

“A Study of Incipient Issues of Talent Management in Pharmaceutical Industry in India”

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Abstract

The pharmaceutical industry is growing exponentially; there is a constant thirst for the best and the brightest of employees. After information technology, the pharmaceuticals industry is come to grips with the highest level of attrition rate of 30 to 35 per cent, according to a recent survey of Indian pharmaceutical companies by Interlink Marketing Consultancy. In spite of various prospects and opportunities, India is facing serious attrition, acquisition problems with present rate of attrition of about 35 percent highest in the world average attrition rate of 8 to 10 percent. Companies are making sincere efforts to retain their talented employees through various measures, but the attrition problem is uncontrolled due to requirement of talented persons outside country and new pharma industries. Companies are making sincere efforts to retain their employees through performance-linked benefits and better prospects to talented persons.

Key Words: Talent management, Attrition rate, Retention strategies.

Introduction

Pharmaceutical Industry is growing tremendously at global level and Indian contribution to this sector of four decades after enactment of Indian Patent Act 1970, liberalization efforts of General Agreement of Tariff and Trade and World Trade Organization for making global market on competitive basis.

In today's competitive market of pharmaceuticals industries, talent management is on the horizon. Most of Indian pharmaceutical company claims that human resource is its greatest asset but only a few of their companies' policy, procedures, practices and performance reflect the same. The way people are paid, recognized and achieve salary advancement are critical factors in attracting, retaining, and motivating employees. But clearly, the things that attract or discourage top talent are relevant not only to those companies trying to recruit, but also to those trying to effectively manage existing talent. If people are not offered the learning and development opportunities they expect, or are unhappy with the profile of their position, they will leave, no matter how good their current employer's reputation or growth prospects are. These attributes simply will not be

enough to make them want to stay. Thus the need of the hour for Indian pharmaceutical companies is to attract, retain and assist talented individuals to expand their skills essentially for successful operation and growth of their company. In times of stress and performance demands, pharmaceutical companies need to focus on key individuals more than the group as a whole.

Review of Literature

Talent in the organization refers to the core employees and leaders that drive the business forward (Hansen, 2007). They are top achievers and the ones inspiring the others to superior performance. Talent are the core competencies and represent a small percentage of employee (Berger & Berger,2004). Talent Management is not just a new fancy word for finding and developing employees (Laff, 2006). Talent management requires a systematic view that calls for dynamic interaction between many function and processes (Cunningham, 2007). Talent Management is about attracting, identifying, recruiting, developing, motivating, promoting and retaining people that have a strong potential to succeed within an organization (Laff, 2006; Berger & Berger, 2004; Schweyer, 2004). Talent

management has become most important task of business culture, where various experts have assessed the business related issues from varied angles. The main objective of the corporate sector is to expand its activities and earn profit in most competitive market, where various strategies are required to adopt for prospecting the business keeping in view the local market conditions and export potential. In addition, country production and import material in market create significant problem to push the produce in effective manner. The literature available to serve as guide to run the business in effective manner is only suggestive material, while the business group has to form its own policies. One wrong selection results into further recruitment, training and other wasteful expenses. In research work, persons have to work as a team and their output is perfect, when the team is dedicated to assigned task. Putting right person on right job is the most critical factor, where the person recruited is not wrong but the fault of selectors unable to bring appropriate person. The process of an organization for effectively managing the talent is to recognize talent, attracting talent, selecting talent, retaining talent and managing succession. Talent management brings together number of important human resources and management initiatives Gregory P. Smith (2010) in his article on Employees Retention Strategies: How to Attract, Keep and Motive Today's Workforce has stated that employers face major challenge in finding skilled people, a younger workforce with different attitudes about work and growing population of old persons heading towards retirement. The study reveals 85 percent of human resource executives state the single greatest challenge in managing workforce in organization's inability to recruit and retain good employees and managers.

One such organization decided to explore main reason for quitting and identified new strategies

and tactics by creating emergency leaders programme, providing training to managers and improving their employee recognition programme. The staff and managers were proved better talent and retained their best persons. The human resource department felt happy with the new developments. This issue compels to consider over the survival of business and heavy turnover cost of recruitment and acclimatizing the staff into work culture.

The issue of talent management is an interest of wide range of stakeholders beyond human resource academics and professionals. It has been suggested that organizations intending to apply talent management system need to form strategy of organization development keeping the talent management as tool for betterment. The financial performance of the organization is main issue and talent management able to lead to the future prospects of organization, can be best talent management as organization progress is the top most issue of interest.

