5.0 INTRODUCTION

It is important to understand the high attrition rate in Indian Pharmaceutical sector, which stands presently around 35% taking into consideration the Recruitment and Selection of Pharmaceutical sales personnel, and various reasons behind the attrition rate are as follows:

Controlling Attrition

In an ideal world, employees work hard, love their job, worship their workplace, feel like a family and would never leave. But in the real world, employees quit at the drop of a hat. In today's scenario, it is the major challenge before the pharmaceutical companies to control the high attrition rate.

As the Indian pharmaceutical industry grows exponentially, companies are taking the big leap from survival strategy to competitive strategy. Hence, there is a constant thirst for the best and the brightest of employees, and the result is heavy attrition.

In addition, there are several other reasons as to why employees quit. The reasons are too varied to be clubbed together, but the bottom line remains the same—it is all about money!
Therefore, it is no wonder that the compensation levels in the industry are heading north. Companies are literally bidding for talent and luring away employees with attractive salaries and designations. While HR experts define it the function of demand and supply, it is a serious concern for employee retention.

**A Critical Issue**

After IT and BPO, it is now the pharmaceutical sector that is facing the issue of high attrition rates. For most HR managers, employee retention is the biggest challenge.

Talent or human resource is a major asset for any company. Company Invest high amount of money for their recruitment, selection and training and what happens to company if these talents or employees leave the organization in short while seeking new opportunities.

Indian Pharmaceutical Industry is one of the fastest growing knowledge based sector with annual attrition rate of around 30-35% compared to the global pharmaceutical attrition rate of 10-12% per annum. Current statistics show that higher attrition rate problem mainly exists in Marketing and R&D departments.

Major reasons for high attrition rate, stated by employees during the survey are-

1. Inadequate salary or compensation plan. The immediate gain in salary package was found to be responsible for job change in 61 per cent of the cases.
2. Poor management
3. Uninteresting job
4. Lack of motivation

**Job Lacking Opportunity for Future Advancement**

Leaving company by the employee not only leads to loss of money for the company in his training and development of knowledge but it also increase the threat of information security if employee moves to rival company and loss of the business.

Whenever a well-trained and well-adapted employee leaves any organization, it creates a vacuum. The organization loses key skills, knowledge and business relationships, and it is not an easy task to find a sustainable substitute. Situation is worse when it happens at a critical (decision making) position, as there is a scarcity of such technical resources in the market. Attrition directly affects the company. Recruiting and training programmes for employees is an expensive affair. The company has to invest a lot while recruiting an employee.

Attrition is a universal phenomenon and no industry is devoid of it, but the degree fluctuates from industry to industry. Major pharmaceutical companies in India are age-old and established, having their own culture and work practices and therefore, employee turnover will be a common phenomenon in such companies. Attrition is a serious issue in the pharmaceutical industry because the industry is knowledge-based and hence employees are its "assets".

Many HR experts believe that money, though a key factor, is not the only one which makes employees quit. Attrition also happens when people hate their working conditions, do not like their team-mates or perhaps do not
like what they are doing. There are also cases when people leave their job for family reasons or when they wish to migrate.

Experts also believe that organizational culture has a great impact on who stays and who goes. And the culture of an organization is determined by the quality of the relationship between bosses and their subordinates. According to a popular saying, employees never leave the company, they leave their bosses. An inefficient boss creates poor work culture, which is one of the frequent reasons for quitting.

Employers often fail to understand the importance of providing opportunities for development of their employees or their career growth. A conducive working atmosphere, good culture, training and career growth with adequate salary are some provisions that control attrition.

Every employee comes to his organization with some aspiration. An organization is viewed as a place where employees meet their aspirations of growth and development, values of trust, teamwork and transparency. If a company respects them and their skills, realize their potential and provide them with a healthy environment to learn and grow with flexible compensation, employees take that as a strong reason to stay on.

Recognizing the contribution of outstanding achievers also inspires others to try hard and put in their best. A good organizational behavior also focuses on areas like training, career development and believe in equipping workforce better on the professional front.

