



## EMPLOYEE RETENTION STRATEGIES IN PHARMACEUTICAL INDUSTRY (WITH SPECIAL REFERENCE TO SELECT PHARMACEUTICAL UNITS IN HYDERABAD CITY)

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### **Introduction**

Employee retention refers to the power of a company to retain its employees. Employee retention are often observed as a dynamic process due its significance in modern day context. However, several contemplate employee retention as about the efforts by that employers decide to retain employees in their manpower. In this sense, retention becomes the methods instead of the outcome. Employee retention, particularly of the simplest, most fascinating employees, could be a key challenge in organizations these days.

Employee Retention could be a method during which the employees are inspired to be with the organization for the most time. Though, employee – employer relationship has undergone a basic modification that has implications on the attrition, motivation and retention of proficient employees. Employee retention is helpful for each the organization and employee. There are five important determinants like Career Development Opportunities, Superior Support, Work atmosphere, Rewards, and Work-Life Policies to review the impact of Human Resource Management practices on retention of employees.

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employers to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees.

Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting employees, effective succession planning and deeply imbedded organizational knowledge and learning. Employers are always determined to find out some of the reasons why employees leave or quit their jobs. The major reason is that they can employ or find effective strategies to increase employee retention. Losing talented employees negatively affects an organization in terms of costs and performance. Information presented in this paper was sourced from e-books and academic journals.

The search was mainly restricted to employee retention, causes of employee turnover and the strategies that can be employed to increase employee retention rate. Employee retention can be defined as the ability of an organization to retain its employees, especially the most talented ones.

Employee retention relates to organizational 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 organization. Various estimates suggest that losing a middle manager in most organizations costs up to five times of his salary. Intelligent employers<sup>18</sup> 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.

### **Employee Retention Scenario in Pharmaceutical Industry in India**

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 Organization 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.

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.

In pharmaceutical organizations, 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 organization. This is a common feature of human weakness, and they may choose not to disclose the correct reason, which may put him in an 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 organization, where managers fail to cope up their role as representatives of the organization.

In marketing and sales of product of a pharmaceutical company, the relationship between company and retailer is established through a medical representative who visits the retailer shop frequently, meets doctors and para-medical employees, and remains conscious about the role of competitors in disturbing the sale of medicines of the company. The supervisor can ease the problems of the medical representative by convincing the manager about the problems affecting the sale, which need to be set right. In case the supervisor is not satisfied with the approach of the medical representative, there is a clash of interest and the medical representative either has to streamline the process or leave the job.

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.

### **Review of Literature**

The literature pertaining to various dimensions and its impact on Employee retention were considered for the study. Various Indian and International studies focused on the dimensions such as employee retention in general and in particular to studies on role of performance management on Employee retention, Career progression and Development on Employee retention, influence of welfare measures on Employee retention, role of Training and Development on Employee retention, role of remuneration system on Employee retention and other select dimensions on Employee retention have been studied.

Hira Fathima<sup>11</sup> found the relationship between the factors of employee retention and organizational competence. From the study the author came to conclusion that the reward system of any organization regardless of its size, plays a vital role in retention of employee along with career growth and opportunity offered in the organization and supervisors or the Managers.

Goswami and Jha<sup>12</sup> opined that success of business hinges more on the retention of employee. The employees are the greatest asset of the organization is to ignore the organization's greatest asset-its employees. The employees are dreamy, hopeful, ambitious, creative and innovative. Retention plans are inexpensive way of enhancing workplace productivity and engaging employee emotionally, proficient employees keep the quality up and business operations run smoothly along with the cost saving in the long run.

Gayathri et al.,<sup>13</sup> found that employees leave an organization out of frustration and constant friction with their superiors or other team members. The major factors which play a vital role in retention of employee are competitive compensation, encouragement and recognition, safety environment, infrastructure, potential talent and prospective roles. Gupta et al.,<sup>14</sup> have opined that in order to retain the right people for the job and business organizations need to redesign their reward and



recognition packages according to the culture, she suggested retention strategies including fostering a culture management concern, Providing relevant training, Job enlargement, Strengthening the team, Clearly identify the people you want to keep as the most vital for the organizational sustainability.

