

A Comprehensive Review On The Human Resource Management Challenges In The Pharmaceutical Industry

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Abstract

The pharmaceutical industry is one that does not suffer from the effects of a recession. Higher consumption is driven by the ever-increasing population as well as the standard of living to do with drugs. It had been more or less steady at roughly 21 new medications being discovered each year, but over the past decade, the cost of discovery has been escalating by leaps and bounds, and it is projected that it will cost approximately \$2 billion to \$4 billion per molecule at the present time. The new medication the process of discovery is burdened with a high rate of failure. There is a lot of pressure put on the person who owns the patent to recoup their investment before the patent runs out. As a result, fraudulent activities are relatively prevalent in this sector. In addition to this, the sector is extremely knowledge-intensive. Therefore, it is extremely important for businesses to recruit the proper people, to keep hold of those individuals once they have been hired, and to keep those people engaged. This sector has a rather high employee turnover rate.

Keywords: Pharmaceutical industry, Human resources, HR, employee champion, Administrative expert.

INTRODUCTION:

In spite of the global economic downturn, the pharmaceutical business is one of the few that is still expanding at a rather healthy rate. It is anticipated that it will expand at a rate of approximately 8% annually, going from \$1.1 trillion in 2014 to \$1.6 trillion in 2020. In the year 2010, it was believed that there were 6.9 billion people. It is anticipated that there will be 7.6 billion people living in the planet by the year 2020. It is anticipated that by the year 2025, the number of consumers who fall into the "middle class" – which is defined as individuals with annual incomes ranging from \$6,000 to \$30,000 (PPP-purchase power parity) – would have more than doubled, reaching a total of 3.6 billion. The proportion of people who use pharmaceutical items has been rising in tandem with the general population's rising income level. Companies have been relying on the same tried-and-true strategies, such as providing essential employees increased salaries or stock options, in order to keep them on staff. However, there are other approaches that do not involve money that could prove more successful than increasing salary. Because the culture of each firm

is extremely different from that of the others, a person who went from one company to another in order to earn more money may discover that the transition was not worth the effort required to acclimatise to the culture of the new company. As a result of this, the human resource's function is gaining more and more significance in situations like these. Surveys have shown, however, that the mentality of the majority of businesses is still governed by perceptions that are many decades old. This essay highlights the necessity of placing a greater emphasis on human resources management and the evolving role of HR managers in light of the complex circumstances that exist today.

However, the business is currently experiencing a number of challenges, the most significant of which is a decrease in the rate at which new compounds are discovered. In spite of the fact that there are a large number of new drug discovery projects in the pipeline—a total of 3119, with 458 in the pre-clinical stage, 903 in the Phase-1 stage, 1411 in the Phase-2 stage, and 347 in the Phase-3 stage—the rate of new molecular discoveries has remained unchanged at an average of around 21 over the past ten years (data for the biggest pharma companies only). It is anticipated that the failure rate for Phase-1 is 46%, while the failure rate for Phase-2 is 66%, and the failure rate for Phase-3 is 30%. The typical price tag for the development of a new medicine is believed to range anywhere from \$2 billion to \$4 billion per molecule.

Each year, a number of pharmaceuticals have their patents expire. After a medicine loses its patent, the price of that drug can drop by as much as 95%. Even at those prices, generic producers in India are still making very profitable sales. It should come as no surprise that the giant multinational corporations that possess the majority of patents are the ones employing strategies such as line extensions in order to maintain their patent rights. Indian pharmaceutical companies do not have the financial resources necessary to take on international pharmaceutical conglomerates in court (it is reported that Pfizer has an after-tax profit to sales ratio that is more than 40 percent), and so they cannot compete with these companies. Dr. Reddy Laboratories was forced to discover this the hard way.

Another issue that needs to be addressed by the business is the questionable promotional techniques that many pharmaceutical companies use. The industry spent more than \$30 billion to settle 226 infractions between the years 2000 and mid-2012, including off-label marketing and overcharging of taxpayer-funded health programmes, and the penalties have been continuously increasing since the beginning of this century.

What scam problems are the pharmaceutical and life sciences industries facing the most?

Following is what we discovered from respondents to the 2014 Global Economic Crime Survey:

- Corruption and bribery pose a significant risk. With 31% of reports, it ranks second among economic crimes for pharma and life sciences companies. The harm it could bring to their companies' reputations is what sector respondents are most worried about.
- Controls are efficient, yet assessing the danger of fraud is still uncommon. In the pharmaceutical and life sciences industry, corporate controls caught 60% of economic crimes; the internal audit role is particularly effective in this regard. But when it comes to putting annual fraud risk assessments into practise, the industry is falling behind.
- Pharma and the life sciences are under attack from inside. In the pharmaceutical and life sciences industry, internal criminals are responsible for 64% of the most significant economic crimes, compared to 56% globally. But pharmaceutical and life sciences firms do little to punish wrongdoers on the inside as well as outside. Therefore, creating a culture that is resistant to fraud may need greater effort from businesses.
- It takes more effort to operate in marketplaces where there is a greater possibility of corruption. A chance in one was pursued by 42% of respondents from the pharma and life sciences industries over the course of the previous 24 months.
- But there are difficulties; according to 43% of these respondents, they had to change their company plans to deal with high levels of corruption risk. Responses can include adding contractual clauses or doing more due diligence as well as giving staff members more training.

