A Study of Employee Retention in the Pharmaceutical Sector in Coimbatore

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Abstract

The changing work dynamics of the average Indian is seen to have a drastic change, especially in terms of performance management and the way an organization deals with retaining employees. The retention strategies in an overall perspective is common for all the sectors, the key goal being, to have a low turnover. Proportionately, this helps in the market share of that company becoming increased. The primary objective of this study is hence focused on studying the retention rates of the pharmaceutical sector, how it is collectively seen as an industry in terms of the employee mindset. The key factors that help in understanding the retention of the employees include hr policies, compensation & benefits, work pressure, relations with superior & job security. This study is conducted in the geographical region of Coimbatore, Tamil Nadu, India and the target group are employees belonging to the medical and pharmaceutical industries. This descriptive research uses Snowball Non-Probability sampling technique for data collection as the exact number of respondents is not known. A focus group research was carried out among the employees about their retention styles used in the companies their part of. Research response were analyzed and interpreted at different levels ranging from demographic analysis, descriptive
statistical analyses and structural equation modelling. The findings of the research revealed that attrition of the employees in the pharmaceutical industries are likely dependent on HR policies, work pressure, salary & benefits, relations with superior and job security.

**Keywords:** HR policies, work pressure, salary & benefits, relations with superior and job security, snowball non-probability sampling, retention

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1. Introduction

In the highly regulated pharmaceutical industry, jobs have become more stressful and complicated. Fierce competition has driven salaries higher and benefits must be constantly improved. With regard to the pharmaceutical industries in Tamilnadu, retention rates have become very low leading to very high attrition rates. Attrition refers to the reduction in staff and employees in an organization through means such as resignation or retirement. After IT & BPO, pharma industries experience the greatest rate of employee leaving the company for various reasons. This hopping of jobs may be considered a forward growth in the career of an individual, but not as a sector. Although the pharmaceutical industries have lower turnover compared to other industries, the cost of turnover is greater.

N. R. Narayana Murthy, one of the most successful industry leaders, holds a firm belief that people are the most important asset of an organization. He says, “When our key assets, i.e., employees walk out every evening, our net worth is reduced to zero. Our challenge is to ensure that they come back next day rejuvenated, refreshed and energised.” (Chary, 2002: 77).

An employee is the most important asset for any organization. So, whether it is private or public organization, every organization needs employees to survive in the marketplace. No organization can survive at any cost without its committed and loyal employees. Involving employees in taking critical and important decisions is one way to inculcate the feeling that they are not just a worker for the organization but an important part of the organization. Every employee of an organization is considered as an invincible resource that not only helps the organization to attain their goals but also to prosper in this competitive marketplace. Having the Right People at the Right Place is a mantra to be followed by every organization. Retaining the best employees should be a matter of great concern for the companies these days. From a manager’s perspective, nothing feels better than having a productive and happy workforce as the manager is responsible and focused on an organization’s success. Organizations are finding employee retention as a big challenge. Attrition is faced by almost every industry. And with pharmaceutical sector, attrition is observed to be the 3rd maximum. The talented and experienced employees leave the organization not only because of the remuneration or pay, but there are different reasons which force the skilled employees to leave the organization.
A Pharmaceutical Industry has a global presence and the employees have high exposure to it in terms of sales of undifferentiated products of healthcare. The employees in this industry will have lots of temptations to move from one company to another for the betterment of their lifestyle. This growth cannot be false field as it is their will. But, on a broader perspective, the loss of every employee has a greater impact in the organization as a whole. This ripple effect starts from not retaining the employees within the organizations. Retention put in simple terms is the ability of the organization to retain or bring back their employees to work, rather than making them leave to another organization or worse, unemployment. The different retention strategies that are and can be implemented to help retain employees in the pharmaceutical industries can be structured based on the highest influence of a variables taken into consideration. The variables taken are considered based on literature review, expert opinion and the priority of the direct motivators from the employee’s perspective. This study will also deal with the research gap of not taking into consideration all the other factors that could motivate or de-motivate an employee to stay or leave an organization.