Experts say that good organizational behavior is instrumental in extending the tenure of employees in the organization as it increases their
self-esteem, confidence, morale and motivation. A substantial growth of employee's self-esteem is as important as the concept of learning in the industry. Otherwise, experts fear that pharmaceutical organizations will meet a sorry fate as far as retention policies are concerned.

**Attrition is the Function of Demand and Supply**

The demand comes from the growth of the industry and the policy of the company. These two things decide whether there is a demand of fresher or experienced employees. On the other hand, the supply comes from the educational institutions and the market. Normally the supply from the educational institutions is enough to meet the demands of the pharmaceutical industry, there is a lack of experienced people in the industry, which in turn has created an imbalance. The imbalance is crucial to the growth of the industry. While the industry is growing, not all companies are capable of taking fresh people and groom them. Hence, the current status demands experienced people and shortage of skills or retaining existing employees pose an issue for the industry.

In the current scenario, the demand of experienced and good employees is actually outstripping the supply. In such a situation, higher salary structures pose a major challenge in controlling attrition levels in the industry. Moreover, the salary growth plan is not well defined as well. All this encourages poaching by companies offering higher salaries. Though the salary is decided keeping in line with the market trends, the qualification, experience and the attitude of the individual matters. Salary or even increments are dependent very much on what kind of value adding the person is or will do in the organization.
Besides, HR experts from the industry believe that out paying is not a winning tactic for companies. The organization’s reward strategy reflects its power to drive quality employees. Apart from salary, recognition of work is a healthy retention strategy. If the organization values its employees, recognizes and appreciates their skills and work, it pays. It is important to keep an eye on fast track people who are intelligent and excellent performers. Performance is a primary requirement; therefore, excellent performers should be valued. They should be identified, nurtured and provided growth opportunity.

**HR’s Role and Strategies**

As the struggle for reducing employee attrition rates is intensifying, recruiters are putting renewed efforts in identifying talent, which is committed and productive. However, while everyone is competing for talent, in experts' opinion, a hiring spree can be a blunder sometimes. Stringent recruitment process could help reduce attrition to a certain extent.

An internal referral mechanism is also very useful in reducing attrition rates in companies. A thorough analysis of a candidate's background or behavior pattern, adaptability or liking would help the organization with good resource pool and less attrition rates.

Hiring slayers rather than stars is yet another strategy. According to experts, some of the most talented people often have the tendency to move on. The reason being their eagerness to climb by shifting from one company to another. Frequent job hoppers are not the ultimate gainers. "They gain or earn only in terms of money but those who opt to work in one organization for long are able to learn and gain experience which pays in the long term,"
An efficient HR focuses on creating a good work culture and work out different strategies in line with organizational philosophy. According to experts, HR managers must use the combination of growth, learning opportunity and pay attention to employees' personal needs and participation. The needs of the employees should be regularly gauged through open communication, polls and feedback mechanisms to maintain consistency in performance and high motivation levels.

Pharmaceutical employers need to understand the same and deal this issue on a war footing so as to avoid loss of good employees and, also the business.

This brings to the issue of recruitment and selection. If these initial steps are flawless, it also helps in reducing the attrition.

5.1 SIGNIFICANCE OF RECRUITMENT AND SELECTION PROCESS

“Recruitment and selection refers to the chain and sequence of activities pertaining to recruitment and selection of employable candidates and job seekers for an organization”.

Every enterprise, business, and entrepreneurial firm has some well-defined employment and recruitment policies and hiring procedures.

Importance of Recruitment is given below:

- Attract and encourage more and more candidates to apply in the organization.
Create a talent pool of candidates to enable the selection of best candidates for the organization.

Determine present and future requirements of the organization in conjunction with its personnel planning and job analysis activities.

Recruitment is the process which links the employers with the Increase the pool of job candidates at minimum cost.

Help increase the success rate of selection process by decreasing number of visibly under qualified or overqualified job applicants.

