

Title of the Research Article: Talent Management Issues of Pharmaceutical Companies

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Abstract

The major problem being faced by pharmaceutical companies in India is talent gap and one of the dimensions include high attrition rate. After Information Technology, the pharmaceutical industry is grappling with the highest level of attrition. In Sikkim, addition to high attrition rate, the pharma companies also have problems in attracting the best talent and developing the talent. Talent management is a matter of serious concern for pharma companies in Sikkim. The present study aims to understand talent management practices and explore issues of pharmaceutical companies in Sikkim. For the purpose of the study, 9 pharma companies in Sikkim are selected based on judgemental sampling. Data were collected through questionnaire and interview with senior Human Resource (HR) managers. Majority of the companies are giving top priority to talent management as they believe that it significantly influences company's performance.

Keywords: Attrition, Pharmaceutical industry, Sikkim, Talent management

1. Introduction

In the emerging and future world of business, the key factor of success will be talent more than capital or technology. In these days of intense competition, it is important for an organization to develop the most important resource of all – the Human Resource. In this globalized world, the main source of competitive advantage would be the Human Resource because under the new trade agreements, technology can be easily transferred from one country to another and there is no dearth for sources of finance. But it is the talented workforce that is very hard to find. With rapidly changing skill sets and job requirements, it becomes an increasingly difficult challenge for organizations to manage their talent. Talent management is an ongoing process that systematically identifies, attracts, develops and retains talent to meet current and future business needs and objectives. By implementing an effective talent management strategy, organizations can help ensure that the right people are in the right place at the right time, as well as organizational readiness for the future.

Sikkim is home for 21 pharmaceutical companies with significant investments. The main attraction of this state apart from the benefits provided by North-East Industrial and Investment Promotion Policy (NEIIPP), 2007 are Greenfield project and no past issues on labour unrest. But despite of attractive benefits

- Lack of Infrastructure
- Poor Manpower Supply
- Poor Marketing is the Handicaps which Sikkim has been suffering from.

Due to the lack of potential manpower supply these companies are compelled to attract human resources from outside the state. The companies face different challenges in attracting and retaining the talent.

2. Literature Review

The research studies conducted in the area of talent management are reviewed which provide insights into different dimensions of talent management. It has been classified into various categories:

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2.1 Talent Management Initiatives

Sharma, Garg and Singh⁸ traced the challenges of Talent Management (TM) and ways to retain the best talent in the organization. Findings emphasized on aligning human capital with corporate strategy and objectives. For the better performance of an organisation, it needs to implement effective Talent Management strategies. Stahl, et al.,⁹ identified various measures taken by leading companies to develop and sustain talent pool across the globe. 37 Multi National Companies (MNCs) were selected for the study on the basis of scope, reputation and long term performance. Results suggested that designing and implementing best HR practices doesn't confirm the competitiveness of firms rather it depends on the proper internal alignment of various elements of Talent Management system along with their links to business strategy and their global coordination. Kimani and Waitthaka⁵ explored the factors affecting Talent Management in public sector with special reference to Kenya Broadcasting Corporation. To achieve this purpose Regression Model was used. Data were collected using questionnaire and analyzed with the help of Statistical Package for Social Science (SPSS) Software by taking 159 management employees as a sample for the study. It was found that reward system, organisation culture, career development and work place environment affect Talent Management in State corporations. Therefore organizations were advised to invest on Training and Development and Strategic Reward Management as former will lead to enhanced productivity and understanding of new technologies and latter will encourage and improve employees' competencies.

2.2 Talent Management in Pharmaceutical Industry

Anis, et al.,² tried to establish relationship between employees' retention and their satisfaction with supervisor support and compensation in pharmaceutical firms in Pakistan. Observation method was used by taking six pharmaceutical firms and data were collected through questionnaire and applied SEM by means of AMOS 18.0 model test. Findings showed a positive relationship between the employees' retention and satisfaction with supervisor support and compensation. Mishra⁷ focused on providing HR strategies in relation to reduction in attrition rate and gender inequality in pharmaceutical companies in India. Data were collected from secondary

sources (seven case studies). Study concluded that in order to eradicate the gender inequality and formulate women friendly policies, the firms have to adopt new Talent Management models and leadership techniques.

Mathew⁶ studied the perception of senior management executives and HR on the existence of talent gap in their organisations and how they manage talent. Talent shortage due to skill shortage and retirement emerged as an outcome in pharma sector by 58% in all categories. Lack of attention to leadership and succession planning was revealed in pharma and hospitality profession. Dube and Verma⁴ analysed various factors influencing attrition rate in Information Technology (IT) and Pharma companies with the help of an exploratory research based on analytical method. With the help of questionnaire and interviews of 50 professionals from both the sectors in Mumbai and nearby suburb industrial areas were taken. Findings revealed attrition rate of IT and Pharma to be 30-35% and 15-20% p.a respectively. Career growth and salary are found to be the major reasons for attrition among employees with <35 years of age and better work atmosphere among employees with >35 yrs of age in IT. Whereas in Pharma, timings constitute the main reason among employees with <35 years of age and working culture is the major factor among employees with >35 years of age that contributes lot for change in job.

