



# **IMPACT OF GLOBALISATION ON EMPLOYMENT AND EMPLOYMENT RELATIONS: PERSPECTIVES FROM THE INDIAN PHARMACEUTICAL INDUSTRY**

**Dr. Partha Sarkar**

*Assistant Professor*

*Department of Business Administration (Human Resource)*

*The University of Burdwan, India*

*Cell no:+919434198025*

*E-mail:parthasarkar.bu@gmail.com*

# Organisation of the paper

- **PROLOGUE: CONTEXTUALISING THE IMPACT OF GLOBALISATION**
- **UNDERSTANDING THE IMPACT OF GLOBALISATION ON EMPLOYMENT AND EMPLOYMENT RELATIONS**
- **IMPACT OF GLOBALISATION ON EMPLOYMENT AND EMPLOYMENT RELATIONS: ATTITUDE OF FIELD WORKERS IN THE INDIAN PHARMACEUTICAL INDUSTRY**
- **EMPLOYMENT AND EMPLOYMENT RELATIONS IN INDIAN PHARMACEUTICAL INDUSTRY: SEARCH FOR AN APPROPRIATE MODEL**
- **CONCLUSION**

## **PROLOGUE: CONTEXTUALISING THE IMPACT OF GLOBALISATION**

- The Indian pharmaceutical industry is gaining prominence vis-à-vis the global competitiveness paradigm India.
- Change in strategic action orientation of pharma companies.
- Manpower cost reduction exercise as part of the overall cost reduction exercise.
- Noticeable changes in employment pattern and employment relations in the Indian pharmaceutical industry in the era of globalisation.
- Employees required to fall in line and adapt themselves with the different aspects of the global competitiveness paradigm.

## UNDERSTANDING THE IMPACT OF GLOBALISATION ON EMPLOYMENT AND EMPLOYMENT RELATIONS

- The field workers' role in the sales function of pharmaceutical companies.
- Leading Indian pharmaceutical companies employ 3,000-5,000 medical representatives, while the smaller companies engage nearly 2000 of them and nearly 60% of a pharmaceutical company's promotional budget is expended on the medical representatives.
- Conspicuous impact of globalisation.
- Two aspects of the impact: *Impact on Employment; Impact on Employment Relations.*

## *Impact on Employment*

- Reduction in head count due to emphasis on cost, merger, outsourcing etc.
- ‘Shrink’ approach through manpower reduction and preference for the alternative forms of employment .
- Alternative forms of employment based on employment of casual and contractual employees.
- Demand for access to stable employment and restoration of the field workers’ identity through legally amended appointment letter.
- Demand for proper notification at the government level with regard to decent working hours and timings for the sales promotion employees.
- Pharmaceutical field workers are more vulnerable vis-à-vis the emerging form of regulation and employment

# *Impact on Employment Relations*

- Organised unionism considered to be detrimental to the achievement of business strategies.
- “Trade unionism actually eliminates freedom of companies to take the best out of an employee”.
- As the form of employment has skewed against employees’ interest, the need for unionisation has been enhanced to a considerable extent.
- Instances of unfair labour practices.
- Demands for bargaining rights, trade union rights and legal rights form part of the unions’ everlasting demands.
- Field worker’ redesignation and impact on employment relations.