Help reduce the probability that job applicants once recruited and selected will leave the organization only after a short period of time.

Meet the organizations legal and social obligations regarding the composition of its workforce.

Begin identifying and preparing potential job applicants who will be appropriate candidates.

Increase organization and individual effectiveness of various recruiting techniques and sources for all types of job applicants.
Factors Governing Recruitment

External Factors

- Supply and demand
- Unemployment rate
- Labour market
- Potential social
- Sons of soil
- Image

Internal Factors

- Recruitment policy of the organization
- Composition of temporary and part time employees.
- Preference to local people even by multinationals as they understand local language.
- Size of recruitment
- Cost of recruiting
1. Identify vacancy
2. Prepare job description and person specification
3. Advertising the vacancy
4. Managing the response
5. Short-listing
6. Arrange interviews
7. Conducting interview and decision making. The recruitment process is immediately followed by the selection process i.e. the final interviews and the decision making, conveying the decision and the appointment formalities.

Recruitment and Selection are perhaps the most important tasks for an organization. Recruitment refers to the process of searching and appointing prospective candidates in an organization. An organization must undertake
the recruitment procedure if it wants to appoint the right people under its employment.

According to **Edwin B. Flippo**, “Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”.

“A process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applications from which new employees are selected”.

‘Recruitment is the activity that links the employers and the job seekers’.

**Objectives of Recruitment**

1) Support the organization ability to acquire, retain, and develop the best talent and skills.

2) Determine present and future manpower requirements of the organization coordination with planning and job analysis activities.

3) Obtain the number and quality of employees that can be selected in order to help the organization to achieve its goals and objectives.

4) Create the pool of candidates so that the management can select the right candidate for the right job from this pool.

5) Attract and encourage more and more candidates to apply in the organization.
6) Increase the pool of candidates at minimum cost.

7) Acts as a link between the employers and the job seekers.

8) Infuse fresh blood at all levels of the organization

9) To search or head hunt people whose skill fit the company’s value.

10) To induct outsiders with a new perspective to lead the company.

**Sources of Recruitment**

Every organization has the option of choosing the candidates for its recruitment process from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.
Why Does Organization Prefer Internal Sources?

- Internal recruitment can be used as a technique of motivation.
- Suitability of internal candidate can be judged better than the external.
- Candidates as “known devils are better than unknown angels”.
- Employee’s psychology needs can be met by providing an opportunity for advancement.
- Employee’s economic needs can be met by providing an opportunity for advancement.
- Cost of selection can be minimized.
- Cost of training, induction, orientation, etc can be minimized.

5.2 SELECTION PROCESS

The main objective of a selection procedure is to determine whether an applicant meets the qualification for a specific job, and then to choose the applicant who is most likely to perform well in that job.

The entire process of selection begins with an initial screening interview and concludes with a final employment decision. When a selection policy is formulated, organizational requirement like technical and professional dimensions are kept in mind. Selecting a suitable candidate can be the biggest challenge for any organization.

According to Dale Yoder - "Selection is the process in which candidates for employment are divided into 2 classes - those who are to be offered employment and those who are not."

1) Pre Interview Screening

This is generally the starting point of any employee selection process. Pre Interview screening eliminates unqualified applicants and helps save time. Applications received from various sources are scrutinized and irrelevant ones are discarded. A preliminary Interview is conducted.
2) Preliminary Interview

The application of candidate whose screening is successful is found to be eligible for the preliminary interview which covers the personal as well professional details of the prospective candidate.

3) Final Interview

This interview is formal in depth conversation conducted to evaluate applicant's acceptability.

4) Medical Examination

If all goes well, then at this stage, a medical examination is conducted to make sure that the candidate enjoys sound health and does not suffer from any serious ailment.

5) Checking References

Most application forms include a section that requires prospective candidates to put down names of a few references. References are contacted to get a feedback on the person in question including his behavior, skills, conduct etc.