2. Objective

To study the reason for varying levels of attrition rates in the pharmaceutical industry.

3. Review of Literature

HR Policies:

(Huselid, 1995) assessed that war for talent has focussed on acquiring and retaining the best. (Muhammad Saleem, Hina Affandi, 2014) identified human resources play a significant role in reaching organizational effectiveness and performance. Skillful employees are well educated and hardworking individuals. Therefore, employees need opportunities for growth and self-actualization. HRM literature shows that by implementing HR practices which affect employee commitment, their nature of work and employee skills have a strategic advantage for the firm, (Muhammad Saleem, Hina Affandi, 2014) studied that human capital is the key to success in any industry but is especially relevant to an industry such as biopharmaceuticals where knowledge is the name of the game. (shodh, samiksha, 2009) assessed that it has become increasingly important for pharmaceuticals and biotechnology companies to develop strategies to attract develop and retain top talent. (Akila, 2012) studied that employee retention describes the procedures and resources used for encouraging the employees to remain associated with their firms (Akila, 2012) also found out that this phenomenon is imperative for both the organizations as well as its staff. (Arnold 2005) says in this global era, apart from competing with other firms in terms of innovativeness and technology, a number of organizations invest huge amounts of money to train their workforce in order to develop their skills or competencies. (Bernsen et al. 2009) says the organizations further desire such efficient employees to be retained According to Alkandari (2009) such employee retention programs are highly effective and can retain or attract employees. Moreover, Klein et al. (1994) suggest that because retention can happen at numerous positions. (Nawaz et al, 2012) however states that many firms bear high cost of employee
turnover in the face of more increasing turnover that it is a chain reaction and has to be prevented beforehand. (Claes.R, Heymans, 2008) confronts the wealth of work motivation theories and the plethora of HR practices with HR professionals being challenged to retain older workers and to keep them motivated. Denton (2000) has clearly stated that employees who are happy and satisfied with their jobs are more dedicated towards their work and always put their effort to improve their organizational customer’s satisfaction. (Coleman.H Peterson, 2005) finds that without minimizing the importance of roles such as compliance, diversity, compensation, and benefits, if the basic exercise of getting, keeping, and growing a company's talent is done well, the other HR functions will reflect this excellence.

**Salary & Benefits:**

(Richard.C Kearney, 2003) assessed that state employee union density was found to be the most consistent and important determinant of compensation. These findings contribute insights into an important and under researched area of human resource management, but improved comparative measures of benefits are needed to aid future research. (Lockwood, 1999) studied that the cost of an organization has to bear in case of leaving of an employee is almost equal to more than one year salary and benefits of the employee. It means it has a significant impact on economic condition of the organization. (Ramlall, 2004,) assessed that it is not only the loss of money and resources also the loss of knowledge and experience for an organization which hampers the performance of the organization. (G.Umar,2010) studied that employees do not see a strong connection between pay and performance and employees’ performance is not particularly influenced by the company’s incentive plan.

**Relations with Superior:**

(Hodza.F,2007) suggests that supervision is an intensive, interpersonally focused one-to-one relationship between the supervisor and the student. (Dominic.A Infante, 2009) assessed in his study and investigated the relationship between superior and subordinate self-perceptions of communicator styles, and subordinate satisfaction with superiors, system involvement, and career advancement. (William.I Gorden, 2006 ) states in his hypothesis that the more subordinates perceive their superiors to be high in argumentativeness and low in verbal aggressiveness, the more the subordinates also will be argumentative and have job satisfaction. (Lundholm, 2011) studied that in virtually every organization we find formally appointed managers, but nevertheless we tend to condemn the idea of formal hierarchy and celebrate alternative modes of governance that better respect the discretion of employees. (Leronardo Stringer, 2006) theorizes when leaders and followers have good exchanges or high quality effective LMX relationships, they share mutual trust, feel better, accomplish more, and the overall unit performance within organization is enhanced. (Paul Gill, 2013) states that many common problems experienced during a PhD often relate to difficulties in the supervisory process. PhD students and supervisors often have different expectations, needs and ways of thinking and working. (Moses Newsome Jr., 2008) suggested that social agencies should strive to develop a mechanism by which supportive and positive supervisory and collegial relationships are enhanced and formalized.
Work Pressure:

(Lakshmi Narayanan, 1999) suggested that interpersonal conflict, work overload and time wasters were common across all occupations. Lack of control and work overload were reported as major stressors by the clerical group and interpersonal conflict as a major stressor by the academic and sales groups. (Laura Fenster, 1995) studied the information on occupation, psychological stress-related factors at work, social support at work, physical exertion at work life events, pregnancy worries and potential cofounders were analysed so that it would be prioritized to find out the extent of stressors. (Brita Olofsson, 2003) found out that it has become clear that nursing is a high-risk occupation with regards to stress-related diseases. Recurring stressful situations obviously caused problems for the nurses in their daily work. Not only did they lack responses from their supervisors, they also experienced emotions of frustration, powerlessness, hopelessness and inadequacy, which increased the general stress experienced at work. (Duncan Gallie, 2005) identified that diverse theories have predicted a trend towards growing work pressure in advanced capitalist societies, while pointing to quite distinct causal factors. (Pascale Carayon, 2010) suggests that work pressure has a mediating role between job control and worker strain. (Margaret Heffernan, 2016) used cross-level analyses, employee perceptions of distributive, procedural and interactional justice were found to mediate the relationship between high-performance work systems and job satisfaction, affective commitment and work pressure.

Job Security:

(Darwish Yousef, 1998) suggests that employee’s age, educational level, job level, monthly income, marital status, tenure in present job, tenure in present organization and an organization’s activity contribute significantly to the variations in satisfaction with job security among employees & the relationship between satisfaction with job security, and both organizational commitment and job performance vary across national cultures. (Kraimer, Waynn, Liden & Sparrowe, 2005) studied that employees’ perceived job security negatively related to their perceptions that temporaries pose a threat to their jobs, but it did not relate to their perceptions that temporaries are beneficial. (Colin Green, 2008) assessed that while some types of performance pay (such as profit sharing) may increase job security, others will increase earnings dispersion within the firm and may reduce perceptions of fairness or lower morale and motivation. (Adebayo, Lucky, 2012) agreed that job security has become indispensable in employee and organization preference list, particularly due to economic reasons. (Hassan, 2010; Bumi, 2011) assessed that employees are fast becoming aware of the importance of job security, however the big picture of job security is grim and doubtful due to dominance of ethnic groups in some parts of the globe. (Orhan Cinar, 2014) studied that the higher the level of organizational cynicism results in the higher level of perceived job insecurity and the higher level of turnover intention. (Antonio Chirumbolo, 2003) says the increased flexibility on the labour market has given rise to feelings of job insecurity in many individuals.
4. Hypothesis Framework:

<table>
<thead>
<tr>
<th>S. No</th>
<th>Objective</th>
<th>Research Question</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>To study the reason for varying levels of attrition rates in the pharmaceutical industry.</td>
<td>1. How does HR Policies impact attrition rate?</td>
<td>H1: There is a positive impact of HR Policies on attrition rate</td>
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<tr>
<td>2.</td>
<td></td>
<td>2. How does work pressure impact attrition rate?</td>
<td>H2: There is a positive impact of Salary &amp; Benefits on attrition rate</td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td>3. How does salary &amp; benefits impact attrition rate?</td>
<td>H3: There is a positive impact of Relations with Superior on attrition rate</td>
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<td>4.</td>
<td></td>
<td>4. How does relations with superior impact attrition rates?</td>
<td>H4: There is a positive impact of Work Pressure on attrition rate</td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td>5. How does work pressure impact attrition rates?</td>
<td>H5: There is a positive impact of Job Security on attrition rate</td>
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</tbody>
</table>

5. Research Methodology

The research type involved is descriptive which is defined as a research method that describes the characteristics of the population or phenomenon that is being studied. It is focused on describing the nature of a specific sector or industry. The target population are the employees who are currently working in a pharmaceutical sector in Coimbatore alone.