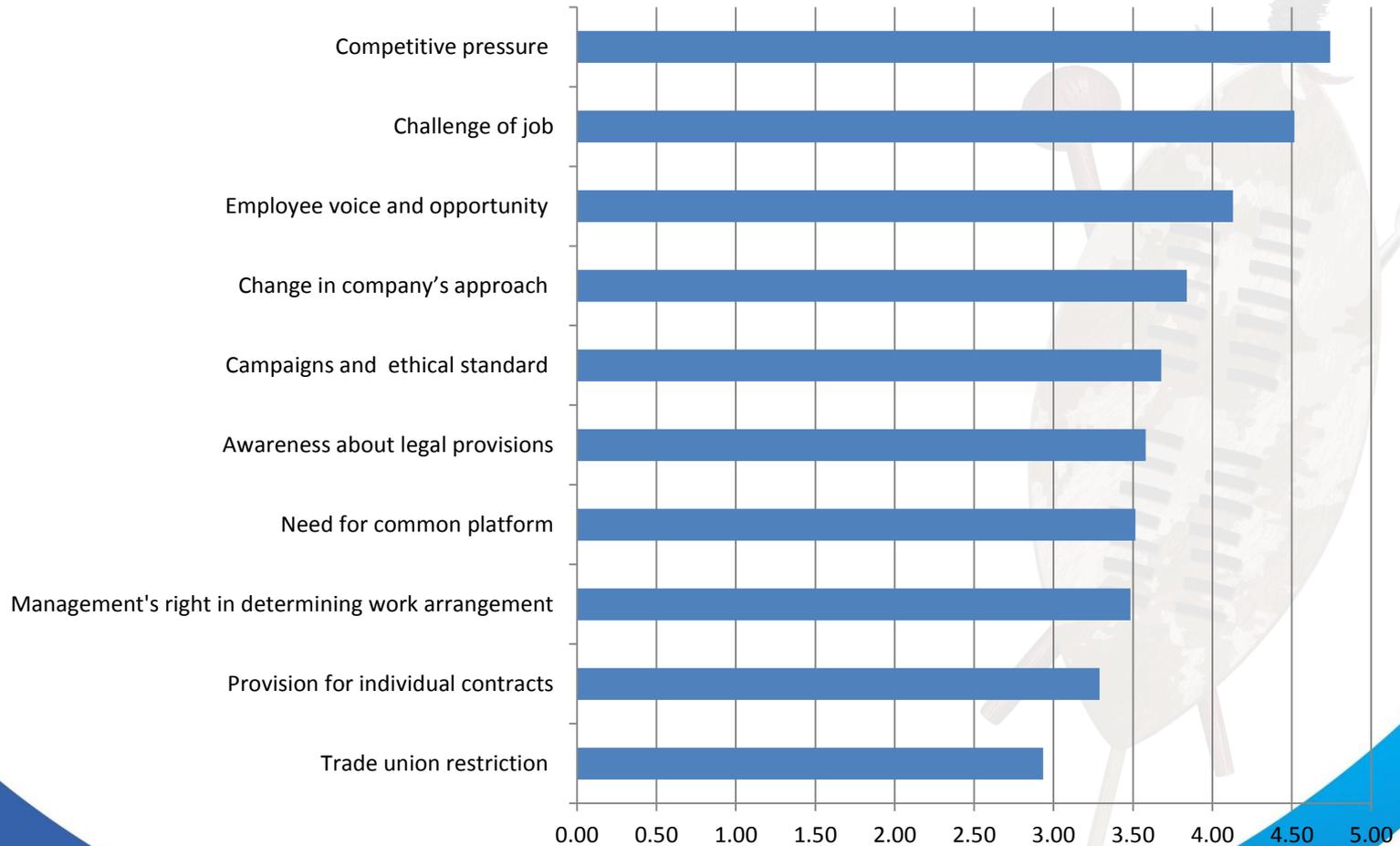
## **IMPACT OF GLOBALISATION ON EMPLOYMENT AND EMPLOYMENT RELATIONS: ATTITUDE OF FIELD WORKERS IN THE INDIAN PHARMACEUTICAL INDUSTRY**

- Questionnaire survey coupled with interview
- Items have been identified on the basis of the issues analysed in the previous two sections.
- Response has been obtained from 41 field workers spread across 12 pharmaceutical companies in India comprising large, medium and small companies.
- Opinion of the managerial staff of 5 pharmaceutical companies has also been obtained in order to confirm or contradict the views obtained from the employees and the employees' association.