Damodaran and Elayaraja<sup>15</sup> found the relationship between organizational commitment and retaining good employees are very important to achieve stability and reduce costly turnover. The authors have opined that Employee retention to a large extent depends on job satisfaction and organizational commitment. Increase commitment will also increase their efficiency, Compensation and supervisory support plays a critical role in employee retention. Agarwal et al.<sup>17</sup>, have viewed that the growth of outsourcing industry in India is impressive and companies are providing services in low, ends as well as in high end services. These companies are facing continuous challenges in terms of competition, global slowdown, scarcity of talent, attrition of employee. Singh et al.<sup>18</sup>, have opined that employees are considered as vital assets of the company. In a work place, where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. They need transparent work environment to work in. The authors have suggested that quality of work life, support of management, open communication, employee reward program, career development program, and performance based bonus and recreational facilities.

Bhatnagar et al.,<sup>20</sup> have noted that HR devotes its energies to the gamut of talent management spanning Employer branding, sourcing, retaining, placing, training and developing, leadership building, etc. Talent management is formal because it includes programmers and activities like forecast plan, constant companion, assessment centers, 360 degree appraisal, professional circles, open competition for, management talent, preparation of talent matrix, talent recognition programmer, mentoring system along with innovative compensation programmers. Talent management definitions abound, both in theory and in practice.

Gunavarthi and Thenmozhi<sup>21</sup> have highlighted the work life balance and opined that it is an important concern for all employees and organizations in the present scenario. It is heartening to note that though work-life imbalance is an issue for the employees, they are in better control over their work and personal lives. Efforts to increase decision latitude and decrease psychological job demands will reduce work-life imbalance. Organizations have a vital role to play in promoting work-life balance. Popular work-life strategies include family care programmers, employee-friendly benefits, flexible work arrangements, financial and wellness counseling and personal convenience services. Devi et al.,<sup>37</sup> have analyzed the factors influencing the employee turnover intension using Cluster Analysis. The study is based on a sample size of 50 employee selected from two select pharmaceutical companies using a structured questionnaire. The study reveals that turnover intention is different from organization to organization to some extent. The authors have recommended that, organizations need to work out on factors such as creating employee satisfaction, pleasant work environment, training and development and better compensation, to be part of the organization business strategy rather than being left to HR managers to act in order to reduce the employee exits from the organization.

### **Objectives of the Study**

The study mainly concentrates on analyzing the employee retention strategies in Pharmaceutical Companies in Hyderabad. More specifically the study concentrates on analyzing the impact of select dimensions such as work environment and job characteristics, HRD practices Human Resource Development practices, Work-Life Balance, Employee Welfare measures and to suggest suitable measures for betterment of performance of select pharmaceutical companies towards improvement in employee retention strategies.

### **Methodology of the Study**

The study is based on the research study which is based on the primary and secondary data sources. The primary data is collected from the 5 select pharmaceutical units functioning in Hyderabad and the secondary data is collected from the annual reports and HR manuals of select Pharma companies. Further, the internet sources and journals have also been used. In order to get a clear picture of the perceptions of the employees on employee retention, sample respondents, i.e., employees of 5 select pharmaceuticals have been selected based on the Quota cum Convenience Sampling method. The pharmaceutical company units functioning in Hyderabad have been selected by keeping in view of availability of select divisions of employees. Among these select units functioning in Hyderabad City, the required sample respondents have been selected at rate of 10 percent of the total employees working in the Hyderabad City of Telangana State and approached the employees present at the branch on the day of visit soliciting their opinions on various dimensions of employee retention practices. At each of the branch/unit, attempt was made to collect the data in the form of opinions from the employees. In all, the sample of the study constitutes 596 employees from the 5 select pharmaceutical units from the Hyderabad district in Telangana State as presented in Table-1.



