professionals need to have thorough knowledge about the business and human resource functions. Also, it should have the ability to lead any change process, innovation as well as problem-solving to influence the organisation.” HR practices: Then and now In the past, HR departments were not in the limelight but with changing times, their importance has increased. Moreover, HR departments in pharma companies have undergone a significant transformation. Initially, most companies filled their junior level positions through campus recruitments, but this equation changed with the economic situation. Today, campuses are actively approaching pharma companies, giving them a chance to pick the candidate that best suits their requirements. Earlier, HR departments in pharma companies were involved in the process of finding the right candidates, recruiting them and retaining them. But today, recruitment firms having strong scientific expertise have emerged, helping HR departments perform their functions even better.

According to **Aaditya B S**, business head-Pharma, Healthcare, Life Science & Specialty Chemicals, Mafoi Management Consultants Ltd, “Today, HR departments in many companies are connecting with recruiting firms to leverage on their vast experience and gain a better understanding of different industry practices. Further, recruitment firms also help HR departments in devising strategies required to rise in a competitive scenario.” Recent years have also witnessed the birth of new forms of pharmaceutical business models in the market and have noticed a change in the nature of work & expectations of the workers. This has stimulated the HR personnel in many pharma companies to implement changes in their existing strategies.

Kathuria says, “Some of the fresh and improved HR styles have contributed to progressional changes within the pharma set-up like improving interpersonal & communication skills, improving leadership skills, overcoming resistance to change, opening management thought process to see beyond their functional storage, personal development programmes, valuing employees for their talent & good work and fostering new styles of appraisal.” HR management in testing times. Several companies are in a state of immense pressure with many of their blockbuster drugs due to go off patent in a few years from now and their inability to discover suitable alternative products to fill the gap. The decline in the stock market & margins of drug sales is only adding to the pressure. With such looming problems, the HR department faces the challenging task of delivering to the growing expectations and complexities of organisational requirements.

Kathuria avers, “It is always said that when the going gets tough, the tough get going. As the market does not seem so promising and the downturn is still going on, the role of HR management gets stronger. The effect of a troubled economy on the employees’ morale and

sense of job security requires HR personnel to pay special attention to them.”Further, the present situation also requires the HR to churn out new ideas, opinions and thoughts to render cost-effective solutions. HR personnel may be asked to make critical organisational changes like selecting employees for redundancy, redirecting existing personnel to other departments and suggesting other ways of reducing costs. All these measures have to be taken in a cautious and guarded way, ensuring the work environment and reputation of the organisation are not adversely affected.

Opines Aaditya, “When you let go of people, the organisation is affected in several ways. The worst of this is the negative sentiments harboured by the existing employees. This can be discouraging and not only create a disturbing environment at the workplace but also spread news of your organisation not doing well. This could adversely affect your market.” Taking these situations into account, it is important to have a robust HR management system in place.

Opines Aaditya, “The HR department should work proactively in hard and soft zones. Hard zones would involve compensation & benefits, while soft zones would cater to recognition & appreciation of employee efforts and talent on a company wide forum. This gesture provides a genuine boost to the performer and also motivates him to perform better in future. Also, this structure enables the employees to be more confident & satisfied and translates into higher work productivity.”

Dr Kashmira Pagdiwalla, director - HR Operations, Intas Biopharmaceuticals Ltd, “Rewarding achievements, recognising employee contributions through regular appraisals, improving the quality of their work life and providing an environment that is conducive for higher productivity, healthy competition and growth can help HR departments battle attrition.” Further, a transparent HR management framework that follows a proper appraisal system and fair internal recruitment policies is also important. Ensuring this would elevate the level of professionalism and cooperation among employees.

Iyer feels, “It has been proved that employees do not always switch jobs because of better salary prospects or tangible employee benefits. Besides fair and transparent work culture recognition, advancement, development, performance-based pay coupled with good leadership support and team work go a long way in employee retention. Also, a clear message and feeling of involvement and ownership will result in not only higher performance but also reduce attrition rates.”

Further, according to **Kathuria**, the company’s culture and reputation plays an important role in attracting and retaining talent. A good reputation of the company from an external point of view is important, as employees experience a feeling of security and respect on being associated with a renowned firm.