## **ATTITUDE OF FIELD WORKERS IN THE INDIAN PHARMACEUTICAL INDUSTRY**

- Percentages of union members and non-members are 87 percent and 13 percent respectively.
- Change in employment and employment relations inevitable; stakeholders accept this change and suitably adapt with the emerging paradigm.
- Enhancement in competitive pressure.
- Positive attitude regarding the role of union.
- Need for a common platform form of movement and protest has increased in the era of globalisation,
- Company-management has the right to determine working arrangement and assignment without reference to others.

*Employees' opinion on basic factors regarding employment and employment relations*



# Attitude of workers contd...

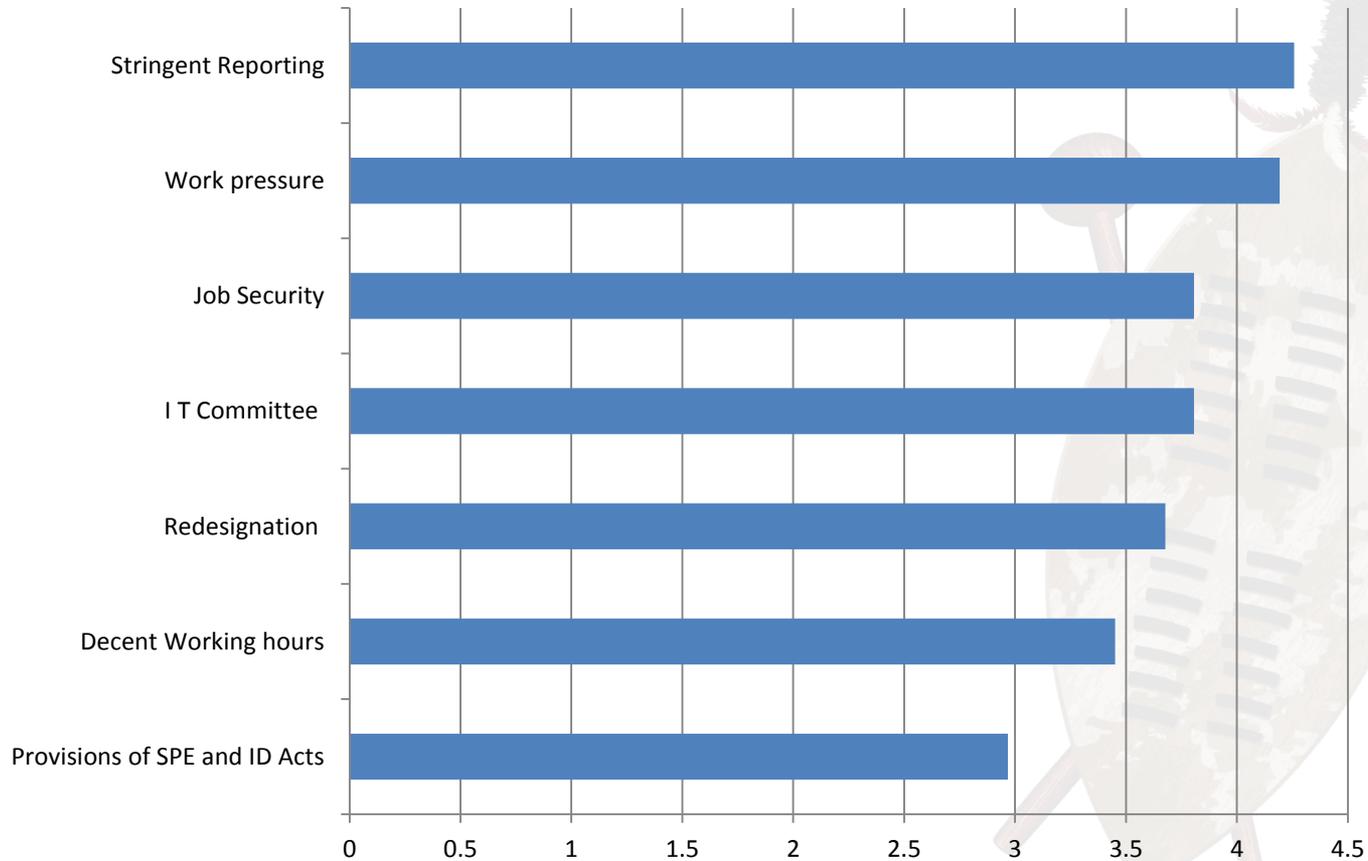
- Workers are more worried about the stringent reporting aspect which according to many of them has increased in the era of globalisation.
- Enhancement in work pressure; job insecurity etc.
- Comparatively lesser mean scores regarding re-designation of field workers and working hours possibly signify that the field workers have accepted the re-designation exercise which is a common practice in the pharmaceutical industry today.