In the future, a pharmaceutical company's success will be based on the results of clinical trials or the likelihood that they will be used commercially. It is inevitable that the most widely used, financially quantifiable metrics, such total shareholder returns, earnings per share, and market capitalization growth, will become less important.

The HR department will be burdened greatly with the job of finding, developing, and keeping the greatest employees.

Reports on surveys

For further information on current HRM trends and practises, let's have a look at some of the survey reports. Only 19% of respondents said they were satisfied with the impact of human resources on the creation of the business strategy, according to HR Benchmarking 2000, a study of HR departments in 977 European and Middle Eastern organisations done by PWC². According to PWC, only 32% of companies had an HR executive on the top management team, demonstrating that the department is still having trouble gaining widespread attention. Despite all of the difficulties, it is obvious that HR executives are not given enough weight in the management structure.

Finding and keeping the right personnel is one of the most important difficulties that firms in the region face, according to Mercer³, a global provider of consulting, outsourcing, and investment services, in its "Asia-Pacific Total Rewards Survey 2007". What's more intriguing, though, is that only 27% of businesses in the region use base wage hikes as a retention tactic, compared to over 64% who invest heavily in training and career development. Non-monetary rewards (43%) and yearly cash incentives are two other methods of employee retention that were identified during the survey (34 per cent).

The attrition rate is highest among employees in the 26–30 age ranges, according to a survey conducted by the Delhi-based Associated Chambers of Commerce and Industry (Assocham)⁴, which surveyed 160 top human resources (HR) chiefs in India Inc. Women employees are five times more stable than males, and those with experience levels of 2-4 years are the most susceptible to poaching by competitors.

HR Managers' Emerging Roles

Drawing in the Best Talent

The pharmaceutical industry normally strives to attract the brightest science undergraduates and postgraduates from the top universities, but the most talented graduates are the same people that all blue-chip corporations in other sectors want.

Away from the finest pay packages and towards reward systems that can be customised to the requirements of each crucial employee within an organisation, this fight for the top talent changed the emphasis in favour of the individual. A growing number of businesses, including market leaders, give share options to their most skilled employees as a way to give them a stake in the company. After a string of "fat-cat" payouts in the mid-1990s, which attracted the attention of various regulatory agencies, PWC² notes that share options have somewhat lost some of their lustre. Since they are typically less complex and less demanding than long-term incentive plans, the majority of these schemes now incorporate some form of performance criterion. The research highlights that despite this, share options continue to be one of the favoured methods for rewarding executives in the UK health sciences sector. It is crucial that the candidate is highly specialised in his specialty because the production or R&D experience needed for one organisation may not be required everywhere. As a result, it's crucial to complete hiring after carefully reviewing the profile of each candidate. Due to the employee's inexperience, it's critical to choose a department that matches his or her interests because only then will they be able to deliver the desired results.

Retention of Employees

Distinct employees even within the same firm have different needs. Equally important for retaining employees and maintaining their motivation will be the capacity to comprehend and respond to the needs of various employees. Even in the pharmaceutical industry, where the noble nature of the aim should have been a major motive, many top managers feel that the only reason someone may leave a company is money. Therefore, anytime a key employee requests to leave, businesses respond by matching or improving the offer, a strategy that frequently results in raising wages for a certain class of employees without improving the value they provide.

Employee Retention Metrics



Figure-1

According to PWC, recent polls have revealed that most employees would quit their current employers to work for a good mentor and that most feel that joining a company gives them a better chance to reach their potential than being trained for a new position. Thus, having money is not always the solution. "A firm's culture, which varies from one organisation to the next, has an impact on the workplace environment. Most new hires, it has been observed, have a tendency to contrast the work culture of the current organisation with that of their prior one.

Since no two businesses can ever be exactly alike, this comparison causes workers to withdraw and underperform, or perhaps even consider changing jobs, according to Rajarshi, managing consultant at Pharma Resource5.

Another problem is redundancy; because they lack access to the most recent training programmes and technological advancements, even the most seasoned professionals in the field feel like they are no longer needed.

The business must first pinpoint the issue within the organisation in order to keep the employee. "They need to identify the company's weaknesses. For example, the issue can be remuneration for one business while it might be the environment for another, etc. The appropriate salary and atmosphere might be offered depending on the company's stature, according to Rajarshi. "Many pharmaceutical companies are taking steps today to ensure that the employee is happy at his or her workplace and wishes to stay," according to the report. "These steps include creating an encouraging atmosphere with regards to awards, regular appraisals, and public announcement of one's achievements."