6) Job Offer

A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer. An applicant can be dropped at any given stage if considered unfit for the job. Only after successfully clearing all the hurdles, an applicant can enjoy the feeling of being selected for a particular job.
7) **Induction Programme**

New entrants after joining are given induction programme. It helps the new employee to understand and develop a sense of identification with the company and he can clearly understand his job and will be able to perform his work in good manner.

**5.3 HR POLICIES AND PROCEDURE**

HR department deals with the management of human resources. It is responsible for the creation of harmonious working relations among the participants of the organization. It effectively deals with the process of planning, directing, developing, and utilization of human resources available to the company. Personnel department basically involved with the management of personnel or human resources. Personnel management is the planning, organizing, directing, and controlling the procurement, development, integration, maintenance and separation of the human resources to the end that individual, organizational and social objectives are accomplished.

**Recruitment Checklist**

♦ Has the vacancy been agreed by the responsible HOD?

♦ Is there up-to-date job description?

♦ What are the conditions of employment for their vacant positions?

♦ Has a candidate specification been prepared?

♦ Has the manpower requisition form been submitted earlier?

♦ Has the job advertisement been agreed?
Have the interview arrangement been made?

Have unsuitable candidates held in reserved been informed?

**Explanation of Recruitment Process**

Steps in Recruitment process are as follows:

1) **Requirement Gathering:** Requirement gathering starts with the job description provided by the different department. The manpower requisition forms are provided by the HR department and then filled by the respected departments. Job description contains criteria such as qualification, professional experience, designation in the organization, urgency of manpower requirement in the organization.

2) **Analysis of the Requirement:** It is a clear requirement with a detailed explanation. A clear understanding enables a recruiter to provide a valuable manpower to the required department in terms of giving them a right candidate that matches up their requirement and to provide a candidate with good opportunity to sharpen his skills and achieve his personal goals.

3) **Sourcing of CVs:** In order to find the relevant profile for the job, it is very essential to search the CVs. This can be done in following ways:

   - Casual application from local places.
   - Contacts through the present employees.
   - Data bank
   - Portals, such as Naukri.com
   - Former employee
   - Campus interview.
4) **Screening of CVs:** This is very important step. It decides whether the CV matches the job description given by the department head. In this step the recruiter has to study the following details in deep—

- Date of birth
- Highest qualification
- Experience
- Skills
- Expected salary, etc.

5) **Arranging the interview:** After screening the CVs, the interview schedule is scheduled by the recruiter. Once the schedule is fixed, candidates are called for interview.

6) **At the time of interview:** Candidate is given the personal data form to fill before the interview. Personal data form covers all the in depth information of candidate. Personal data form and resume attached to it is handed over to the interviewer before an interview. Then preliminary interview and final interview is conducted.

7) **Medical Checkup:** Selected candidates are sent to medical checkup with pre medical checkup form. The main objective of this test is to detect whether the applicant is physically fit to perform work or not and to protect the employer from worker compensation claims.

8) **Reference Check:** Reference check is made for an experienced candidate. Many employer request name, contact number,
address of reference for verifying the additional background information of the candidate.

9) **Documentation:** After the reference check is positive, candidate is called for further procedure of documentation. After documentation the candidates are provided with offer letter.

10) **Induction Programme:** New entrants are given induction programme. It helps the new employee to develop the sense of identification with the company. The newly entrants is given information about the major products, departments and organization, key statistics. This helps the newly joined employees to understand their work in a better way.

**Criteria for Recruiting a Medical Representative**

**A Check List**

1. **Age**
   It is advisable to select them young, usually between 21 and 25 years.

2. **Education**
   Depending upon the level of technical knowledge required for promoting your products you can decide on this.
3. **Experience**
   It may be advisable to select a fresh graduate with good scholastic record and extracurricular activities. Some companies prefer limited experience of a year or two in similar companies. In the case of an experienced candidate look for his accomplishment, tract record, etc.

4. **Appearance**
   A pleasing personality is always preferred.

