5.1 INTRODUCTION

Indian pharmaceutical industry is witnessing high attrition rate over the past few years. This is mainly attributed to the inflow of multinational pharma companies as a result of the Indian economic reforms since 1991 when it adopted the policy of globalization, liberalization and privatization. Since there were number of job opportunities are available the experienced staff from the domestic pharma sector started switching their jobs. This created the chain of attrition in the pharma sector. Currently the attrition rate is estimated at 35 per cent. The reasons for such a heavy attrition rate are detailed in the subsequent paras:

Controlling Attrition

In an ideal work environment, the employees put in hard work, have high regard for the work place, offer full potential and contribute to the productivity. But in the reality such situations are rare. There are instances where the employees leave the organization on paltry issues or for paltry gain. Therefore this is a challenge being faced by the Indian pharma industry.
For quite some time the Indian pharma industry was striving for survival. However, during the post reforms period the industry is rapidly growing and adopting competitive strategy. This has resulted in the constant demand for the best and the brightest employees which paves the way for attrition.

The reasons for high attrition rate are numerous. However, at the end of the analysis the final outcome is the compensation issue and the fringe benefits.

Needless to say that this is because the compensation packages in the pharma sector are growing with leaps and bounds. There is a competition amongst the pharma companies to grab talented qualified employees at any cost and therefore compensation are getting fat and higher designations are also being offered. Naturally this results to concern for the employee relations.

**A Critical Issue**

When there was boom in the Information Technology and Business Process Outsourcing industry this industry also faced similar high attrition rate. However, because of the recession world over, the industry is witnessing stability. This was followed by the growth in the Pharma sector and the same problem of attrition has cropped therein. Retention of the employees has a problem before Indian pharma industry.

As has been seen earlier human resources is the vital assets of any company. The companies invest sizable amount in their recruitment,
selection, training, when the employee all of a sudden leaves the organization all the expenditure incurred on these aspects turns waste. And the same process is required to be started again.

Compared to the attrition rate in the global pharma industry of 10-12 per cent the Indian pharma industry’s attrition rate is any time much higher at 30 to 35 per cent. The further analysis of the attrition rate has revealed that the main area of the problem lies in marketing and Research and Development departments.

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

1. Low compensation plan. In a survey 61% attributed this reason.
2. Inefficient management.
4. Lack of motivation.

**Job Lacking Opportunity for Future Advancement**

Apart from the financial loss in the event of the employee leaving the job, there is a greater risk involved in if the employee joins the competitor of the company. He may leak the strategies and this will have adverse impact on the business levels.

A vacuum is created when a trained and experienced leave the organization. There is a loss of skills which have been developed over the years in addition to the relationship and it is not easy to easily fill up the vacancy so caused. The gravity increases when an employee at fairly senior
level which is a decision making authority leaves the organization. This is because there is scarcity of the senior level personnel. In such a situation the company’s business gets hampered.

Each and every industry undergoes this situation of attrition however the degree varies from industry to industry. The pharma companies have been established long ago and they have their own culture and work practices. Employee turnover in the Indian pharma context is not a new phenomenon, and the industry is used to it. However, the problem of attrition became serious when the rate of attrition increased after globalization. Number of multinational pharma companies preferred to have their research and development activity to locate in India where the talent is in abundance and the cost of its procurement is also relatively low.

However the HR professionals do not subscribe the view that people leave the organization for monetary benefits. They also put forth various other factors such the working conditions, composition of teams, for not lining the work itself, and in few cases for family reasons.

Organizational culture is also an aspect which induces the employees to leave or to join the organization. The superior and the subordinate relationship often is the cause for leaving the organization. Therefore interpersonal relationship at all levels should be cordial. If the boss is inefficient he creates hurdles in the committed employees work and such an attitude leaves no other option before the committed employee but to leave the organization.
Many a times talented employees who are career oriented leave the job as there is no opportunity for further development and securing higher positions in the organization. Therefore, the HR should take care that there is a reasonable career path planning and that it should be made known to the employees. Therefore, the HR department should also be on it’s toes to understand the real causes for attrition and should take care of removal of these causes to the extent possible.

Here it is worth while to mention that in some advanced organization there is system of conducting Exit Interview by the higher bosses. As the employee is leaving the organization, he is very frank in clarifying the reasons as to why he is leaving. Therefore the need of the hour to contain the attrition rate, the senior management should have a rational view of the points raised in the exit interview and should try to plug the deficiencies witnessed.

