

# Operational Excellence in Pharmaceuticals – The Role of Human Resource Management Practices in Pharmaceutical Industry, Hyderabad, India



Venkateswara Reddy Boya, K. S. Sekhara Rao

*This research was carried out to understand the Role of Human Resource Management Practices in achieving Operational Excellence in Pharmaceutical Industry based at Hyderabad, India. This research aims to explain how an effective Human Resource Management system in an Organization can make a considerable change in accomplishing Operational Excellence. A research questionnaire on role of effective Human Resource Management practices in accomplishing Operational Excellence in Pharmaceutical companies 1, 2, 3 & 4 based at Hyderabad, India was developed to test the hypotheses on direct interview basis. In Pharmaceutical company 1, total 150 people were interviewed on the above topic. Out of 150, 63.33% (95 people) of the people Strongly agreed, 16.67% (25 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. The research was conducted at Pharmaceutical company 2, total 125 people were interviewed on the above topic. Out of 125, 71.2% (89 people) of the people Strongly agreed, 8.8% (11 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. The research was conducted at Pharmaceutical company 3, total 165 people were interviewed on the above topic. Out of 165, 66.06% (109 people) of the people Strongly agreed, 18.18% (30 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. Finally, the research was also conducted at Pharmaceutical company 4, total 143 people were interviewed on the above topic. Out of 143, 70.63% (101 people) of the people Strongly agreed, 14.69% (21 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization.*

**Index Terms:** Operational Excellence, Pharmaceuticals, Human Resource Management Practices, Organization, People

## I. INTRODUCTION

According to Mohd Hafeez et al (2016), Operational Excellence is a balanced management of cost,

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time and quality and at the same time focusing on the customer requirement. It mainly focusses on productivity and organizations practices that the way organizations to attain better productivity and constant improvement. Operational Excellence is a constant improvement in all areas of the production plant and is measured by the productivity, effectiveness and efficiency. As per Miller (2014) Operational Excellence is the constant pursuit of better performance and effectiveness in all the areas of the organization [4]. Human Resource management (HRM) is a process which includes four tasks of attracting, developing, creating view point and maintain of Human Resource [9]. The concept of Human Resource Management was famous in the early 1980s. From there, there has been increasing interest in the concept as well as in the research area. In the recent times, HRM was recognized as a vital source of continued competitive advantage. Many researchers who have analysed the relationship between Human Resource Management and performance of the firm were taken as a micro method investigating single Human Resource Management practices such as goal-setting, training, staffing, compensation and the effects of those practices on firm's results. Currently, the role of HRM remains vital to organizations. Efficient utilization of HRM leads to many outcomes like helping the organization to attain its goals, job satisfaction, increasing employees providing with motivated and highly trained employees and improving quality of work life which makes employment socially and personally desirable. An efficient and competitive HRM is the key to strengthen firms in facing the challenges of business today. This type of human resource will provide quality and productive people that will reduce the problems related to human Resource such as turnover of employees, job dissatisfaction or absenteeism. Several authors have explored the relationship between individual Human resource practices and corporate financial performance. Human Resource Management (HRM) function is very much important in building a new organization in which the quality and commitment of individuals are major keys to survival. Delaney and Hselid (1996) found that Human Resource Management practices had positive impact on the performance of the organization [10]. The importance and role of HRM in advancing the macro-goals of the organizations is a completely obvious issue. In order to reach the organization goals and objectives,



human resource management requires a model based on which it can assess its success in attaining the business strategies and missions. Organization excellence model is key which helps the firms to assess their path through the parallel growth and excellence. This model helps the firms to compare their existing situations with the desired situation, to figure out the differences and then to provide and administer some ideal solution depending on the identified differences and investigated the reasons of their happenings [1]. The firms who invest in effective training and development for human resource tend to attain both short term and long-term benefits [5].