2.3 Talent Management in Other Sectors

Ansari³ described effective recruitment and retention practices as expressed by the participants of the study in order to provide useful information to the employers in IT sector. For this purpose intensive focus group study was conducted talking to 14 senior IT managers and recruiters from number of local companies in Pacific Northwest. Result suggested that the basic hygiene factors and job advancement opportunities need to be adequate or attractive than elsewhere in order to retain IT talent. Study cited two main reasons for IT shortage

- Decline in number of graduates by more than 40% in USA
- Increasing demand for trained IT employees.

Stokes¹⁰ tried to establish relationship between organisational goals, functions and IT personnel goals in order to help IT managers to hire and keep talent for the organization. Study revealed four strategic choices, beliefs and assumptions based on organisation's beliefs such as

- Long-Term Investment (LTI).
- Balanced Professional (BP).
- High-Performance Professional (HPP).
- Short-Term Producer (STP).

Amoah¹ emphasized on dynamics of employees' inter-firm mobility in airline industry of Africa and its effects on firms' performance. Eight airline firms were taken for qualitative case study by collecting data through semi-structured interview method. Findings revealed diverse effects of liberalisation in industry by creating competitive environment for firms to compete rigorously for scarce human capital. Further studies can be done by tracing the factors influencing the decisions of employees to leave or not to leave and remain in their organisation.

Swapna and Raja¹¹ conducted a research study in order to find out any difference in the responses of health care and education sector employees regarding a set of factors which constitutes talent. For this purpose, both primary and secondary sources of data were collected from both the sectors. Inferences and conclusions were drawn on the basis of the data analysis using Mann-Whitney U test. The study found that the employees of both the sectors felt importance of Talent Management in achieving financial benefits of organizations. Tests also proved that there is no significant difference between the opinions of both the sectors' employees. Hence, it can be rightly said that talent management is important in achieving business results.

Tajuddin, Ali and Kamaruddin¹² testified the ability of talent strategy as a hedging strategy to manage banking talent risks in Malaysian Banking sector. For this Structural Equation Modelling was used followed by Confirmation Factor analysis. Three variables were considered for the study -Talent Management Practice (TMP), Employees Value Proposition (EVP), and Talent Brand Strategy (TBS) as an independent variable, mediating variable and dependent variable respectively. Findings revealed TMP as a significant predictor of EVP and TBS. Therefore it was suggested that with an integrated talent programme, Malaysian banks can boost their growth and profits.

The research studies emphasized the importance of talent management strategies that can have far-reaching impact on the performance of the organization.

3. Objectives of the Study

- To understand talent management practices in pharmaceutical industry.

- To study different dimensions of talent management (talent acquisition, talent development, talent retention).
- To study strategic HR approaches used to manage talent.

4. Methodology

The present study is exploratory in nature. There are 21 pharma companies in Sikkim (including 5 sister concerns). Two criteria are used for selection of the companies –

- Minimum one year of functioning .
- Exclusion of sister concerns.

Out of 21 pharma companies, 2 companies are less than 1year old and 5 companies are sister concerns which are excluded from the purview of the study. 14 companies are considered out of which 11 pharma companies are situated in East District and 3 companies are situated in South District of Sikkim. For the purpose of the study, 9 out of 14 companies are selected based on judgemental sampling. 9 companies include Sunpharma, Cipla, Glenmark, Zyclus, Alkem, Unichem, IPCA, STP, and East west pharma. Data were collected through questionnaire and interview with senior HR managers.

5. Results and Discussion

5.1 Talent Management Initiatives

The study revealed that Talent Management (TM) initiatives are undertaken by 8 out of 9 pharma companies and are given priority as they opine that they influence company's performance significantly.

Table 1. Talent Management Initiatives

S.No	Talent Management Initiatives	Mean score
1	Alignment of employees with the vision, mission and business strategy	4.69
2	Building successors	3.99
3	Creating retention culture	5.88
4	Creating attractive culture to join	4.25
5	Facilitating career growth and development of employees	4.42
6	Identifying vacancies in time as the company grows	2.44
7	Tapping the right kind of talent	3.16
8	Rewarding best performers	4.68

It is observed from Table 1 that creating retention rich culture is accorded highest priority reflected by highest mean score assigned to the initiative. The major problem faced by pharmaceutical companies in India is talent gap and one of the dimensions include high attrition rate. Hence creating retention rich culture is a challenge for pharma industry in India in general and more in Sikkim. Second rank based on mean score is accorded to the alignment of employees with the vision and mission of the company. Sharma, Garg and Singh⁸ emphasized on aligning human capital with corporate strategy and objectives. Stahl, et al.,⁹ expressed that designing and implementing best HR practices doesn't confirm the competitiveness of firms rather it depends on the proper internal alignment of various elements of Talent Management system along with their links to business strategy and their global coordination. Rewarding best performers is ranked 3, as one of the main motivating factors for the employees now-a-days in recognition of work. Rewarding best performers motivates the employees to perform better and is an incentive for the better performers to retain with the company. Identifying vacancies in time as the company grows, tapping the right kind of talent and building successors are assigned last three ranks connoting relatively lesser importance for these initiatives.