Some of the most common companies from which employees have responded are Alembic, Cipla, Lupin, Dr.Reddy’s Laboratory, Torrent Pharmaceuticals, Abbott, Cadila Healthcare etc... Other common hospitals from which respondents have answered are GKNM, PSG, KMCH etc... the most common pharmacy from which employees answered was Thulasi Pharmacy.

Sampling technique used is Snowball non-probability sampling. Snowball sampling is most useful when there are very few methods to secure a list of the population or when the population is large, Showkat et.al (2017).

As per the expert opinion, significant and non-significant questions for my study were identified and a pilot study questionnaire was prepared. Questions were framed under the five
factors. The online survey was conducted through devising a structured questionnaire which contained all the appropriate questions required to understand the reasons for attrition of employees. The researcher had received 87 responses from the employees of varying pharmaceutical and medical organizations.

Results of the study were validated using Smart PLS, for significance and co-efficient of determination. The analysis would provide the variables that would have the maximum influence on the attrition rates of the employees of the pharmaceutical sector.

The research model consists of five independent variables i.e, HR policies, work pressure, salary & benefits, relations with superior and job security that are taken into consideration from literature reviews and expert opinion. They are to be analysed with a dependant variable namely, Attrition rates of the employees in the pharmaceutical sector.

6. Research Model

![Research Model Diagram]

7. Research Model Output

The reliability of the questionnaire that was prepared via Google forms was checked using Cronbach’s alpha value in Statistical Package for Social Sciences and was found to be 0.765, and thus an appropriate value for alpha was obtained. For the variables without standard scales, the questions were validated through pilot study and expert reviews. The dependent variable considered in the study was attrition rates of employees working in a pharmaceutical industry and the independent variables that would have an influence considered for measuring the attrition rates of the employees includes HR policies, Salary & Benefits, Work Pressure, Relations with Superior & Job Security.
8. Results and Interpretation:

The variables in the research model were formulated into questions with the help of literature review and were circulated in the method of Google forms. Data was collected through snowball sampling method as it was passed from one peer group to another and so on. The analysis of responses was carried out as follows:

8.1 Descriptive Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Policies</td>
<td>4.042</td>
<td>0.816</td>
</tr>
<tr>
<td>Work Pressure</td>
<td>4.019</td>
<td>0.792</td>
</tr>
<tr>
<td>Relations With Superior</td>
<td>4.159</td>
<td>0.754</td>
</tr>
<tr>
<td>Salary &amp; Benefits</td>
<td>4.205</td>
<td>0.663</td>
</tr>
<tr>
<td>Job Security</td>
<td>3.990</td>
<td>0.790</td>
</tr>
</tbody>
</table>

Table: 8.1

The results from the survey shows that the Salary & Benefits (mean 4.205) is the most important factor for an employee to stay in an organization. This is because the basic needs of the employee are fulfilled with the provision of salary and benefits. The employee feels valued when he gets a higher salary & benefits. The job security with a (mean 3.990) is least affected because of the fact that the employees have been self sufficient and self sustainable in terms of relocating themselves for their career.

8.2 Percentage Analysis

![Fig 8.1](http://lemma-tijdschriften.nl/)

Taking into consideration, the variable HR Policies, a percentage analysis has been calculated to find out which factor under the HR Policies has the maximum influence on the employee in a pharmaceutical sector. The calculation shows that the quality of work life has the highest influence on employees under HR Policies and acts as the most determining factor for
retaining employees. The subsequent factors that follow up are the promotions of the employees, conveyance charges and targeted recruitment styles. The fact that we can understand the motivators for the employees will give a HR a clearer view as to focus on what context in order to retain the employees in an organization.