**II. THEORETICAL BACKGROUND**

The terms of Human Resource Management and Human Resource have majorly replaced instead of Personnel Management (PM) in managing people in the firms. Firms consider the Human Resource department as playing a key role in training, staffing and helping to manage individuals so that people and the organization are performing at maximum capability in a highly fulfilling manner. Globally Human Resource Management is highly identified as modern development to restructure employment relationships as an instrument that may have successfully replaced other management traditions like Industrial Relations (IR) and Personnel Management (PM). From 1980s, HRM strategy has become a key topic for the management area. Human Resource Management has accomplished its importance as it offers competitiveness and promote managerial efficiency in the business area. In 1980s, human resource management’s rise has brought managerial scholars to the relationship between performance and management of people. Human Resource Management aims to increase contributions of staff in firms. Those contributions are success, productivity and new ideas. HRM should be responsible for social objectives. Robinson has defined Human Resource Management role as the provision of support in Human Resource problems to line staff, or those directly working in producing the organization’s goods and services. Obtaining the services of people, motivating them to high levels of performance, improving their skills and commitment to the organization are necessary to accomplish organizational goals. As per Barutcugil, when there is a requirement in the organization, HRM is an operation which offers the right employees for the organization. Human Resource planning should be determined as per firm’s strategies, mission and vision. The required number of employees, their quality of work, how and to what extent they should work are linked to the HRM. Human Resource planning in other words manpower planning is one of the key functions of any firm. According to Savaş (2006) the objectives of Human Resource planning are: To analyze the people required according to the development plans of the firm,

- In order to make the Human Resource work more effectively and efficiently,
- To meet the needs of employees and to highlight the career development of the employees and improve their work standards to make them highly motivated to work,
- To fix the salary standards, to make job appraisals objectively and the wages accordingly,

- To relate manpower supply and organizations manpower demand.
- To control the manpower costs which have an important effect on profitability [11].

Current methods of Human Resource Management are seen as an enabler to increase operational performance. In order to contribute to an organization’s growth, Macduffie (1995) lists three conditions that innovative human resource practices have to comply with:

- The company’s business or production strategy can only be attained because of its employees’ contribution of discretionary effort.
- Employees have the motivation to use their skills and knowledge though discretionary effort and
- Employees must have skills and knowledge that managers lack [2].

**III. METHOD**

A research questionnaire on role of effective Human Resource Management practices in accomplishing Operational Excellence in Pharmaceutical companies 1, 2, 3 & 4 based at Hyderabad, India was developed to test the hypotheses on direct interview basis. In Pharmaceutical company 1, total 150 people were interviewed on the above topic. Out of 150, 63.33% (95 people) of the people Strongly agreed, 16.67% (25 people) of the people Agreed, 6.67% (10 people) of the people responded Can’t Say, 6.67% (10 people) of the people disagreed and 6.66% (10 people) of the people only Strongly disagreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization (Refer Table-1 and Fig-1).

*Table-1 Survey for Pharmaceutical Company-1*

S. No.	Level of agreement	In Number	In Percentage
1.	Strongly agreed	95	63.33%
2.	Agreed	25	16.67%
3.	Can’t say	10	6.67%
4.	Disagreed	10	6.67%
5.	Strongly disagreed	10	6.66%
6.	Total	150	100.00%

Level of agreement in Percentage (%) calculation by using following formula;

$$\% \text{ Calculation} = \frac{a}{b} \times 100$$

Where, “a” is number of people as per level of agreement. “b” is total number of people interviewed.



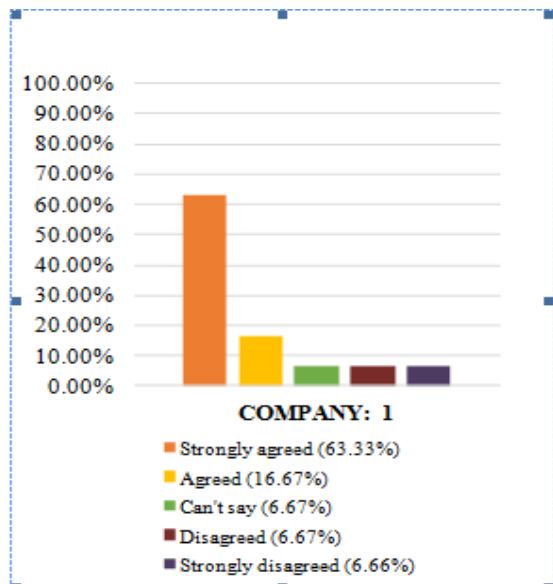


Fig 1. Graphical presentation of survey of Company-1

The research was conducted at Pharmaceutical company 2, total 125 people were interviewed on the above topic. Out of 125, 71.2% (89 people) of the people Strongly agreed, 8.8% (11 people) of the people Agreed, 8.8% (11 people) of the people responded Can't Say, 6.4% (8 people) of the people disagreed and 4.8% (6 people) of the people only Strongly disagreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. (Refer Table-2 and Fig-2).