**Table-1: Distribution of Sample Size**

Sl.No.	Name of the Pharmaceutical Company	Employee Strength	Units selected for the Study	Total Sample Size
1.	Dr.Reddy's Laboratories	1801	API Hyderabad Plant – I, IDA Bollaram, Jinnaram Mandal and Corporate Office, Banjara Hills, Hyderabad	180
2.	Aurobindo Pharma Limited	2120	Registered Office Branch, Ameerpet and Corporate Office Branch, Kondapur, Hitech City, Hyderabad	212
3.	Hetero Drugs Limited	956	Hetero Labs Limited Unit 3, IDA, Jeedimetla, Hyderabad	96
4.	Vivimed Labs	850	Vivimed Labs Limited, Banjara Hills, Hyderabad	85
5.	Zenara Labs	226	Zenara Pharma, Industrial Development area, Cherlapally, Hyderabad	23
<b>Total Sample Size</b>				<b>596</b>

Source: field survey

### **Analysis of Survey Results**

From the study on primary and secondary data sources, the key observations drawn from the study are presented below.

### **Findings from the study on Employee Remuneration System and its impact on Employee retention**

1. It is been observed that, many of the performance-related remuneration schemes rely upon the performance of the staff. As such, the employees' performance must be assessed. This typically takes place throughout the appraisal method. Employees are assessed on a regular basis, for instance doubly a year. The findings drawn from the study are presented below.
2. Organizational hierarchy wise distribution of sample respondents reveal that 52 percent of the sample respondents are drawn from Non-Executive level, where as 48 percent of the sample respondents were drawn from Executive level.
3. Perceptions of sample respondents on employee remuneration system reveal that majority employees perceived positive on 'salary and incentives are linked to goals which encourage employee to retain in the company', majority of the sample respondents are quite reluctant to have linking salary and incentives with the goals. With reference to annual bonus scheme and retirement benefits, employees were quite satisfied and they are in favour of the system adopted by the pharmaceutical companies.
4. The overall perception on remuneration system is 3.23 which prove that the employees of 5 select pharmaceutical companies are positive and this proves that the remuneration system will influence the employee retention strategies.



5. With a view to understand the opinion of executive and non-executive employee-respondents on the variables of employee remuneration system, the t-test for equality means is computed and the results reveal that there is a statistically significant difference in the opinions of the executive and non executive employee-respondents on the Employee remuneration system as a determinant of Employee retention strategies of the 5 select pharmaceutical companies.
6. Whereas the gender wise t-test for independent samples proved that there is no statistically significant difference in the overall perception of male and female employee-respondents on Employee remuneration system is accepted.
7. The post-hoc test of multiple comparisons supports the inference drawn on the basis of one-way ANOVA that there are statistically significant differences in the perceptions of employees on employee remuneration system as a determinant of expected employee retention strategies.

#### **Findings from the study on ‘Impact of Performance Management and Employee Development on Employee retention’**

1. The study on the employee development practices of Dr Reddy’s Laboratories reveal that the company has been adopting the induction program, balanced card approach for the maintenance of performances of the employees, and further by giving due importance to employee satisfaction, commitment, morale, adopting the uniqueness of HRM practices have been helped the company to retain the employees and become successful employer with good retention policies.
2. The study on employee development in Aurobindo Pharma reveal that the company has been adopting a strong capability approach, empowering trust and openness and the enhancement of employee strengths through collaborative approach for achieving the excellence.
3. The performance management practices of Aurobindo proved that the company has created the Group Performance Management System which focuses on the KPIs and the individual performance management system is a unique approach of the company in the effective management of performances.
4. The analysis on approach of Hetero Drugs Pharma on performance management reveal that the company has been developed the performance practices by adopting the customized system developed to address the needs in different countries. The annual performance appraisal report is one of the unique strengths of the company used for the assessment of practical competencies of the employees.
5. The study on performance management in Vivimed labs reveal that the company has replaced a Forced Distribution model to continuous feedback model by categorizing the employees on the basis of appraiser profiling. The continuous feedback has helped the company to maintain effective appraiser process. Further, the study on performance management in Zenara Pharma reveals that the employees have been practiced with transparency, possession, cooperation and commitment towards organizational goals.
6. Perceptions of the employees on various statements on performance management revealed that, majority of the sample respondents have observed that ‘company has no clear policy on employee appraisal and rewards are being given against goals of employee retention. Whereas majority of the employees felt that the superiors and colleagues pay highest importance for Performance Management system as a tool for improving employee retention.
7. The perceptions of the sample respondents on the employee development practices adopted in the 5 pharmaceutical companies revealed that majority of the employees have responded that work environment prevailed in the company for the employees in the area of HR centric policies implemented, ethical behaviour of its employees, work culture, freedom provided to the employees , collaborative culture prevailing to the employees, discussion on work related issues done in collaborative and synergetic manner. Whereas the employees have dissatisfaction over concern on values and ethical behaviour of its employees, addressing of grievances and the concern of the company about exit interview and implementation of key findings.