5. **Manners**
   He / she should have good manners as he moves in a sophisticated highly educated class.

6. **Voice and Expression**
   There should be clarity of voice, modulation and grammar

7. **Reactions**
   Alertness, quickness of response.

8. **Drive**
   Ability to stimulate, enthuse others and self-assurance.

9. **Intelligence**
   Comprehension, reasoning ability, keenness and smartness is expected of him/her.

10. **Interest**
    Sincerity of ambitions and personal goals, interest in other people.
Recruitment Process

Table 14: Recruitment Process

<table>
<thead>
<tr>
<th>Recruitment Process</th>
<th>No. of Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach to candidates</td>
<td>50</td>
</tr>
<tr>
<td>Positive response</td>
<td>35</td>
</tr>
<tr>
<td>Short listing after preliminary interview</td>
<td>10</td>
</tr>
<tr>
<td>Final selection of candidate</td>
<td>05</td>
</tr>
</tbody>
</table>

Graph 9: Recruitment Process

The above graph no. 8 represent the number of candidates gets selected after the final interview. This graph is taken to show the number of approaches to candidate is much more than the candidates who actually get selected after the final interview.
### Table 15: Sources of Recruitment

<table>
<thead>
<tr>
<th>Sources</th>
<th>% of Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Portals</td>
<td>30%</td>
</tr>
<tr>
<td>Data Banks</td>
<td>30%</td>
</tr>
<tr>
<td>Campus Interview</td>
<td>10%</td>
</tr>
<tr>
<td>Casual Applications</td>
<td>10%</td>
</tr>
<tr>
<td>Employee Referrals</td>
<td>10%</td>
</tr>
<tr>
<td>Advertisement</td>
<td>5%</td>
</tr>
<tr>
<td>Walk ins</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Graph 10: Sources of Recruitment

The graph represents the sources of recruitment. The percentage of usage of all sources is not same, the company is using job portals as 30% which are major source of recruitment, 30% data is from data banks, 10%
from campus interview, 10% from Casual application, 10% from employee referrals 5% from advertisement and 5% from walk ins.

Table 16 : A Survey of Factors Affecting the Recruitment Policy of the Company

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Preference given by the employee</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pay Package</td>
<td>35%</td>
</tr>
<tr>
<td>2</td>
<td>Work Profile</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Organizational Culture</td>
<td>15%</td>
</tr>
<tr>
<td>4</td>
<td>Company's name and Fame</td>
<td>30%</td>
</tr>
</tbody>
</table>

Graph 11 : Factors Affecting Recruitment Policy

According to this survey, 35% employee says about pay package, 20% work profile, 15% organizational control, and 30% company’s name and fame.
The selection and recruitment of sales personnel is a critical aspect in Pharmaceutical industries because it has to face many challenges existing in the market. The selection of right person for the right job is the basic need of the Pharmaceutical industry. The employer has to consider following challenges before pharmaceutical marketing. This is because before selection he has to study the challenges and select the team which can meet out these challenges.

Recruitment Process Outsourcing (RPO)

RPO has largely been associated with Business Process Outsourcing (BPO) wherein an employer outsourcers all or part of its recruitment process to external service provider. RPOs have often been confused with other placement agencies which have cropped up throughout India. In fact there is a huge difference between their way of functioning and credibility. Rajesh Ranjan, Research Director, Everest group says, "RPO has different kind of elements. First is sourcing, where you need to source right kind of resumes, candidates etc. It is followed by screening of those resumes. After that you need to take care of the logistic requirements. Interview of the candidate and then processing an offer letter are some of the key elements of this recruitment cycle. RPOs take up multiple recruitment processes and they handle it on ongoing basis. RPO will be responsible for outcome of these processes. This is the difference between RPO and normal recruitment placement agencies." That said, interestingly, the Indian industrial sector has not yet warmed up to RPO as a recruitment concept, much less the pharmaceutical and health care sector.

