CHAPTER TWO

HYPOTHESES

Research stands for solution of problems visualized in any sphere of knowledge. The purpose of research is to discover answer to the questions cropped up in the process through application of scientific procedure. Questions are framed up during deep thinking over the relationships of causes and impact. Usually research study has its scope, where various spheres have inter-relationships and solutions of various issues causing hindrances in smooth function of the task envisaged. Research is necessary to sort out solution of various problems arising and creating hindrances and solution of such problems is necessary for success of the research.

Scientific research is associated with causes and impact, while the research study of human sciences have broad spectrum of factors arise for diverse factors. In such studies, other factors also become part of the study, as the possibilities are associated with humanitarian aspects, where same factors may have diverse consequences. In such situations, it becomes vital issue to consider other factors, which play significant role in decision-making process and affect the task in varied manners. However, there remains necessity of formation of various hypotheses to be tasted during the research study.

Hypotheses are the situations, which may or may not affect the cause and impact relationship or may impact beyond expectations. Therefore, hypotheses become important in studies, where human behavioral aspects are involved and have their significant role. In such situations the upper limit and lower limit of situations become necessary to identify and include those into hypotheses to be tested in the research. Accordingly, framing of hypotheses and testing those under the research is vital task and research findings derived through this process are the real findings of research work carried out in spheres, where human behavioural aspects are deeply involved.
In scientific studies, research hypotheses are predictive statements, related to independent variables to dependent variables. The research studies in the sphere of knowledge cover various dependent and independent variables as various outside factors have their significant impact, which also becomes essential to understand while framing the hypotheses and testing them to derive conclusions. In the present study ‘Talent Management and Retention Strategies with special reference to Pharmaceutical Industry’ has one more aspect, affecting talent management and retention strategies. The Pharmaceutical industry is grown up within four decades and the present phase can be treated as transitional phase of the task.

Growth of pharmaceutical industries in India after enactment of Indian Patent Act 1970 and its amended version of 2005 have vital impact on the growth of Indian pharmaceutical industry, where foreign companies had monopoly since pre-independence period of British rule and there was no possibility of establishment of Indian industry in pharmaceutical sector. This is an instance, where one legal provision helped in flourishing of the industry in India and also covering foreign market of developed and developing nations. Other factors helped include policy decisions of General Agreement of Tariff and Trade and World Trade Organization.

It is essential to quantify the factors affecting the growth of pharma industry with tremendous speed in terms of number and medicines, as well as turnover. The retention problem is to be studied in case of opportunities created with the sudden growth of industry and business to be handled. The world market in access to Indian pharmaceutical industry is one of the vital factors, which became possible with the policies of the Government of India and international agencies. The retention problems are the outcome of these factors. The attrition problem has become severe in pharmaceutical problem in view of these factors.

All these relevant factors need coverage and importance of each factor in pharmaceutical industry is essential component to frame hypotheses for the research study. Similarly, talent in India is the special feature having world level intelligence, which has made the pharmaceutical industry grow and flourish. Relation between pharmaceutical industries and talented personnel is important feature dependent on
each other and necessity of retention measures become essential for existence of industry. The industry is growing with tremendous speed, which cannot sustain if control measures are not introduced with immediate effect.

Mushrooming of pharmaceutical industries is another issue for consideration, as it is not necessary for industry to have its manufacturing unit and outsourcing is the remedy of such problem, where company orders any manufacturing unit to prepare their medicines as per formulation. Even foreign-based pharmaceutical companies of developed nations are taking help from Indian companies in view of world level quality and facilities. Preparation of low cost medicines is attracting feature of Indian pharmaceutical industry, which is most important factor for demand of Indian medicines in developed and developing nations.

The pharmaceutical industry has a vicious circle of opportunities and factual conditions, which are essential factors for consideration in the retention strategy of talent which has become important feature of hypotheses. Thus role of interrelated issues is an issue to be considered before formation of hypotheses for the research study, as the total research work is dependent on the hypotheses framed and studied in depth to arrive at the conclusion of the prevailing problems, which need to be solved for smooth functioning of the industry.