Dr. Vidhyeswari V. Jitha (2009) in Talent Management: Strategy and Challenges has expressed vivacious nature of global business as ever increasing pressure on companies looking for incomparable talent in market where demand exceeds supply. Given the current focus on linkage between talent and business challenges of the organization, effective strategy execution requires sufficient number of right people with right skills and knowledge in right roles. Pressing business necessities through increasing turnover in consonance with economic improvement, globalization of market and labour forces, aggressive competition and heightened corporate oversight The successful management of talent today gives organizations a vital edge. This indeed is a challenge to HR. In a way, effective talent management is an important feather in the cap of any HR manager who wants to make it seriously at the Board level (Paton, Nic) .Employee Retention is a biggest challenge

and involves how to create and maintain daily working environments in which the talented ones can productively pursue the joy of work and financial benefits from their individual or collective contributions. Organizations should focus on issues such as: identifying their star performance, compensating them for improving their individual as well as organizational productivity by way of rewards and recognition. This can better be done by conducting meaningful performance appraisal, designing jobs to nurture and motivate talent across the organizational echelon treating talents as —Internal customers; Compensating talents as preferred suppliers offering the right compensation, including proper reward and recognition; conducting meaningful performance appraisal; Designing jobs to appeal to the talented people (Cappelli, 2000). The talent management system can be an effective tool for creating symbiotic relationship between talent and the organization to dramatically accelerate performance improvements. It is explained as to how to attract, retain, manage and identify talents in the Organization (Subir Chowdhury, 2004). Pressed by rising costs of developing, testing and marketing drugs, international companies have entered into India for manufacturing as well as research and development. Nearly every multinational pharmaceutical company has been investigating Indian possibilities for contracting manufacturing and licensing agreements, joint ventures, mergers, acquisitions, contact research or any combination of arrangements. Highly skilled, educated work-force and established infrastructure of Indian pharmaceutical industry are high attractions including broad labour market potential.

The pharmaceutical employs total 5 lakh persons in India across domestic and global sectors, losing at least 30 percent work force annually. With changes in strategy and innovations in human resource management, the suggested

Talent Management In Pharmaceutical Industry tools are transparent recruitment strategy, development and training, talent retention measures, conducive psychological relationship, long term organizational culture and career track management, it is possible to reduce attrition in the pharmaceutical industry, where profitability is sovereign criteria of enterprises and business with innovative approach.

The support of Government of India remains quite substantial with establishment of Biotechnology Department in the Ministry of Science and Technology in the year 1986. There have been number of dispensations offered by central and state governments to encourage growth of the industry like tax incentives and grants for bio-tech start-ups with establishment of ten biotech farms. In addition the pharmaceutical industry has been placed in the list of 100 percent foreign direct investment facilities for accelerated growth of the industry. Usually the management remains incapable to place right talent at right position, as every person cannot handle every position of the organization but possesses specialization in some specific area. It is the responsibility of the management to place the person at right position, where one can be best suited in view of experience and expertise. It is not the fault of any talented person for not yielding perfect performance, but management has to assess the potential of the person within the total organizational set up. This task is most crucial but most of the management personnel remain incapable to assess such talent factor of individual.

Objectives of the Study

The study aims at exploring, in detail the following in the context of Pharmaceutical Industry in India:-

- 1) To Study the employee understanding of Talent Management strategies in select Pharmaceutical companies.

- 2) To investigate and better understand the incipient issues of talent management in the context of pharmaceutical industry.
- 3) To quantify trends in acquiring & retaining talent by understanding the talent management strategies in pharmaceutical industry.
- 4) To assess the causes of attrition in Indian pharmaceutical Industry.
- 5) To provide insight into improving talent management practices on the basis of findings of Talent Management problems.
- 6) To suggest measures to deal with incipient issues of Talent Management in Pharmaceutical Industry in India.

Hypotheses of the Study

The following hypotheses are formulated for testing in the study:

Hypothesis#1: Success of Talent management strategies (acquisition, retention) of an organization, awareness of employees, and performance of employee.

H₀₁: $\beta_j = 0$. There is no statistically significant relationship between success of talent management strategies and the employees' performance (based on skill and ability).

H_{a1}: $\beta_j \neq 0$. There is a statistically significant relationship between success of talent management strategies and the employees' performance (based on skill and ability).

Hypothesis#2: Attrition & pharmaceutical industry in India.

H₀₂: $\beta_j = 0$. There is no statistically significant relationship between attrition rate and talent management.