5.2 Talent Management Dimensions

Talent management dimensions include talent acquisition, talent development and talent retention.

5.2.1 Talent acquisition

It is observed from Table 2 that direct sourcing is the major recruitment method used by the pharma companies followed by referrals and social networks.

Table 2. Usage of Recruitment Methods

S. No	Recruitment Methods	Mean score
1	Social networks	3.47
2	Referrals	4.79
3	Corporate career site	3.03
4	Direct sourcing	5.69
5	Mobile career site	1.85

In addition to this, the HR managers of more than 50% companies expressed that they are part of the poaching trend and attempt to attract employees from competitors.

5.2.2 Talent development

The research study portrayed that all 9 companies have a formal budget in place for further training and development of employees and 6 of them are planning to increase the budget for talent development in the next three years as it plays a key role in improving the performance of the company. HR managers of majority of the companies responded that they conduct performance appraisal on a systematic basis and identify the training and development needs. Employees now-a-days are assigning more importance to career planning and development which may also lead to availability of talent for filling lead roles in the company in future. HR managers of 6 companies expressed that the companies use a formal approach to identify potential leaders and groom them for further development benefitting both the company and the employees.

5.2.3 Talent retention

The study revealed that 6 out of 9 pharma companies are experiencing the problem of attrition. This is in tune with trend prevailing across the pharma industry in India. After Information Technology, the pharmaceuticals industry in India is grappling with the highest level of attrition. The fast growing knowledge-based sector suffers an attrition rate of 26.1%, 21.1%, 10.2%, 5.5% and 3.1% at clerical, junior, middle, senior and top levels of management respectively.

Table 3. Reasons for Attrition

S.No	Reasons for Attrition	Mean score
1	Lack of inspirational, visionary, characteristic leadership	2.27
2	Lack of challenging and supportive work environment	2.67
3	Lack of growth and advancement opportunities	3.43
4	Lack of competitive compensation and rewards	4.17
5	Lack of career development	3.43
6	External factors like lack of better educational facilities for the children, lack of better medical facilities, geographical challenges of the State, etc.	3.55

The study outlined the major factors that are attributed to attrition of the work force. Lack of competitive compensation and rewards is the most prominent reason for attrition followed by challenges of Sikkim State, like lack of better educational facilities for the children, lack of medical facilities, geographical challenges of Sikkim State which include vulnerability of earthquakes, landslides, etc.

Whereas lack of inspirational, visionary, characteristic leadership and lack of challenging and supportive work environment are not considered to be the major reasons for attrition as these factors have relatively lower mean score.

HR managers of 7 companies expressed that they conduct exit interviews and use a formal approach to identify the reasons for employees' turnover. Though external factors cannot be regulated by the company, 6 companies opine that attrition problem can be addressed through appropriate talent management strategies.

Table 4. Strategic HR Approaches for Talent Management

Strategic HR Approaches	Mean score on a scale of 5
Effective recruitment	4.67
Efficient selection	4.44
Reward Management	3.59
Competitive pay	4.11
Training & Development	4.33
Career planning & development	4.22
Benefits	4.33
Work life balance initiatives	4.33

According to the perception of HR managers the companies are using various strategic HR approaches in order to facilitate better talent acquisition, talent development and talent retention. They opine that they are focusing more attention on talent acquisition which is reflected by relatively high mean score of 4.67 and 4.44 for recruitment and selection respectively. Talent development through training & development and career planning & development is also given due focus which is denoted by mean scores of 4.33 and 4.22 respectively. Talent retention to a greater extent depends on pay, benefits, facilities, rewards, etc. Reward management appears to be a grey area which has to be strengthened.

6. Conclusion

Sikkim has been the attraction for pharmaceutical companies mainly due to the benefits provided by North-East Industrial and Investment Promotion Policy (NEIIPP), 2007. On the other hand there are many challenges due to lack of infrastructure, poor manpower supply, inadequate facilities and location of the place which is more prone to earth quakes, landslides, etc. Due to the lack of potential manpower supply these companies are bound to attract human resources from outside the state. The companies face different challenges in attracting and retaining the talent.

7. Managerial Implications

Talent Management issues are a matter of great concern for the companies. HR personnel surveyed recognize that retaining employees is imperative to the health and profitability of their organizations and they believe that effective talent management will pay off in the long run for their organizations. But still the study revealed that 6 out of 9 pharma companies are experiencing the problem of attrition. Lack of competitive compensation and rewards is the most prominent reason for attrition. Other reasons include challenges of the State like vulnerability to earthquakes, landslides, lack of better educational facilities for the children, lack of better medical facilities, etc which makes it more difficult for the companies to retain the employees. Pay, benefits, facilities, rewards should be good enough to compensate the inherent limitations of the place of location. Otherwise the employees will have inclination to leave the job and the company. It is a great challenge for the pharma companies in Sikkim to retain the best talent. The research provides HR practitioners with insights to strive for retention of talented employees through appropriate talent management initiatives. In order to attract and retain the best talent, the companies have to formulate and implement good talent management strategies.

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