2.1 ROLE OF INDIAN PATENT ACT 1970:

Indian Patent Act 1970 paved way for establishment of Indian Pharmaceutical Industries, where patented medicines were privileged monopoly rights to manufacture for the period of 20 years from the date of application of patent. This position helped in protection of Indian companies in the market and Indian medicines were cheaper in comparison to foreign companies. This helped in use of medicines by larger group of population, which was earlier deprived in view of unbearable cost. Growth of medical institutions also helped in providing facilities to larger population, which was earlier dependent at the mercy of local people treating the diseases with conventional practices.
Amendment in Indian Patent Act 2005 covered all the facilities available to pharmaceutical industry in the world market. Earlier content materials were patented for manufacturing of medicines but the Act facilitated process approval, which helped to significant extent in formulation of medicines in the country. License system for establishment of pharmaceutical industry and manufacturing of medicines was removed and Drug Control of India was authorized to approve the medicine after clinical tests and cost of medicine was approved by the authority. The simplified procedure helped in manufacture of medicines from existing formulations and also patented medicines.

Impact of facilities made available with the resolutions of the World Trade Organization and General Agreement of Tariff and Trade helped in selling the medicines in world market facing the severe conditions, where Indian pharmaceutical industry succeeded in view of lower cost of the medicines in comparison to other countries. Patent rights and availability of world class manufacturing facilities helped in maintaining the quality standards of medicines and large industries became pioneer in contract medicine preparation for pharmaceutical industries of India and abroad in view of low cost of manufacturing and maintaining quality norms.

Indian medicines are being sold in United States, European countries among developed nations and African and Latin American countries with the facilities made available by international bodies. Foreign Direct Investment helped in managing foreign exchange requirement and capital investment in pharmaceutical industry sector and inflow of foreign companies necessitated collaboration of Indian pharmaceutical companies in research and development as well as manufacturing of medicines. Supervision of manufacturing units by Drug Controller of India and approval of costs are limiting factors for pharmaceutical industries, which are helpful in maintaining quality of medicines.

2.2 TALENT MANAGEMENT:

Talent management is technique of selection, training, employing and retention of employees in pharmaceutical companies. This is one of the fastest
growing industries of India with a growth rate of more than ten percent in terms of number and revenue generation. This industry has growth in last four decades in the country, having access in global market through its excellent performance, quality control and low cost of production. About twenty pharmaceutical companies have captured more than half of the production and have developed the capability to manufacture medicines for Indian and foreign companies through outsourcing mode. Pharmaceutical industry has become competent to acquire world-class talent and facilities.

Selection of talented persons is the primary task, where services of companies is taken to search for appropriate persons having innovative ideas, application of technological devices for qualitative production and low cost to compete in the market. In addition, experienced persons are helpful in guiding new employees to develop their potential in desired spheres. Training is essential tool to develop the potential of new entrants into company through their capacity building and skill upgradation. The practical training is imparted during working in the desired task to sharpen their capability to ensure quality product by increasing product.

Selection and training of the new employees to company is not sufficient, but taking work with such persons under the guidance of supervisors or managers is essential to sort out their functional problems. Application of innovative measures and technological devices is most needed task to reduce the cost while maintaining quality of the product. After some reasonable time, the talented persons feel necessity to change the job to get higher remuneration and requisite benefits as part of their career making efforts. Companies are required to take requisite work from talented employees in lieu of high remunerations.

Talented persons remain effortful to optimize their potential and efficiency, which is main intellectual property of persons. They remain sure of better remunerations and high positions for their efficiency and capacity to work better than normal staff of the company. Talented persons of company need to be acclimatized with the prosperity and well being company, which is mode for the
welfare of employees. Unused talent is most burdensome to the company, where expenditure on salaries with no return is most untoward situation. This reflects upon the management of the organization for lack of decision-making and incapability to take proper use.

2.3 MUSHROOMING OF PHARMACEUTICAL INDUSTRIES:

There are more than 20,000 pharmaceutical industries in the country, increased during past 40 years at the rate of 10 to 15 percent per year and the process of growth is uncontrolled. Attraction in pharmaceutical industry of the business group increased tremendously for the reason of superb potential of sales of medicines in world market. Indian market is also most attractive with 120 crore population, where about 40 percent population is in access of medical institutional network. Low cost medicine and increase of purchasing power of the people has also helped in consumption of medicines. Growth of diseases is one of the critical factors in India, as half of human diseases are the resultant impact of consumption of chemical infested food.