Naturally each employees has some aspirations from the organization. He expects that the organization will provide reasonable growth opportunity. He expects that the organization cherishes certain values of mutual trust, respect and maintains transparency in its dealings with the employees, flexibility in compensation etc. If he is satisfied he prefers to stay in the organization.

The achievers in various sub segment of the organization prove to be the role models for the other employees. Good organization take interest in the overall development of the employee and provide required opportunities for the same.
Self-esteem, confidence, high morale and motivation are the outcome of good organization behaviour. In such a situation the employees prefer to stay in the organization as they are sure that their future is safe in the organization.

Needless to say that the attrition rate depends on the demand and supply of the human resources as in other industry. There are two types of demands – one is of fresh graduates and the other is that of experienced and skilled personnel. The supply of the fresher is generally of high order as there are number of educational institutions in the country. The problem is in the area of getting experienced and skilled personnel. There are two different views on the recruitment of the experienced employees. Some companies prefer to recruit the fresher as they view that the fresher can be moulded accorded to the company’s policy. The experienced employees are bit reluctant to come out of the old company’s practices and procedures and it is difficult to convince him. There is a saying that a pre convinced man cannot be convinced. However, small organization always prefer experienced personnel as they have their limitations in investing in the training and developing skills.

Currently there is a scarcity of experienced and skilled in the pharma industry. The compensation package is usually decided on the basis of industry’s capacity to pay, experience, qualification, and compensation structure in the similar size of organization, value addition that the employee offers and the intensity of the need of the company.
According to the HR expert offering fabulous compensation is not a good strategy. They prefer recognition of the work put in by the incumbent in a position weighs more for retention. The organization for this purpose identifies such positions and the persons and should constantly nourish their recognition needs to retain them in the organization. Good opportunities should be provided to them to retain their interest in the organization.

**HR’s Role and Strategies**

As the gravity of the attrition rate has increased the HR people are very well concerned about it and are trying to introduce various ways for recruiting talented employee who will offer job commitment and add to the value of the company’s products.

Some experts are of the considered view that usually talented people have a tendency to switch on the job quite frequently. They do this because they want to climb the management hierarchy very fast. Of course, in the process they do get good monetary compensation but not much of job satisfaction. Usually continuing with one organization pays in the long run.

The efficiency of the HR depends on creation of good work culture and formulating different strategies for this purpose. The focus of the HR should always be on a fair combination of growth, learning opportunity and attention to the personal needs of the employees. The HR should develop feed back system through which they can get the information about the personal needs of the employees. All this will have to be done to ensure that they can maintain consistency in the performance and high motivational levels.
In order to retain the talented and dedicated staff in the organization the pharma employers should seriously consider all the above aspects for long term benefits.

After dealing with the burning problem of the pharma sector let us discuss the issue of recruitment and selection. If this is tackled properly it helps to reduce attrition.

5.2 SIGNIFICANCE OF RECRUITMENT & SELECTION PROCESS

Recruitment and selection are the processes through which the employable job seekers for an organization are put through by the HR department.

Every organization has a well documented employment and recruitment and hiring policies.

**Importance of Recruitment is given below**

- In order to have better scope for selection encourage more and more number of candidates to apply.
- Instead of selecting just the required numbers create a pool of talented candidates for selection of the best among the lot.
- Undertake job analysis, decide in consultation with the planning department as to what is the current requirement and the future requirement of employees.
Through the recruitment process link with the employers and the pool of job candidates can be established at a minimum cost.

Screen the CVs of the application and apply the process of elimination who are not eligible as per the policy so that success rate of selection process increases.

Keep the short listed persons list alive for a short period until the recruited and selected candidates settle in the organization.

Adhere to the government laws regarding the composition of the workforce. E.g. recruitment of local applicants / ratio of SC and ST quota etc.

From uncalled application received in the normal course please keep identifying and preparing list of potential job applicants who will be appropriate per your requirement.

Keep constantly refining the recruitment techniques for all types of job applicants.

Factors Governing Recruitment

External Factors

- Unemployment situation.
- Supply and demand
- Situation of the labour market
- Local candidates
Image of the organization

**Internal Factors**

- Recruitment and selection policies of the organization.
- Balancing act for the permanent and temporary staff.
- Local recruitment is advantageous to a certain extent as they know the local language as well as environment better.
- Quantum of recruitment.
- Costing of the recruitment exercise.