Aaditya Says, “Today, India is seen as one of the most favourable destinations for carrying out research activities, manufacturing & sales. We are also witnessing consolidation through M&A activity between pharmaceutical and biotechnology companies.” Considering this rapid pace of development, HR departments in pharma companies face the challenge of supplying different skill sets as per the requirements of the industry.

Iyer States, “HR departments face a stiff task in attracting as well as retaining high levels of skill sets and at the same time, continuously raising the employee performance bar as per the business need.”

According to **Kathuria**, key practices to help achieve results in HR operations include:

- Establish an operational excellence team to drive continuous improvement
- Define standard operating procedures to provide consistency across the HR function
- Manage processes from end-to-end
- Rationalise HR applications
- Develop training programmes to emphasise continuous learning
- Establish rigorous governance processes for improving financial discipline and accountability to improve discipline & compliance
- Measure HR's performance against industry benchmarks
- Communicate and add more value to the organisation by adopting strategic moves
-

Anil Kathuria senior manager - HRM, IOL Chemicals & Pharmaceuticals Ltd. It is always said that when the going gets tough, the tough get going. As the market does not seem so promising and the downturn is still going on, the role of HR management gets stronger.

Aaditya B S business head - Pharma, Healthcare, Life Science & Specialty Chemicals, Mafoi Management Consultants Ltd. Today, HR departments in many companies are connecting with recruiting firms to leverage on their vast experience and gain a better understanding of different industry practices. Further, recruitment firms also help HR departments in devising strategies required to rise in a competitive scenario.

According to **Dr Kashmira Pagdiwalla** director-HR Operations, Intas Biopharmaceuticals Ltd. When a company has projects, it is better to have appointments on a temporary basis, as after the conclusion of the project, the appointee can be transferred onto another project or his/her services can be terminated based on the non-availability of projects. Further, in areas like R&D, which are the heart of the pharmaceutical industry, attracting and retaining R&D professionals is an important task for the HR department. Moreover, research professionals demand a continuously evolving environment and opportunities to work on innovative research projects where they can explore their knowledge and skills. Hence, understanding these requirements and providing them with an appropriate work environment would help in retaining this talent group.

Aaditya agrees on "Retaining the best talent remains the topmost priority for most HR managers, especially quality talent in areas where knowledge and expertise plays an important & critical role." Further, HR departments face certain issues like the debate between temporary appointment versus permanent hiring. Considering pharma is a high risk, yet high-return business, the temporary staffing model may prove to be useful at times, depending on the company's current market situation.

As per **Dr Pagdiwalla** Opinion, "When a company has projects, it is better to have appointments on a temporary basis, as after the conclusion of the project, the appointee can be transferred onto another project or his/her services can be terminated based on the non-availability of projects."

According to **Aaditya**, another advantage of this model is that it gives the individual an opportunity to display his/her performance levels as well as get to work with good brand names in the industry.

Traditional Role versus Changing Role

Traditional Role	Changing Role of HR Manager
Counselor Role	Role makers than Role takers
Mediator Role	Integrate the policy
Trouble shooter Role	Practice changing business strategies
Spokesman Role	Versatile people in HRD
Changing agent Role	Learning Individuals and Ready to handle Responsibility
Communicator Role	Have highly applied behavioral science
Teaching Role	Global Competitors
Role of Professional Attitude	Global net-workers
Role of Fair treatment	Innovative Leaders
Conventional	Creative

SOURCE: Dr.A. Chandramohan, K. Vasanthi Kumari, S.G. Ashwani, Changing Role of HR Manager in the Corporate World⁶, HRD News Letter, Vol.22, Issue:10, Jan 2007, PP 8-9.