Presently Indian pharmaceutical industry is capable to meet 97 percent demand of medicines required in the country and remaining medicines imported comprise of life saving drugs for strategic diseases. About 60 percent of drugs are sold in US, European countries and developing countries of the world. This achievement is quite significant for the industry in the duration of 40 years, which is only possible with international agreements and enactment of patent Act. The condition of all the pharmaceutical industries is most deviated as 20 top pharmaceutical industries cover more than 50 percent production of drugs and more than 50 percent of total pharmaceutical units are established to avail government benefits.

Every state government is making sincere efforts for growth of industries, which is helpful in state development and employment generation. States prepare industrial areas and estates to provide land and financial support from financing institutions. In many of the cases, the relief in state taxes is given for new industries for helping in establishing and competing with existing industries. Pharmaceutical
industries are also attracted to avail all these facilities and become defunct in due course of time for lack of entrepreneurship, human resources management and serious financial constraints.

Thus number of serious industrial units is less than half of the total strength and manufacturing activities are possible by such units Thus pharmaceutical units having superb competing capacity are about 5000. Every industrial unit of pharmaceutical sector believes that most of their problems would be eliminated with the induction of talented persons, as they have solutions of all the problems. Such units are infusing the problem of attrition in pharmaceutical sector to vital extent as availability of opportunities are generated by such industries. Various industries from where the talented persons leave for better remunerations create serious problem by affecting the pace of progress to great extent.

Many pharmaceutical companies established with the support of the state government survive for lesser duration, as various problems are created in these units. Most serious issue is lack of entrepreneurship to manage total task of the company. Mostly new units survive on government subsidy and loans from financing institutions, as feasibility aspects related to production and marketing are critical tasks possible with systematic network of persons and facilities. New units in marketing sector face real competition, as introduction of new medicines in the market takes long time to become routine and team of field workers have to struggle hard.

In this process many pharmaceutical could survive, while others are compelled to close down to become sick units. Production and marketing of medicines need to be carried out in coordinated approach and management has to search new areas to sell the medicines. Talented persons manage such linkages, as they are given attractive remunerations and try their best to enrich the industry with their sincere efforts. Large units survive in the competitive conditions for having renowned medicines and foreign market to expand new area.
2.4 INTENSITY OF ATTRITION PROBLEMS:

Attrition problem is quite severe at the global level, as the growth of pharmaceutical industries is recurring phenomena and attraction of business lures business community to enter into this sphere. There are few critical factors in comparison to other industries, comprising of research and development, manufacturing of medicines and marketing through well-established network. Usually small companies limit their activities to manufacturing and marketing of medicines, where manufacturing is limited to existing formulations. Attrition problem at global level varies between 8-10 percent but Indian pharmaceutical industry sector has most severe attrition problem around 35 percent.

Attrition has serious impact on the company with departure of talented person, who had developed capability and experience to handle the task effectively. Usually companies remain conscious to retain their employees through various retention measures but success of such measures is not always assured, as many talented employees firm up in their mind to leave toe organization for various inherent reasons. In some cases, employees prefer new job for better remuneration, promotion opportunities, exposure of talent, unfavourable atmosphere of work place and behaviour of senior persons as well as management.

Resignation of one talented employee from a company reflects over other companies, as the company affected with the problem has to search new talented person having experience of working in same unit of the company. This process continues in a vicious circle and total attrition problem from one resignation affects five to ten industries in a year. Problem intensifies with the new opportunities of persons and talented persons remain sure of getting opportunities within no time. In many cases the employees leaving one company get significant monetary benefit or one or more promotion levels in this process.

Problem of attrition is serious affecting the work of the affected company with varied intensity. The impact of such a situation is loss of production or marketing activities of the company. New person recruited by the company requires training for skill upgradation and capacity building to attain the level. In many
situations, the organization takes decision to place existing employee on the higher position and fills in position with new person, but vacuum created with the departure of talented person put serious loss to the company. Some companies deliberately invite talented employee of other company to put severe loss with the situation and remain interested to avail benefit from the situation.

Attrition is treated as essential feature to keep companies vigilant about their employees, as persons prefer to leave the job for resentment with the behaviour, working conditions, lack of suitable opportunities to expose talent in befitted manner and pinching attitude of the management. Attrition remains problematic to pharmaceutical companies in various manners and management is compelled to create conducive environment to facilitate their employees while understanding their problems. It is presumed that some level of attrition is essential for companies but higher rate of attrition creates severe problem on work culture, production and economic health of companies.