**Fig: 8.2**

Taking into consideration, the variable Salary & Benefits, a percentage analysis has been calculated to find out which factor under the Salary & Benefits has the maximum influence on the employee in a pharmaceutical sector. The calculation shows that more than salary, the incentives provided has the highest influence on employees under Salary & Benefits and acts as the most determining factor for retaining employees. Employees are satisfied with the monthly income provided as it acts as a savings for most of them. The real expenditure is the allowances and compensations that get spent for miscellaneous purposes and so employees give more preference to incentives and allowances. A very good example is giving travel or petrol allowances for a marketing representative as he would prioritize it on the top. The fact that we can understand the motivators for the employees will give a HR a clearer view as to focus on what context in order to retain the employees in an organization.

**Fig: 8.3**
Taking into consideration, the variable Work Pressure, a percentage analysis has been calculated to find out which factor under the Work Pressure has the most sought after attribute and has the maximum influence on the employee in a pharmaceutical sector. The calculation shows that the urge to learn new skills in order to be in the top of the ladder has the highest influence on employees under Work Pressure and acts as the most determining factor for retaining employees. People in the recent decade have become very competitive and expect the organization to conduct more training & development activities that would carve an individual’s resume better. The fact that we can understand the motivators for the employees will give a HR a clearer view as to focus on what context in order to retain the employees in an organization.

![RELATION WITH SUPERIORS](image_url)

**Fig: 8.4**

Taking into consideration, the variable Relation with Superiors, a percentage analysis has been calculated to find out which factor under the Relation with Superiors are the most sought after attribute and has the maximum influence on the employee in a pharmaceutical sector. The calculation shows that communication with the superiors has the highest influence on employees under Relation with Superiors and acts as the most determining factor for retaining employees. The process of communication may be a day to day activity and may easily be forgotten. But the most important attribute for an employee to be in good rapport with their superiors is communication. It is the key to have a successful career or even to accomplish a basic task. The fact that we can understand the motivators for the employees will give a HR a clearer view as to focus on what context in order to retain the employees in an organization.

### 8.3 Structural Equation Model

An analysis to find out the influence on attrition rates based on the different variables chosen has been made via bootstrap model. The dependent variable (attrition rate) and independent variables (HR policies, Salary & Benefits, Work Pressure, Relations with Superior & Job Security) were tested in Visual PLS.
R2 value for dependent variable is 0.786 which implies the independent variables identified in the research have 78.6% impact on attrition rate in the pharmaceutical sector. The remaining 21.4% contributes for the factors which were not included within the scope of study and maybe extended as future scope. Questions selected for each construct can be increased to have more reliability.

**H1: There is a positive impact of HR Policies on attrition rate**

The impact of HR Policies is significant on attrition rate with beta value 0.124 and t-value 2.754. The focus group of employees in the pharmaceutical sector have a tendency to leave the organization when there is not a well defined, structured HR Policy that benefits the employees. Also, this affects them mentally when they are not recognized for their time spent. The amount of investment the company has put on the employee should benefit the employee as an individual as well. While structuring the performance appraisal and the other HR Policies., factors like experience, efforts put in by the employee, whether they are dependant by a family or a bachelor etc... should be taken into consideration.
H2: There is a positive impact of Work Pressure on attrition rate
The impact of Work Pressure is significant in attrition rate with beta value of 0.583 and t-value of 2.293. The focus group of employees in the pharmaceutical sector have the broader responsibility of the customers life and health. This forces the organization to put pressure on the employees to prevent errors in the process, be it in the research & development, the production, the marketing or even the dispensing of the drugs OTC. The work pressure leads to stress and dissatisfaction of the employee in the organization forcing them to leave, creating high turnovers in the organization.

H3: There is a positive impact of Salary & Benefits on attrition rate
The impact of Salary & Benefits is significant in attrition rate with beta value of 0.471 and t-value of 2.426. The focus group of employees in the pharmaceutical sector like all the other industries is driven majorly by the benefit of incentives, bonuses and a good cost to the company. Salary and benefits differ based on experience, the cadre of designation, the size of the company and several other factors. From the perspective of the employee, the motivator that is highly sought for one to work well is salary & benefits. Therefore this is a cause for people disliking or liking the work, which in turn makes them stay or leave an organization.