CONCLUDATORY COMMENTS:

The pharma industry is progressing at a rapid pace. With increasing regulatory pressures, patent challenges and declining R&D product pipeline, companies will have to regularly review and re-evaluate their HR policies. To thrive in an upbeat competitive environment, it will also be essential for them to continuously update these policies in line with industry trends and analysis. **Kathuria** says, "Today, firms are constantly delving into domestic and foreign talent pools to unearth a new generation that will carry the business forward." According to **Aaditya**, the need for recruiting the right talent is a never-ending quest and the best way to begin is to tap the student community, harvest or mould them through sponsored research & training. According to PWC report "The values, beliefs, habits and management style that determine how people in an organisation think and behave, have a profound bearing on its decision-making processes. And when the environment in which the organisation operates alters, these characteristics often need to alter, too. Yet most pharma companies still rely on a corporate culture that prevailed 20 years ago." PWC report also says that the scarcity of talent and the corresponding increase in the power of the most able individuals, along with changing social mores, will all contribute to a revolution in corporate perceptions of the workforce. They will also create one of the biggest challenges facing pharmaceutical HR functions over the next few years. HR professionals will have to help put the right sort of managerial structure, with the right sort of flexibility, in place. It is important to look for people with raw talent, develop their skills and recognize their worth at an early stage. This means creating a culture that stimulates learning, with knowledge management systems, mentors, coaching, e-learning and so forth. Additionally, it means acknowledging the acquisition of new skills promptly – in both financial and non-financial ways. Fairness in pay – as per market data, higher education policy, job rotation and rewards and recognition are crucial factors and must be followed by all companies to retain their employees.

It is not just important to pay the employee well, but to ensure that employees are working in a perfect environment.

ACKNOWLEDGEMENT:

The authors are highly thankful to all staff members of Dept. of Management Studies, Gangadhar Meher University, Sambalpur, Odissa, India, Rayat-Bahra Institute of Pharmacy, Education City, Hoshiarpur, Punjab, India and University School of Pharmaceutical Sciences, Rayat-Bahra University, Mohali, Punjab, India for their constant encouragement and support for preparing this article.

REFERENCE:

1. Dr. A. Chandra Mohan, B.V.S. Prasad, P. Poonguzhali, Changing Role of HR Managers in Pharmaceutical Industry, Int. J. Pharm. Sci. Rev. Res., 30(2), January – February 2015; Article No. 13, Pages: 83-87 ISSN 0976 – 044X
2. Saloni Vora, HR practices in pharma Changing roles in testing times, SPECIAL FEATURE, Modern Pharmaceuticals October 2009, page no:44-48.
3. <http://www.pwc.com/gx/en/economic-crimesurvey/industry/pharmaceuticals-and-life-sciences.jhtml>
4. The future of pharmaceutical human resources- the battle for talent, PWC Report <http://www.thepharmaletter.com>
5. 'Asia-Pacific Total Rewards Survey 2007', Mercer Survey Report by the Delhi-based Associated Chambers of Commerce and Industry
6. "Strategies of pharma HR: Recruiting and retaining the right talent", Jasleen Kaur Batra, <http://modernpharma.in/specials/hr-in-pharma>
7. A. Chandramohan, K. Vasanthi Kumari, S.G. Ashwani, Changing Role of HR Manager in the Corporate World, HRD News Letter, Vol.22, Issue:10, Jan 2007, PP 8-9.
8. Keith Davis, Human Behavior at Work – Organizational Behaviour, Tata McGraw Hill Publishing Company Ltd., 6th Ed., 1993, P.198 – P.201, P.472 – P.477
9. Int. J. Pharm. Sci. Rev. Res., 30(2), January – February 2015; Article No. 13, Pages: 83-87 ISSN 0976 – 044X
10. Thomas Neft and James Citrin, "Lessons from the Top", 2001 Jeffrey A. Mello, Strategic Human Resource Management, Thomson South Western, 2nd ed., 2004, PP 101-102.
11. <http://www.hrworld.com>
12. <http://www.workforce.com>
13. <http://www.shrm.org/trends/>
14. <http://en.wikipedia.org/>
15. <http://www.hrcraft.com/>
16. <http://www.citehr.com>
17. <http://www.performanceassociates.co.nz>
18. <http://dqindia.ciol.com>
19. <http://www.thehindubusinessline.com>
20. <http://www.dnaindia.com>
21. <http://www.tmtctata.com>
22. Latest Human Resources Trends in the P Pharmaceutical Industry, by Stanton Chase Athens.