### 5.3 THE GENERAL RECRUITMENT PROCESS

Following are the stages in the recruitment process sequentially.

- Identifying the vacancies
- Prepare job profile and job card
- Release of advertisement in the news paper.
- Process the responses received.
- Short list those who fulfill the eligibility criteria.
- Conduct the test as per policy
- Declare the results and short list the successful candidates
- Call for the interviews / group discussion
- Complete the selection process on merit.
- Convey the decision to the selected candidate
Recruitment and selection are the most crucial tasks to be achieved by the HR Department. Recruitment refers to searching and appointing a prospective candidate for the organization. This whole exercise requires a good time and therefore this should be planned in advance and some waiting list of all the categories be maintained to meet urgent requirement.

According to Edwin B. Flippo\(^1\)

“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”\(^2\)

'Recruitment is the activity that links the employers and the job seekers”. \(^3\)

5.4 OBJECTIVES OF RECRUITMENT

1) To acquire, retain and develop the best talent and skills for the organization.

2) Assess the manpower present and future manpower requirement jointly with the planning department of the organization.

\(^1\) http://www.slideshare.net/VarunMahadev/module-3-recruitment

\(^2\) B. K. Aswathappa, , Human Resources & Personnel Management, page 132

\(^3\) http://bkproductions.fr.yuku.com/topic/199
3) Procure the requisite number of employees with the desired qualification, experience and skills to achieve the organization’s objectives and goals.

4) Constitute a pool of candidates with requisite skills, qualifications and experience so that right man can be selected for the right job and on urgent basis.

5) Solicit adequate candidates for proper selection of the right kind of employees.

6) Performs the role of a link between the job seekers and the employers.

7) Infusion of fresh blood at all levels improves the health of the organization.

8) Be in constant search for the requisite specialized skills required by the organization.

9) Think of inducting direct recruits for giving new perspective to the organization.

5.5 RECRUITMENT

The organization has two options for recruitment – internal and external. The internal recruitment refers to transfer from one place to the other or from elevating the employee to the required position through a well defined process of selection. The external sources include placement bureaus, campus selection and also from the open labour market.
5.6 SOURCES OF RECRUITMENT

As stated above there are two sources of recruitment which are described in details over here.

INTERNAL SOURCES

- Transfers
- Promotions
- Upgrading
- Demotion
- Retrenched employees
- Compassionate ground

EXTERNAL SOURCES

- Release of press advt.
- Campus interviews.
- Placement bureaus
- Employment Exchanges
- Labour contractors
- Uncalled for applications received.
- Employees referrals
- Recruitment at factory gate

Why does organization prefer internal sources?

- It is a tool for motivating the internal employees.
Suitability can be ascertained in a better way.
Providing opportunity for advancement creates a better work environment.
Can be recruited at a minimum cost.
Savings on induction and orientation training.

5.7 SELECTION PROCESS

Through the process of selection the HR department can identify whether the applicant fulfills the qualification and meets the specific job requirements.

The process starts with initial scrutiny, written test, group discussion and finally employment decision. Needless to say while deciding on the vacancies and the job requirement the technical and professional dimensions are also borne in mind. Selection of the candidate is the top most challenge to the 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."\(^4\)

1) Pre Interview Screening

Usually this is the starting point of the selection process. In this process those ineligible candidates are kept out.

\(^4\) http://www.contentwriter.in/articles/hr/selection-process.htm
2) **Preliminary Interview**

Candidates who are successful in the first screening they are put to preliminary interview in which personal and professional details are obtained.

3) **Final Interview**

In the final interview the applicant is thoroughly grilled and his acceptability to the organization is assessed.

4) **Medical Examination**

Once the candidate is selected he is put through medical test so as to ensure that the candidate is physically fit and has no serious ailment.

5) **Checking References**

Usually the candidates are asked to provide two references knowing the candidate (no relatives) to enable the organization to check their credentials on behaviour, skills, integrity etc.

6) **Job Offer**

A candidate who complete these steps and come out successfully for a job is given a job offer.
7) **Induction Programme**

The newly joined candidates are subjected to induction training in which the candidate is introduced to the organization, understanding the job and the systems and procedure involved in a particular job. This enables the new entrant in the organization to perform better.