Ajay Bhatt, Regional Human Resources Director for Abbott India, asserted that employees are less likely to leave their jobs when they can clearly perceive their roles and development paths as well as when they feel valued. To provide this clarity and foster a collaborative environment, it is the responsibility of corporate leaders and HR managers.

Switch Agent

The HR manager must start making changes for better performance as a result of the organization's ongoing effectiveness review. The HR professional is extremely valuable to the organisation since they have the knowledge and skills necessary to implement successful change plans. Employee unhappiness and resistance to change can be reduced by understanding how to connect change to the strategic needs of the firm.



Figure-2

The most effective way to bring about long-lasting development in any business is through the introduction of tiny but frequent improvements, or kaizen.

Table-1

Traditional Role versus Changing Role

<i>Traditional Role</i>	<i>Changing Role of HR Manager</i>
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

The HR specialist contributes to the organisation by continuously evaluating the efficacy of his own HR function as well as that of other departments and work procedures. He actively participates in the definition of the organization's

mission, vision, values, goals, and action plans in order to support the overall success of his business. Finally, he contributes to the selection of the metrics used to assess the organization's performance.

Champion employee

Today's HR manager must act as an employee advocate, supporting their cause while also completing organisational tasks. Job design and specification are continuously examined and changed to accommodate shifting business trends. Even the organisational structure and the reporting structure need to be examined and modified on a regular basis to fit the changing environment and the people occupying the important positions.

In a business, stress management is becoming more and more crucial. To reduce stress and boost organisational performance, yoga and meditation sessions have been included into corporate culture. He needs knowledge on how to foster an atmosphere at work where people will be inspired, productive, and content.

Enhancing the quality of work life is crucial to retaining the greatest employees. The modern workforce is extremely intelligent and constantly on the move. The benchmarking of organisational practises should be done against the best in the sector. On occasion, this subject lends itself to beneficial lessons from other sectors.

Carrying the Corporate Ethics Torch

The management is under a great deal of pressure to demonstrate greater performance from quarter to quarter. There have been several cases where even the most recognisable personalities in business have used unethical tactics to keep their positions. However, the harm that follows from the revelations may greatly outweigh the advantages gained from using such immoral tactics. Therefore, a lot of governments are pushing for moral behaviour in corporate dealings, especially in sectors like pharmaceuticals where human life is at stake. So, in addition to defining corporate standards for employee behaviour, ethics-related language in formal statements also acts as a safeguard for businesses in a landscape that is becoming more complex and regulated. An effective business culture revolves around involving workers on a fundamental level and turning that involvement into moral behaviour to achieve organisational goals.



Figure-3

Office Specialist

The fundamental tenet of HR Accounting is to view the costs associated with knowledge management infrastructure, training, and development as long-term investments. The perception of human resources as a valued asset has undergone a paradigm change, and this has significantly improved the brand equity and image of developing firms.

Defining quality

The HR team can now concentrate on their organization's Core Competency, which can be identified and honed by a TQM or BPR programme, thanks to outsourcing. Any organization's success depends on innovation. It may be in the Goods or Services offered, or it might be in the way that employees carry out the company's objectives. Today's HR managers have evolved into the organization's primary knowledge managers by concentrating on its core competencies. The largest morale booster would be a transformational leadership that is capable of adapting to and surviving in a changing business climate. Therefore, today's HR managers are attempting to develop leaders both from within and from outside the organisation.

Social Responsibility of Corporations (CSR)

CSR is becoming more significant in business. The preferred department for carrying out the work is typically found to be the HR department. External parties (NGOs, the media, consumer advocacy organisations, and the general public) closely monitor the actions performed by pharmaceutical firms and their procedures. As a result, HR must design programmes and communications to meet the requirements and expectations of stakeholders.

CONCLUSION

The values, beliefs, habits, and management style that shape how people think and behave within an organisation have a significant impact on its decision-making processes, according to a PWC analysis. And these traits frequently need to change as the environment in which the organisation operates does. However, the majority of pharmaceutical firms continue to adhere to a corporate culture from two decades ago.

According to the PWC analysis, a revolution in corporate conceptions of the workforce will be fueled by a lack of talent, which will result in the most talented people becoming more powerful and changing social mores. Over the following few years, they will also pose one of the major difficulties for pharmaceutical HR activities. The proper type of managerial structure, with the right type of flexibility, will need to be put in place with the assistance of HR professionals.

It's crucial to find individuals with untapped potential, help them advance their careers, and value them early on.

This entails developing a culture that encourages learning, using tools like knowledge management systems, coaches, mentors, and e-learning, among other things. It also entails quickly recognising the acquisition of new talents in both financial and non-financial contexts. Fair compensation based on market data, higher education policy, job rotation, rewards and recognition, and other important elements must all be adhered to by all businesses to keep their personnel. Making sure that employees work in an ideal atmosphere is just as vital as paying them properly.

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