2.5 **IMPACT OF RETENTION MEASURES:**

Retention measures are necessary for pharmaceutical companies for maintaining the tempo of development and management of companies became vigilant to adopt various precautionary measures in advance to safeguard interest of their employees. Management has to consider need to adopt various measures to keep their employees satisfied with their present job and work for prosperity of the company. In such environment, where management remains conscious about the genuine needs of their employees, their employees think in perspective manner. They remain sure of availing requisite facilities for working for the prosperity of company, as existence and sound financial status of company is in their own interest.

Usually this is reciprocal process, where employees work sincerely for the prosperity of company and get requisite benefit in lieu of increased production and better quality of product. Similarly maintaining the level of marketing of product in consonance with the production level is helpful in increasing production for better marketing results. This process helps in expansion of production, coverage of larger area for intensive marketing and search of companies for manufacturing of
medicines for other needy companies having no such facilities. Such facilities are availed by foreign companies in view of low cost of production for higher profit.

Companies can think for expansion of their activities, when their efforts for retention of their employees are result oriented. For creating such environment, it is essential to evolve suitable strategy to adopt performance-oriented benefits to employees and promotional avenues with their expansion measures. In some situations, where foreign collaboration is possible, employees get opportunities for working in other countries at better remuneration and facilities. In companies, production work has to be squeezed for ineffectiveness of marketing of the produce, it becomes difficult to retain talented employees and downward trend of company becomes inevitable.

Every company remain watchful for earning benefits in competitive conditions, which depends on ability of the management to avail opportunities for betterment, but everything depends on the rigorous efforts of the management to adopt progressive policies for expansion of the work through intensive and extensive approach, but implementation of the policies is essential with the dedication of talented employees. It is essential for companies to acquire talented employees and it is equally important to retain talent in befitted manner. It is worthwhile for expanding companies to undertake research and development activities and addition of effective medicines is essential to expand the sphere of the company through new products.

Retention measures of talented employees are effective tools for expansion of company in all spheres of development. Talented employees are assets of the company and retaining them to possible extent is the necessity of the management for prosperity of the company. Talented employees can help in adopting progressive approach in befitted manner, where marketing of the product can be taken as base for production and addition of new medicines is helpful in expansion in the lost of medicines. Effective medicines with least bad impact on human body is treated best medicine to be adopted in production and marketing. Any company having five new patents of effective medicines can avail best benefits in competitive market.
Retention practices are helpful in maintaining the expanding position of the company. In many cases, companies lose their best performing measures with ineffective policy measures responsible for adverse impact on the company. It is most critical issue to keep the position intact and work for expansion of the key factors of the company. In this regard, intensive and extensive approaches are equally important, but moving at appropriate direction is the theme of success of the company. For this purpose, senior employees comprising of managers and supervisors are helpful in choosing the right path of progress. Senior employees of the company gather talent in policy measures with their talented instincts.

2.6 ROLE OF DOCTORS AS STAKEHOLDERS:

Role of doctors is most significant in sale of medicines and testing of new formulations. Medicines are sold on prescription of doctors, who generally prescribe average three to five medicines to the patient. Every patient want early recovery and in case no improved in the condition of patient is visualize, relatives prefer to change doctor. No doctor wants this situation to repeat in many patients for reduced practice and in case, any patient has adverse impact of medicine, doctor is put to serious trouble including legal action. Inspite of serious impact, doctors to not hesitate to prescribe new medicines for getting incentive from the company. In case of some visible adverse impact or complaint by patients, doctors stop prescription of such medicines.

Similarly, after clinical tests on animals, companies need testing of medicines on human beings. Such practices are not common in developed countries, but doctors take risk for getting incentives and also report comments over the impact of the medicines. Even in most competitive market conditions, doctors usually prescribe three to five medicines of which on remains sure of its impact on recovery of patient. Remaining medicines are added as vitamins etc but usually from the bunch of large number of medicines they are required to prescribe for the benefit of companies. Thus doctors also cannot help various companies to prescribe as many medicines for treatment of patient.
Government and private doctors remain engaged in sale promotion of medicines to every possible extent, as they are the only persons to boost up the sale. Regular and constant sale of medicines by doctors is helpful for pharmaceutical companies in acceleration of sale. There is constant move by the central government to provide free medicines to poor patients, where low cost generic drugs are purchased from medical companies. In such situation, the sale of medicines would be affected to significant extent. However, private doctors have no such problem and use medicines of companies as per their ability to boost up the sale. Government doctors in revised conditions would continue to write medicines as per admissibility.