H_{a2}: $\beta_j \neq 0$. There is statistically significant relationship between attrition rate and talent management.

Hypothesis#3: The participation of employees in decision making given by management ensures to employees promote the performance and loyalty to the organization.

H₀₃: $\beta_j = 0$. There is no statistically significant relationship between the participation of

employees in decision making given by management and performance of employees.

H_{a3}: $\beta_j \neq 0$. There is statistically significant relationship between the participation of employees in decision making given by management and performance of employees.

H_{03a}: $\beta_j = 0$. There is no statistically significant relationship between the participation of employees in decision making given by management and loyalty of employees.

H_{a3a}: $\beta_j \neq 0$. There is statistically significant relationship between the participation of employees in decision making given by management and loyalty of employees.

Hypothesis#4: There is a relationship between Talent Engagement through exploring the skills of existed employees by T & D and Employee's retention.

H₀₃: $\beta_j = 0$. There is no statistically significant relationship between the Talent Engagement and T & D of existed employees.

H_{a3}: $\beta_j \neq 0$. There is statistically significant relationship between the Talent Engagement and T & D of existed employees.

H_{03a}: $\beta_j = 0$. There is no statistically significant relationship between the Talent Engagement and employees' retention.

H_{a3a}: $\beta_j \neq 0$. There is statistically significant relationship between the Talent Engagement and employees' retention.

Hypothesis#5: Monetary benefits significantly and the employee attrition.

H₀₅: $\beta_j = 0$. There is no statistically significant relationship between monetary benefits and employees retention

H_{a5}: $\beta_j \neq 0$. There is statistically significant relationship between attrition rate and talent management.

Rationale of the Research Study

Talent Management is on HR professionals' minds these days, as HR works to obtain, retain and develop manpower. For talent management to be effective, what is important is to hire

employees who seem to be the best fit in the organization. Organizations are taking steps to manage talent most effectively and also to develop their own employer brand. These brands simplify decision-making and communicate the value they create for their customers. Likewise, employees also identify themselves with certain organizations especially in the light of forecasted labor shortage. Organizations that formally decide to "manage their talent" undertake a strategic analysis of their current HR processes. This is to ensure that a co-ordinate, performance oriented approach is adopted.

Therefore, it is important for the organizations to develop adequate and appropriate plans and put in efforts to attract the best pool of available candidates, and also to nurture and retain the current employees.

Research Methodology:

The research study will be undertaken on well-set methodology comprising of collection of information from secondary sources, as well as from primary sources. The published material related to incipient issues of talent management is available based on theoretical concepts in books and articles published in magazines and also available on internet. The application part of the system is quite limited, as each industrial unit takes its own measures through policies and practices, which remain unpublished and staff position related details are known from the balance sheet and remuneration component of the expenditure.

The pharmaceutical industry has highest attrition rate in India and each industrial unit of the sector applies various methods to select talent, provide training and adopt various measures of their capacity building. Salaries and other benefits are also substantial associated with the work performance. With all the possible measures the attraction & retention of high talented personnel to grass root functionaries remains a recurrent

Talent Management In Pharmaceutical Industry features, but causes and impact are not published to help the companies.

A-Research Design

The present study will be exploratory in nature. It explores the issues of incipient issues of talent management in pharmaceutical industry. The study will use Primary and Secondary sources of data for the purpose of collection of primary data. Both questionnaire method and unstructured interview method will be used.

B-Sampling Universe

Pharmaceutical Companies of India would be as sample population.

C-Statistical Tools and Techniques used in the Study

For analyzing the primary data, appropriate statistical tools will be used.

D-Secondary data collection methods consisted

- i. HR Policies and Procedures
- ii. Organization's Performance Management Systems (PMS)
- iii. Employee Satisfaction Surveys conducted by the Organization and survey consultants
- iv. Hierarchy and Leadership profile of the Select Companies
- v. Innovative HR Practice White Papers of the companies
- vi. National and International Journals.

Outcome of Research

- ✓ Pharmaceutical sector should have defined capabilities in terms of skills, knowledge, ability and behavior. KSA analysis is essential to implement talent management practices.
- ✓ After defining the capabilities the job position and description must be defined and then both must be related to each other so as to find out center of demand.
- ✓ Talent acquisition & retention is very important which can be improvised by looking into the working culture of the organization so as to retain talent for long time.

- ✓ Monetary tool & other tools of motivation is very necessary to boost up the employees which can be done by providing certified based training which will also enhance their efficiency.
- ✓ Talent management practices must be followed by looking into the most crucial initiative of the practice.

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