Table-2 Survey for Pharmaceutical Company-2

S. No.	Level of agreement	In Number	In Percentage
1.	Strongly agreed	89	71.20%
2.	Agreed	11	8.80%
3.	Can't say	11	8.80%
4.	Disagreed	8	6.40%
5.	Strongly disagreed	6	4.80%
6.	Total	125	100.00%

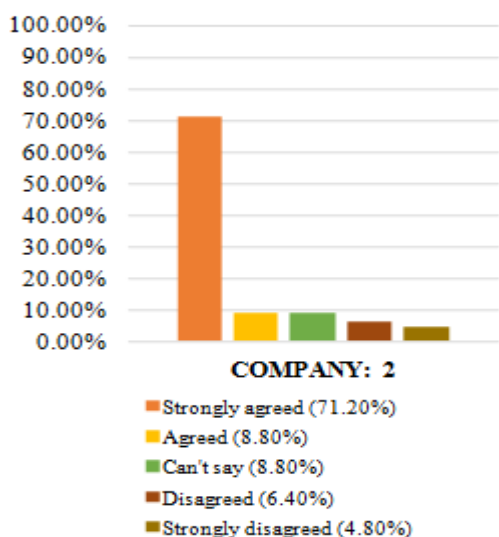


Fig 2. Graphical presentation of survey of Company-2

The research was conducted at Pharmaceutical company 3, total 165 people were interviewed on the above topic. Out of 165, 66.06% (109 people) of the people Strongly agreed, 18.18% (30 people) of the people Agreed, 7.27% (12 people) of the people responded Can't Say, 4.85% (8 people) of the people disagreed and 3.64% (6 people) of the people only Strongly disagreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. (Refer Table-3 and Fig-3).

Table-3 Survey for Pharmaceutical Company-3

S. No.	Level of agreement	In Number	In Percentage
1.	Strongly agreed	109	66.06%
2.	Agreed	30	18.18%
3.	Can't say	12	7.27%
4.	Disagreed	8	4.85%
5.	Strongly disagreed	6	3.64%
6.	Total	165	100.00%

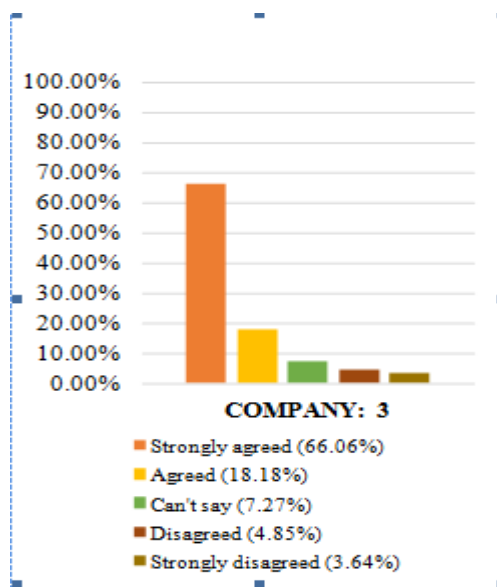


Fig 3. Graphical presentation of survey of Company-3

The research was also conducted at Pharmaceutical company 4, total 143 people were interviewed on the above topic. Out of 143, 70.63% (101 people) of the people Strongly agreed, 14.69% (21 people) of the people Agreed, 6.98% (10 people) of the people responded Can't Say, 4.90% (7 people) of the people disagreed and 2.80% (4 people) of the people only Strongly disagreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. (Refer Table-4 and Fig-4).

Table-4 Survey for Pharmaceutical Company-4

S. No.	Level of agreement	In Number	In Percentage
1.	Strongly agreed	101	70.63%
2.	Agreed	21	14.69%
3.	Can't say	10	6.98%
4.	Disagreed	7	4.90%
5.	Strongly disagreed	4	2.80%
6.	Total	143	100.00%