Untapped Opportunities

It is strange that Indian pharmaceutical industry which is by volume fourth in the world has minimal penetration of RPO. There are different
reasons put forth to explain this seeming lack of interest. RPO as a concept has already taken healthy shape in the western world. In India it is still at a nascent stage. Companies are looking for higher quality with increased efficiency and this has gained momentum especially post the economic downturn."

Many times pharmaceutical companies have their own internal recruitments. The capabilities of external recruitment firm are also sometimes a point of concern for pharmaceutical companies, as pharmaceutical recruitment calls for a basic understanding of the pharmaceutical industry as well.

The critical business issue in pharmaceutical is attrition in front line sales. Leading pharmaceutical companies use CSO's (Contract Sales Organization) or contracting as a solution. Over 5 percent of sales personnel are hired from campus and this is done by in-house resourcing/recruitment teams. Most back fill recruitment is in up country locations; most of the large/established recruitment firms have little or no capability in addressing that market. Such recruitment is also done through local firms."

India has one of the biggest clusters of pharmaceutical companies in the world. India has an astonishing figure of more than 20000 registered pharmaceutical companies. Many complex operations are part of day-to-day activities in this industry. Moreover, many geographical, linguistic and cost effective advantages of India made many overseas companies set their operations in India. In this scenario RPOs can play a crucial role in fulfilling their manpower requirements. Outsourcing is the current mantra of pharmaceutical industry and is being used more strategically as an ongoing
part of a company's overall business strategy. Outsourced activities can be in various fields' right from the drug discovery to workforce mobilization.

RPO will benefit pharmaceutical companies which are either setting up new business lines/project or surge hiring as a result of new product launches. Based on various delivery models (onsite/off site, hub-spoke etc), the benefits to this industry will be reduction of recruiting/hiring costs, increased candidate quality and pipeline, decreased expenditures with external search firms and contract recruiters, and decreased cycle time to fill rates. It also results in the transfer of ownership of primary hiring functions, so that client can re-allocate internal resources to core business and has greater flexibility to manage variable hiring volume (surge hiring) and to ensure 100 percent order fulfillment."

Indian pharmaceutical companies would definitely like to go global. In this scenario RPOs can play a great role. Pharmaceutical companies require a specific talent pool, so quality of hiring services is very important. There are many pharmaceutical companies in India so the competition for the talent is also very intense. So they need a specialist help to attract right kind of talent. If pharmaceutical companies tap such RPOs, then it will really help them.

"Most large pharmaceutical companies especially MNC's have experienced (the benefits of) RPOs as there is a better understanding of the concept and its benefits. With the Indian market offering competitive and cost-effective prices, we are also witnessing higher degree of responsibility being placed in RPO whether it's KPI's, timelines, CSAT etc. We are likely to see more and more companies from overseas looking at India for outsourcing their recruitment function. Also, RPO is not all about cost. It also means ownership of the processes and better understanding of the market which
leads to faster TAT (Turn-Around-Time) for their hiring which has certain impact on the business,”

**The Future Strategy Relating to RPO**

RPOs have done credible work in many industries. Western world has long since understood the benefits of dealing with RPOs. Indian industries need to do a lot to attain and remain in the same league of their Western counterparts, and the pharmaceutical industry is no different. For this reason, the use RPOs will be a reality in future.

Expert expects the RPO market to pick up in 2010. There has been lot of activity in the pharmaceutical space whether it M & A (Mergers and Acquisitions), JV’s (Joint ventures) being formed, rural foray etc. and with economy on the recovery path, this should provide greater amount of opportunities in the coming years for us. When various pharmaceutical therapeutic products go off-patent in the next few years, it is expected that requirements in area of manufacturing (expanding/new capacities), sales and marketing areas will go up very significantly, specially for sales.

By 2012 many drugs are going off patent and this scenario is expected to bring a revolution in the Indian pharmaceutical industry as experts predict the sale of generic drugs will go up by a few billion dollars. This business expansion should translate into a good business opportunity for RPOs as well.