H4: There is a positive impact of Relation with Superiors on attrition rate
The impact of Relation with Superiors is significant in attrition rate with beta value of 0.264 and t-value of 2.324. The focus group of employees in the pharmaceutical sector have to deal with a lot of processes, thereby deal with a lot of superiors. The rapport that one maintains with their superiors is a vital factor for the employee to work in harmony with the team, and the organization as a whole. The goodwill is profoundly looked upon by the superiors which is equivalent to the hard work put in by the employee. Employees sense the urge to stay or leave an organization depending on the Relation with Superiors.

H5: There is a positive impact of Job Security on attrition rate
The impact of Job Security is insignificant in attrition rate with beta value of -0.081 and t-value of -0.024. The focus group of employees in the pharmaceutical sector find that job security is not a factor for them to stay or leave an organization. The current era of job hunting and available jobs is very high compared to the previous decades. Although competition is tough, the nature of work and experience gained during a tenure benefits the employee to develop their resume. Networking has been a common attribute among all the employees and this helps them feel secure about their job that it doesn't affect them to stay or leave an organization.

9. Findings
1. Among the collected 87 respondents, 73% (64) of them were male and 27% (23) of them were female.
Among the collected 87 respondents, they were broadly classified in terms of their work experience, where 41.4% (36) of them were freshers and had just started work and had an experience of less than a year. 41.4% (36) of them were quite experienced with 1 – 3 years of work experience and 17.2% (15) were highly experienced compared to the other two categories as they had worked for three years or more.

Quality of work life has the highest influence on employees under HR Policies and acts as the most determining factor for retaining employees.

The urge to learn new skills in order to be in the top of the ladder has the highest influence on employees under Work Pressure and acts as the most determining factor for retaining employees.

Communication with the superiors has the highest influence on employees under Relation with Superiors and acts as the most determining factor for retaining employees.

Most of the respondents felt that the job security was the least motivating factor for them to stay or leave an organization as in the recent trends, competition has proven them to be more self-sustainable in carving their resume and thereby their growth.

The variables or constructs taken into consideration has a 78.6% influence on the attrition rates among the pharmaceutical employees.

10. Suggestions

1. HR Policies structured should take into consideration several factors from the perspective of the employees to retain them in the organization.

2. More than a fixed salary, the incentives and bonuses provided are the more likely motivating factor that satisfies an employee to stay in an organization.

3. Depending upon the type of work, rather than the cadre, the allowances could be structured.

4. Communication should be given prime importance in terms of work language and etiquette to all employees.

5. Superiors should also make sure the subordinates learn how to convey any kind of information to them with clarity, preventing miscommunication and loss of morale.

6. Employers should conduct Stay Interviews to address the attrition issue.

7. The retention strategies should be assessed and updated annually.

8. Extra Effort like providing e-cards (with points) to the employees or e-buttons to make employees appreciated can prove to be less costly and easy to use.

9. Employer should appreciate and acknowledge employees in order to retain and build loyalty among the employees.
10. Employer should show concern and extend help whenever possible to employees.

11. Promoting Team Work should be encouraged.

12. Medium sized organizations should provide work from home facility, more flexible vacation offerings and performance bonus which will lead to employee retention.

13. Providing compressed work schedules or back-up day care can be an excellent factor to retain the employees.

14. Employees wish to have social interaction and a rewarding work environment. They desire to receive respect and recognition from managers, and also a challenging position which allows them to learn and move up.

11. Conclusion

This study enables us to identify the variables that have influences on the employee in terms of retention. The retention rates are likely dependant on Work Pressure, Salary & Benefits, HR policies & Relation with Superiors. The least significant variable includes the job security. Retention strategies structured taking into consideration the influences of the various variables would have a better retention rate in the near future. Having a regular update on the retention strategies depending on specific circumstantial changes would be very effective instead of a rigid, fixed strategy. This type of process would fail to adapt to the trend of the environment as well as the mindset of the employee. This study can be extended for other segments of people from other sectors. The result of the study can be utilized to understand the employee expectations and preferences for implementing better retention strategies.

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