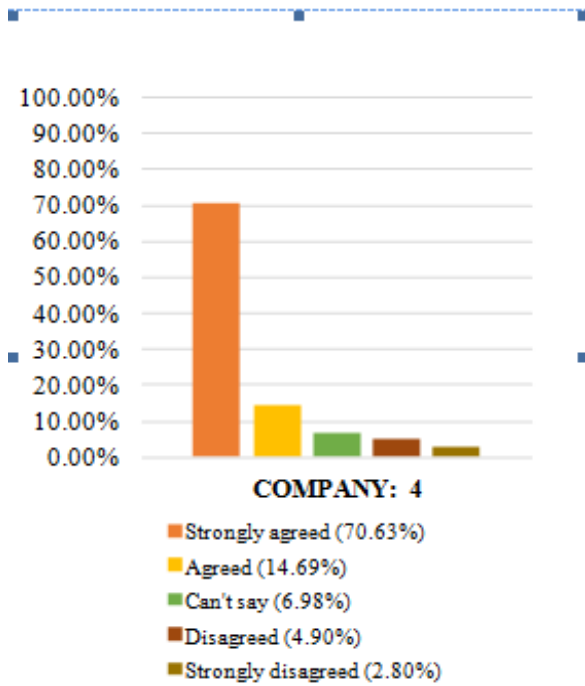


Fig 4. Graphical presentation of survey of Company-4

IV. DISCUSSION

Today many Pharmaceutical companies in Hyderabad are unable to achieve Operational Excellence due to their ineffective Human Resource Management system. The main problems encountered by Human Resource Management is retaining of top employees, talent management, training as well as development challenges and so on [3]. According to Jafar Babapour et al., Human resource management has increasingly become one of the most important challenging issues in the pharmaceutical industry. According to Mohd Hafeez Al-Amin Abdul Wahab et al., attaining operational excellence is a requirement to the organizations. In order to improve the productivity and be competitive, organizations are giving more attention to attain the higher levels of operational performance. Regrettably, only thirty percent of the companies attain their expected results. This is due to many organizations have not found a better management system that company can use to manage its operations in order to achieve Operational Excellence. (Seifert & Soto, 2015). To accomplish the excellence results, effective management systems are highly required in the organization. (Calvo-Mora et al., 2014). Today prior to joining an Organization, people are doing their research about the companies through friends

and social media and through sources like mouth shut, glass door, indeed and many. Company's ratings and along with the comments posted by existing and ex-employees about their Organization are listed on the internet sources. Therefore, it is very much important for an organization to have and maintain good working culture and this is possible only through Human Resource Management. HRM plays a key role in accomplishing Operational Excellence in Pharmaceutical industry. HRM should focus on attracting talent and recruiting qualified staff, retention of talented employees and imparting training. Choosing of talented employees and retention of existing staff are the two major tasks handled by HRM today in the Pharmaceutical industry.

Indicators of Operational Excellence

Although there are many Key Performance Indicators (KPIs) of Operational Excellence in Pharmaceutical Industry, the most identified KPIs are:

- 1.) Right First Time (RFT)
- 2.) Productivity improvement
- 3.) Quality improvement
- 4.) Cost Reduction
- 5.) Waste Reduction
- 6.) Profit
- 7.) Timely delivery
- 8.) Customer Satisfaction

(Joan Toroitich Rono et al.,) [4], (Marianne Torkko et al.,2013) [6], (Nirmal Kumar et al., 2016) [8].

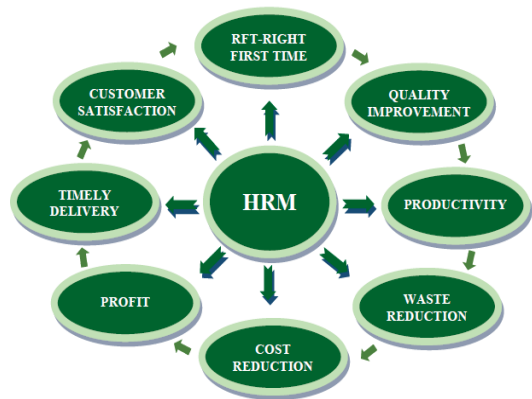


Fig 5. Mapping of Human Resource Management Practices and Operational Excellence Indicators

V. CONCLUSION

Based on the research it is concluded that effective Human Resource Management Practices will help in accomplishing Operational Excellence in the Pharmaceutical Industry. A research questionnaire on role of effective Human Resource Management practices in accomplishing Operational Excellence in Pharmaceutical companies 1, 2, 3 & 4 based at Hyderabad, India was developed to test the hypotheses on direct interview basis.

In Pharmaceutical company 1, total 150 people were interviewed on the above topic. Out of 150, 63.33% (95 people) of the people Strongly agreed, 16.67% (25 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. The research was conducted at Pharmaceutical company 2, total 125 people were interviewed on the above topic. Out of 125, 71.2% (89 people) of the people Strongly agreed, 8.8% (11 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. The research was conducted at Pharmaceutical company 3, total 165 people were interviewed on the above topic. Out of 165, 66.06% (109 people) of the people Strongly agreed, 18.18% (30 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization. The research was also conducted at Pharmaceutical company 4, total 143 people were interviewed on the above topic. Out of 143, 70.63% (101 people) of the people Strongly agreed, 14.69% (21 people) of the people Agreed that effective Human Resource Management practices will help in accomplishing Operational Excellence in the Organization.

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