



# INDIAN PHARMACEUTICAL INDUSTRY INDUSTRY & PEOPLE PERSPECTIVE

2021

# INDUSTRY OVERVIEW

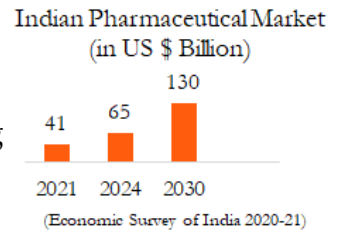
## INTRODUCTION

India is on a path to become the 'Pharmacy of the world'. It is ranked 3rd in terms of production volumes and 14th in terms of value in the world. It is the largest supplier of generics in the world and has a strong network of 3000 drug companies and around 10,500 manufacturers. India is a leader in global exports of generic medicines.

The Indian pharmaceutical Industry is on a positive path of exponential growth, with a projection to become \$ 65 billion by 2024 and \$ 130 billion by 2030 (Economic Survey 2020-21)

. Being a developing economy, India has a constantly increasing penetration of health insurance and pharmaceutical base with the extended reach and potential in the rural economy. Being a significant raw material base and having a skilled workforce has also made it a manufacturing hub. The low cost of production and Research & Development lays a firm ground for increasing FDI.

Above all this, policy interventions like Production Linked Incentive (PLI) scheme, which are projected to attract \$ 2 billion in investments over FY 2021-29, 'Make in India' and 'Atmanirbhar Bharat' makes it an industry to vouch for.



## COVID-19: A GROWTH PATH

Covid-19 has brought numerous challenges like:

- According to Economic Survey 2020-21, It exposed the excessive dependence of Indian pharmaceutical industry on China for APIs and Key starting materials. And also disproportionate dependence of Indian pharma exports on USA and generics.
- Price control and altruistic expectations
- Greater vigilance from regulators.
- Problems in supply chain.

But it has also created an opportunity for growth with sudden increase in demand.

From April to Oct, 2020, India's pharmaceutical exports (US\$ 11.1 billion) witnessed an impressive growth of 18 per cent making it the third largest exported commodity. The demand of universal vaccination has created a huge opportunity for growth and development.

Meanwhile, Indian pharma companies have garnered nearly 45 per cent of all new Abbreviated New Drug Applications.

In the Economic Survey of India 2020-21, the pharmaceutical

industry found a special mention with an action plan to make India the 'Pharmacy of the world'. The digital drive can be visualized with the rise of e-health startups. The Economic survey also mentions promotion of bulk drugs, plans for drug parks and expansion of the industry.

**5 emerging opportunities – patented products, consumer healthcare, biologics, vaccines and public health**

## IN THE NEWS

- Dec 2020: Lupin obtained clearance from the US to sell its generic penicillamine tablets.
- Piramal Pharma Solutions announced plans to invest US\$ 32 million in the US.
- Feb 2021: Telangana govt.- Cytiva partnership

## RISE OF E-PHARMACIES

Exponential growth of e-health companies:

Medlife- 50% increase in delivery orders

1mg- 50% increase in delivery orders

Pharmeasy-40% increase in delivery orders

Source: <https://www.livemint.com/news/india/the-coming-of-age-of-e-health-platforms-11590324836814.html>

# HR PERSPECTIVE

## INTRODUCTION

According to a report by KPMG, the pharmaceutical industry is responsible for creating 2.7 million direct and indirect jobs in India. Just like other industries, the pharmaceutical industry also faced multiple HR challenges owing to the pandemic ranging from virtual talent acquisition and onboarding to employee absenteeism. Most problems primarily involved the employees. Though the pharma sector has been optimistic about workforce projections in line with business requirements, a big change has been the shift to the 'digital' way of working.

## IMPACT ON WORKFORCE & THE NEW NORMAL

The entire people ecosystem of businesses were disturbed owing to the pandemic. The workforce has been dealing with constant changes in regulatory practices, technological shifts and renewed talent management practices.