#### **Findings from the study on Career Progression and Welfare and its Influence on Employee Retention**



1. With regard to unbiasedness of promotions, future prospects, merit recognition, career advancement, freedom to employee to handle roles in a professional way, majority of the employees were satisfied by the career progression being implemented in the pharmaceutical units
2. The overall perception on career progress show that the weighted mean obtained is 3.69 and this is above to the normal range for consideration, hence this proves that the employees are favour to the career progression in the 5 pharmaceutical units. The highest variation is observed for the statement 'Employee has excellent future' and the 'opportunity to learn new skills and getting promotions are key factors to stay in the company'.
3. Majority of the employees were found deficiencies in the welfare measures being conducted in the 5 select pharmaceutical units. Whereas, with regard to the hygienic maintenance of washrooms, restrooms, majority of them have given disagree rating and this prove the draw back in the maintenance of quality and hygiene in washrooms, restrooms.
4. The overall perception of employee welfare measures indicate that , the average mean for overall perception on employee welfare measures is 3.43 and this is higher than the average level. Highest variation in the perception of employee respondents is observed for the statement 'Safety measures are very effective and management cares a lot'.
5. The study on sample adequacy for factor analysis is tested through KMO and Bartlett's test and results reveal that KMO value is 0.857 and the Sig. value of Bartlett's test is (p .000) where p value is less than ((p .000)<(0.05)) which indicates that the sample data is fit for applying Factor Analysis test. The factor analysis results shown that, after thorough observation and analysis it has been found that four factors are the major contributors of Employee Welfare measures conducted in select pharmaceutical units. The components are integrated non-statutory welfare measures, security measures, Employee health and integrated statutory welfare measures.
6. The overall perception of sample respondents on the employee retention strategies reveal that 59.7 percent of them have felt that he retention strategies are performed with meticulous care at each level for overall employee development and retainment. The ANOVA test proved that there is no statistically significant difference in the perception of the employee respondents on the overall perception on employee retention strategies in 5 select pharmaceutical units.

### Conclusions of the Study

In today's competitive environment, clearly the long-term winners are the businesses that give a versatile and difficult work atmosphere in conjunction with employee recognition, rewards and retention. Because of growing expectations among staff at all levels, a majority of employee levels need to own an improved quality of work life that address the expectations and realities of facilities provided, ways towards retention executed. As per the expansion projections of the Indian drugs sector, firms are needed to retain their human resources as rising attrition levels are proving to be a significant problem for the businesses to surpass in domestic and international market. Combined efforts to stay retention on a good leash will certainly facilitate. High retention level can cause fewer operational issues, bigger productivity, building name and image in domestic and international market, building worker morale and huge cost-saving in the variety of retainment of the staff making less demand for hiring to the organization. In this context, employee retention has become the strategic focus and compelling necessity of companies these days. Thus, ignoring the problem of mounting attrition level will have devastating consequences for the business. Organizations will afford to ignore the problem at their own peril.

Retention problems mustn't be unnoticed till the company suspects an employee would possibly quit, at that purpose it's addressed by giving the employee some reasonably perks to remain, and then it's back to business as was common. This approach may work in the short-run; however will nothing to cultivate long-term loyalty. A more robust approach is to handle retention proactively as a strategic issue. The management should look forward to commitment, enhance job satisfaction and to provide support to facilitate employee retention. Finally, Retention ways are not just for an individual Pharmaceutical organization except for the industry as a whole.

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