5.8 **HR POLICIES AND PROCEDURE**

HR department deals with the management of the human resources of the organization. Its prime concern is to ensure that proper atmosphere is created to ensure harmonious working relations among all the employees. Its role include planning, directing, developing and utilization of the available human resource in the best interest of the organization. This department formulates the policies which relevant to their areas of work say recruitment, selection, promotion, transfer, career path planning, compensation packages, giving fringe benefits, and wage bill administration, training, etc. Barring few exceptions the department also deals with Industrial relations also. All that is needed to achieve the corporate goal whatever support is required from the human resources of the organization is enlisted by the HR department.

5.9 **RECRUITMENT CHECKLIST**

- Confirmation that the vacancy has been approved by the competent authority.
Updating the job description

Conditions of employment and the number of vacancies

Preparation of candidate’s specification.

Receipt of the manpower requirement.

Release of advertisement in the paper / referring the placement bureaus / informing the concern institution for campus placement.

Arrangements for personal interview.

5.10 EXPLANATION OF RECRUTMENT PROCESS

Steps in Recruitment process are as follows

1. Requirement Gathering

Obtaining the job description from the concerned dept. usually the HR Department issues prescribed form to the concerned dept. for filling it and returning to it. Job description covers criteria as qualification, professional experience requirement, designation and the time of requirement.

2. Analysis of the Requirement

In order to recruit the right person for the right job there should the requirement should be clearly spelt out. This helps the HR department to find out the right man to match the requirement of the concerned department.
3. **Sourcing of CVs**

Screen the applications received to find out the relevant profile for the job. This can be done through the following ways:

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**

At this stage the job requirement given by the department and the available human resource through CVs are matched. Following details are carefully scrutinized:

- Date of birth
- Highest qualification
- Experience
- Skills
- Expected salary, etc.
5. **Arranging the test and the interview**

After the screening the list of eligible candidates is prepared and they are informed about the written test and group discussion procedures of the organization. When the papers are assessed the candidates are short listed for interview. The date, time, venue and the interview is finalized and the prospective candidates are informed of the interview details.

6. **At the time of interview**

Candidates are given personal data form for filling before the interview. It covers detailed information about the candidate. The resumes / CVs together with the data form are handed over to the interview panel. Then preliminary interview is conducted and from amongst short listed candidates final interview is also 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**

In order to ascertain the credentials of the prospective new entrant in the organization usually companies solicit from the candidate two references with their name, address, telephone numbers etc for cross checking about the candidates behaviour, integrity, honesty etc.

6. **Documentation**

After the reference check if finally selected the candidate is called for documentation and then formal offer letter is given.

7. **Induction Programme:**

The newly inducted employees are put through formal induction training programme during which he is introduced to the organization, work culture, job duties etc.

### 5.11 CRITERIA FOR RECRUITING EMPLOYEES

**A CHECK LIST**

1. **Age**

   Usually the age group selected is between 21-25.

2. **Education**

   It depends according to the job requirement. This is prescribed in the recruitment policy.
3. **Experience**

Usually companies prefer to induct fresh candidates so that they can be moulded according to the companies work culture and systems and procedures. However, in certain cases the job requirement is for experienced people. In such cases earlier job reliving letter is checked along with the track record in that company is also verified.

4. **Appearance**

Of course any one will prefer a pleasing personality. However, the maturity should be reflected in applying this yardstick.

5. **Manners**

Rating is also given to the candidate’s manners and etiquettes as he /she represents the organization 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/Initiative

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.

5.12 RECRUITMENT PROCESS

Table 5.1: Process of selecting the candidates

<table>
<thead>
<tr>
<th>Recruitment Process</th>
<th>No. of Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach to candidates</td>
<td>40</td>
</tr>
<tr>
<td>Positive response</td>
<td>30</td>
</tr>
<tr>
<td>Short listing after preliminary interview</td>
<td>06</td>
</tr>
<tr>
<td>Final selection of candidate</td>
<td>04</td>
</tr>
</tbody>
</table>
The above graph no. 1 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 No 5.2: SOURCES OF RECRUITMENT**

<table>
<thead>
<tr>
<th>Sources</th>
<th>% of Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Portals</td>
<td>20</td>
</tr>
<tr>
<td>Data Banks</td>
<td>20</td>
</tr>
<tr>
<td>Campus Interview</td>
<td>20</td>
</tr>
<tr>
<td>Casual Applications</td>
<td>20</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>
The graph represents the sources of recruitment. The percentage of usage of all sources is not same, the company is using job portals as 20% which is major source of recruitment, 20% data is from data banks, 20% from campus interview, 20% from Casual application, 10% from employee referrals, 5% from advertisement and 5% from walk ins.