**Job Security & Workplace Safety:** The large pharmaceutical companies have taken a 'no layoff' policy. but the road has not been easy for the smaller players, thus a constant state of insecurity. Though according to a survey by Naukri.com, Nearly 41% of the jobseekers were positive that layoffs are not likely to happen in their organization. These jobseekers were mostly from the BFSI, IT and Pharma industries suggesting a relatively higher job security sentiment in these industries. Safety at workplace has been a concern for plant based workers and necessary protocols have been in place, other departments have seen a shift to work from home.

**Shift to digital:** According to Express Pharma, the sector employs about nine lakh people in over 8,000 active manufacturing units. The shift to 'digital' has not been easy and has seen resistance at certain companies. Though this was handled at certain places, a structural and strategic shift is required with proper virtual training programs.

Quantitative analysis of workforce data is being done. Companies have been even

looking to cut down the costs on their real estate expenditure by renegotiating contracts for reduced workforce.

35% respondents of a poll stated that COVID-19 fast-forwarded digital transformation of the pharma industry by more than five years.

**Psychological Impact:** The overall mental well-being of employees was affected. For mental health issues

### Initiatives taken by Indian Pharmaceutical Industry

- Increased insurance & healthcare facilities
- Micro-learning and gamified training
- Reimbursement for internet charges
- Time bound meetings/discussions
- Pulse check and sentiment analysis
- Emotional and mental wellness webinars
- Medical helplines for employees
- Redefined pay structures
- Mandatory leaves

77 per cent of the employers surveyed pointed to long, erratic and always-on-work hours as the top factor, and play down the role of leadership. While, 79 per cent of the employees put the role of leadership right on top, according to human capital solutions and services provider Gi Group's study 'All in the Mind: the state of mental health in Corporate India'.

**Workforce Cost Optimizations:** Workforce cost optimization has turned out as a serious function with companies analyzing cost at each step of

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employee journey and optimization with solutions involving outsourcing and gig workforce considerations. For instance, working along with safety regulations at plants is a cost burden, thus technological and automation interventions are being evaluated.

**Changing Roles (in Sales):** According to a senior executive there are challenges here as well. Due to the present situation, many clinics and hospitals have not resumed operations and doctors in many places are at home most of the time. This has impacted the manner of working of sales representatives. Sales people are expected to go and meet doctors personally to maintain a relationship and remind them about the company's products, so that the doctors prescribe them. The role of sales department is also changing with sales communication and sales concept and acceptance all going online.

Thus, headcount analysis is required to find a optimum for a hybrid mix of on-field and digital sales executives, and there is a need to implement this hybrid model.

Also there is a need for training interventions for sales executives.

**New Roles:** The following are the new roles that have emerged or developed:

- Digital content developer
- Digital Analyst
- Digital Marketers
- Change Managers
- Cybersecurity and cloud computing

**Capability Development:** Capability requirements have undergone a major change. The biggest challenge in the foreseeable future is creation of digitally equipped sales , marketing and support functions. Digital and IT skills are at the forefront.

**Hiring:** Criteria and competency frameworks are being re-evaluated keeping in mind digital expertise. Organizations are considering on-boarding dedicated and digital representatives and develop remote selling capabilities. A report by National Skill Development Corporation (NSDC) indicates that the pharma sector requires a higher level of skillsets since it involves R&D, processes in formulation and development, knowledge of regulatory requirements and new processes.

Also, the sector has seen nearly a 30% rise in year-on-year hiring since January 2021.

**Compensation:** According to Willis Tower Watson there could be an 8% hike in median salaries in the pharma sector in 2021.

**Performance and Productivity:** Performance management systems are being re-aligned adjusting to the current realities. There is a shift towards Performance Development. Since, measuring productivity has emerged as a challenge, Most organizations have deferred their mid-year cycles, but there is a need to relook how performance is measured. A favorable model would be to use effort

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and milestone based indicators and use of virtual cohorts and multi rater concept.

**A Culture of engagement and well-being:** Leaders have developed a culture of trust in employees and are shying away from micro management.

Well-being discussions have increased and a feedback culture has set-in. A culture of hearing out employees needs to be implemented and an emphasis on physical distancing rather than social distancing.