Doctors continue changing medicines as per situations of various diseases and incentives received on newly formulated medicines. They stop prescribing some of the medicines having adverse impact on patients and ask the representatives of the company to change the medicine to avoid serious problem. Marketing representatives of the companies keep close and constant liaison with the doctors for boost up sale of medicines. There are about 20,000 pharmaceutical companies in the country and number of total medicines marketed by these companies can be very well estimated with regular increase.

Usually pharmaceutical companies start marketing of medicines in the smaller area in close vicinity of company and start expansion depending upon the quality of medicines and capability of their marketing employees to push the medicines in the market with their rigorous efforts. Even the sub-standard medicines are marketed in bulk quantity with the network of marketing representatives. This is the reason, the employees of the companies help the company to significant extent and role of doctors is most significant to survive in the market. Companies concentrate on marketing, which is helpful in maintaining the production level of medicines.

2.7 HYPOTHESES FRAMED FOR RESEARCH STUDY:

Hypotheses have been framed for the research study on the basis of their presence in positive or negative sense and affect the theme to significant extent. The pharmaceutical companies are run with the talent of employees and progress of
companies is affected in positive or negative direction with the functional role of the employees. The talented employees have their own sentiments, which provoke them to think for changing the job in case of hurt to their sentimental feelings. On the other side, the encouraged employees work with zeal and spirit to prosper the company. Both the situation are creation of the management, who run the companies.

Enactment of Indian Patent Act 1970 and inclusion of various conditions of World Trade Organization and General Agreement on Tariff and Trade in amended Act of 2005 have helped in availing monopolistic rights on new patented formulations and process of medicines in case of old medicines. With these booster doses, Indian pharmaceutical companies have become able to produce 97 percent medicines of country requirement and remaining three percent imported medicines for life saving devices and for strategic diseases. In addition, the companies have entered in market of developed and developing countries, as the medicines manufactured in India are of global quality and low cost to compete in global market.

Favourable conditions helped in growth of pharmaceutical companies, as profit and foreign market are two most attractive situations for the business sector. Number of pharmaceutical industries have reached to the level of 20,000 but 20 large units have manufacturing about half of the medicines in money terms and have access to global market with talented persons and manufacturing process of international standard. Many companies have no manufacturing unit but prepare medicines on contract basis from existing companies.

The talented employees have enough opportunities in other companies, where they can get increased remunerations and higher position, if they expose their talent in positive manner. Able guidance to employees is helpful in qualitative and quantitative upgradation of the production and productivity, which is pre-requisite for the prosperity of the company. Such employees work with zeal and energy in the hope of getting suitable reward in the form of incentive and appreciation. In case of expansion of area of coverage of marketing and increase in production, talented
persons of the company with to avail higher position in new area to manage market conditions.

Keeping all the related aspects in view, following hypotheses have been framed for the research study, which have been tested for their admissibility and feasibility and also in the field based study. In has been visualized that low cost of production has helped Indian companies to compete in the global market and able to secure market in developed and developing countries. There is necessity to control mushrooming of companies in the interest of country reputation and services of the talented personnel should be utilized in welfare of humanity through standard medicines.

(a) Legal enactment in patent and appreciable role of international bodies have helped in establishment of pharmaceutical industries in India and access to world market in view of quality product and low cost of production. Support of country government remained helpful in boosting of quantity and quality of product.

(b) Favourable national and international environment helped in growth of companies and production at average above 10 percent per annum, which has placed the pharmaceutical industry in list of fast growing companies of the country.

(c) Attrition is most severe problem of Indian pharmaceutical industry with annual rate of attrition of about 35 percent, which is quite high in comparison to global rate of 8-10 percent.

(d) Efforts made by management of companies have helped in retention of employees to some extent, but could not control the problem completely.

(e) Talented people have their sentimental feelings and they decide to change the company, when their sentimental feelings are hurt many times and deliberately.

(f) Talented people feel encouraged with supportive view of seniors and work wholeheartedly for the prosperity of the company.

(g) Talented employees have enough opportunities on better remuneration and higher positions, if they are capable to expose their talent in right direction.