**Table 5.3: 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>45</td>
</tr>
<tr>
<td>2</td>
<td>Work Profile</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Organizational Culture</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Company's name and Fame</td>
<td>15</td>
</tr>
</tbody>
</table>

*Source: Filed Survey Data & Organizations’ Bulletins*
According to this survey, 45% employee says about pay package, 20% work profile, 20% organizational control, and 15% company’s name and fame.

The selection and recruitment of sales personnel is a critical aspect in Pharma 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 Pharma industry. The employer has to consider following challenges before pharma 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)**

This sort of recruitment is usually adopted by the Business Process Outsourcing Organizations wherein the employers outsource the jobs and reduces his long term commitment of staff costs. Recruitment Process
Organizations keep ready the pool of different type of personnel usually required by the BPOs. They should not be looked at similar to the Placement Bureaus which have been seen on the Indian recruitment horizon. The engagement of RPO relieves the already heavily burdened HR department to attend to other major tasks. The routine activities are handled by the RPOs.

**Untapped Opportunities**

In fact, in India where the pharma industry which is a major industry ranking 4th in the world the organization of RPO is not being used as it should be. In India the concept is in the initial stage. The companies after the globalization are expecting highly qualified and with increased efficiency staff for which they prefer either placement bureau or campus selections.

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

India is a major pharma player in the world. In India there are more than 20,000 registered pharma companies. Because of availability large number of highly qualified and industrious youths and their exposure to English which is used world over, and relatively low cost number of overseas companies are looking at India a fertile land for housing their production as well as research and development activities. Over and above this there is a tremendous large size domestic market for pharma industries.
The services of RPO are beneficial to the new entrants in the pharma industry.

Indian pharma companies would definitely like to go global. In this scenario RPOs can play a great role. Pharma companies require a specific talent pool, so quality of hiring services is very important. There are many pharma 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 pharma companies tap such RPOs, then it will really help them.

By 2012 many drugs are going off patent and this scenario is expected to bring a revolution in the Indian pharma 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.

The researcher has given some emphasis on marketing function in management. The purpose of business is to develop the employee in all functions of management that is to make them useful for the organization. Accordingly HR Dept. of all organizations have to plan for selection and recruitment of sales personnel, motivational concepts for sales personnel, salary and wage calculations, performance appraisal, training and development are the areas which are equally important for marketing dept. to be organized by H.R. Dept. Thus within marketing department there is a scope for H R functions. Marketing Dept. fetches the revenue for the organization hence it is a life line for any organization. But it will efficiently function only when the H R related functions are carried out effectively within the organization for the smooth working of marketing department. In light of
this explanation the researcher thought it better to analyze the HR related matter in the marketing function of Pharma industry (Page 189. 6.7) has been studied in order to bring out the target attainment through consistent efforts have been studied by the researcher which is in fact related to HR policies but affected on marketing strategies. Now in the era of interdisciplinary studies one cannot ignore the interdependence of the functions of management.

On page No. 192 it has been clearly stated that the recruitment of first line manager is a two stage process vis-à-vis screening interview with HR and second assessment centre. Thus the recruitment process has been dealt with. The qualities, requirement of abilities, administration knowledge, leadership qualities, risk taking abilities, performance management is discussed in the research work. This function of recruitment which is a part of HR Management is having direct impact on marketing function. So, the discussion related to HR function in marketing is carried out.

Secondly, pharma business has a very peculiar characteristic. It is related to life science, so persons in office and persons on field must have a better coordination. Accordingly, HR function in relation to the marketing has been studied in moderate detail.

There are some pharma and chemical industries in Kurkumbh area which have production and marketing departments in the same area. E.g. J.P. Laboratories, Pearl Co. Ltd. Some have the marketing headquarters at Mumbai. The study reveals the fact that it has been essential to study the HR
Policies in detail and not only that its relevance to the other managerial functions.

The study has been undertaken for the study of H R Policies of selected pharma companies located at industrial area of Kurkumbh. Accordingly three chemical industries and five pharma industries are selected for the said study. H R policies related to these industries are studied in detail. Data analysis and interpretation shows the working in selected areas. The selection and training of employees, motivational concepts, performance appraisal, and such other areas are the real thrust area of the study. This is related to the pharma companies in the Kurkumbh area.