**Compliance:** Though the organizations are strictly following pandemic regulations , there is still a need to have flexible, agile and decentralized decision-making structures to deal with local regulations.

Employee engagement, Scarcity of Talent, Employee motivation and retention are some major challenges for the Industry.

## OPPORTUNITIES & THE FUTURE

**Changing Organizational Structure:** With the 'work from anywhere' model setting in, organizations now have a global talent pool. Also, with gig and contractual workforce getting the required attention, a distributed leadership shall develop. Employees of future would be taking up more than one job at a time. A KPMG report describes how workforce would be segmented. Full time work on-site would be restricted to R&D and Operations. A combination of virtual full time workforce and gig workforce would be involved in functions like marketing, project management and Finance, Whereas a hybrid model of on-site and virtual workforce would work for sales and customer service.

**Reconfiguration of functions:** Functions can be divided among core, flexible, specialist and critical based on their value to organization and uniqueness of skills.

**Performance Management:** As stated earlier with a shift to performance development from performance management it creates opportunity for redefining of PMS, one which would be outcome based, multi rater, involves stakeholders, is real time, digital and with redefined rewards.

**Employee Reskilling:** Key trends that would drive reskilling have a heavy influx of AI and automation with virtual platforms with gamified learning experience.

The key areas for reskilling are: Mindfulness, Agility, design thinking, virtual networking, cognitive flexibility, crisis management, change management, data analytics, emotional intelligence etc. The importance of employee reskilling can be gauged from the fact that 49 per cent professionals stated professional development as one of the key reasons for accepting a job offer in 2021.

**Talent:** The renewed challenges such as emergent need to accelerate R&D efforts, fast-track clinical trials and regulatory approvals, strengthen the IT infrastructure and digitalisation in the wake of sudden spate of cyber-attacks on a couple of Pharma majors, changes in consumer behaviour and

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emerging importance of health informatics and health analytics, need to have better prevention and early detection mechanism in place, the usage of AI and machine learning in order to strengthen the healthcare ecosystem, demands a specialized talent pool more than before. Emerging opportunities in technological, biotech and health informatics space will see enhanced hiring levels in these areas, apart from the core domains such as R&D, Manufacturing, Quality Assurance, Quality Control, Analytical Development, Regulatory Affairs, Supply Chain, Logistics, Intellectual Property Rights, Therapeutic Segments, Legal and Human Resources.

They would need to import talent and skills from outside the industry. Key industries for sourcing talent are: FMCG, Retail and Ecommerce. For instance, brand managers in FMCG companies are experienced in building big brands and managing these in high growth environments.

The challenge for most companies, however, is to find the right skill sets and fast. Other than the traditional skill sets, the pharma industry will also recruit from IT, AI, Cybersecurity and allied sectors.

## Pharma companies are seeking the candidates with following qualities:

Ethical, Emotionally intelligent, Innovative, Tech savvy, Aligned to the changing needs, Quick thinkers and learners, Receptive, Quality conscious, Analytical, Abreast with changing regulatory practices Confident, Collaborative, Agile marketers, Troubleshooters, Good communication skills

Sources: <https://hr.economictimes.indiatimes.com/news/industry/emerging-hiring-trends-need-for-employment-in-pharmaceuticals-industry/80194391>

**Productivity:** Sales force costs, promotional expenditure, and supply chain are three potential areas that offer opportunities for enhancing productivity.

**Leadership:** The requirements for leadership have gone up manifold. Enhanced competitive intensity and a rapidly evolving market have left limited room for complacency. When the scale of the market was smaller, senior management's attention and judgment was sufficient for decision making. However, with heightened scale and

complexity, leaders will now need to institutionalize the marketing capabilities within their organisations.

According to an article in Eminetra, owing to the digital shift, new roles like Chief Data Officer and Chief Experience Officer are needed.

## CONCLUSION

HR interventions are required across different functions ranging from R&D to sales and marketing. And these interventions are required along talent acquisition, leadership development, organization development, performance management, compensation and rewards, capability development and others areas.