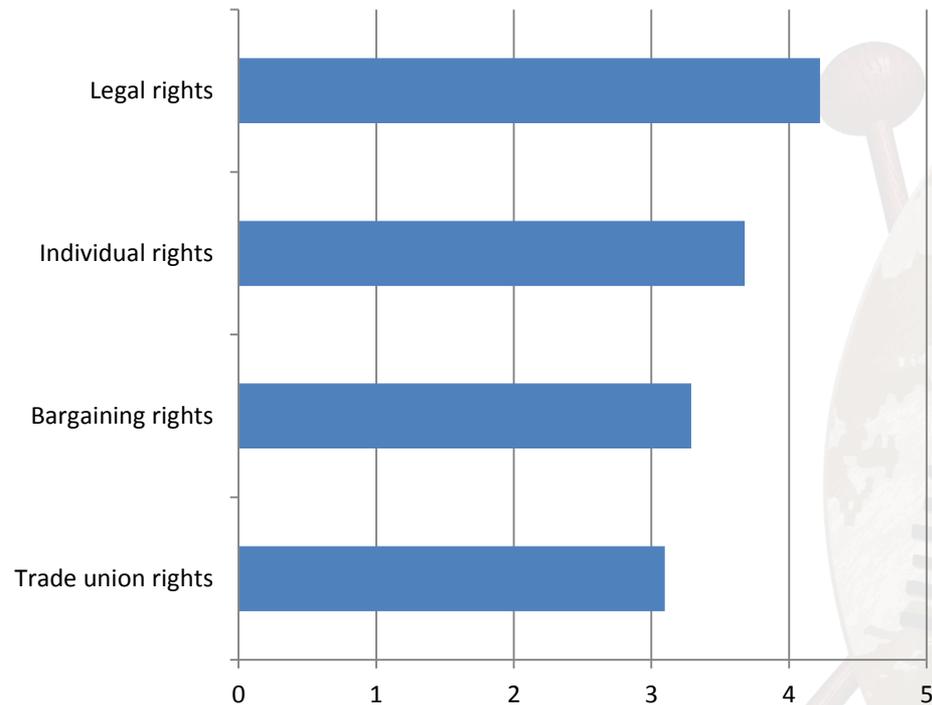
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## *Employees' opinion on challenges and Importance of Some Identified Issues*



*Employees' opinion on the relative importance of the demand for various rights*



## *Interpretation of the Results of Correlation Analysis*

- Non-parametric correlation analysis used to understand the nature of relationship.
- Positive relation ( $r=0.526$ ) between the change in approach of pharmaceutical companies and provisions of Sales Promotion Employees (Conditions of Service) (SPE) Act and Industrial Disputes (ID) Act.
- Further substantiated from the positive association between the need for a common form of movement and protest with re-designation of field workers ( $r=0.548$ ) and Industrial Tri-partite Committee ( $r=0.380$ ).
- Re-designation has positive relationship with trade union restriction ( $r=0.364$ ), need for a common form of movement ( $r=0.548$ ) and negative relationship with decent working hours ( $r=-0.391$ ) and legal provisions of SPE and ID Acts ( $r=-0.463$ ).

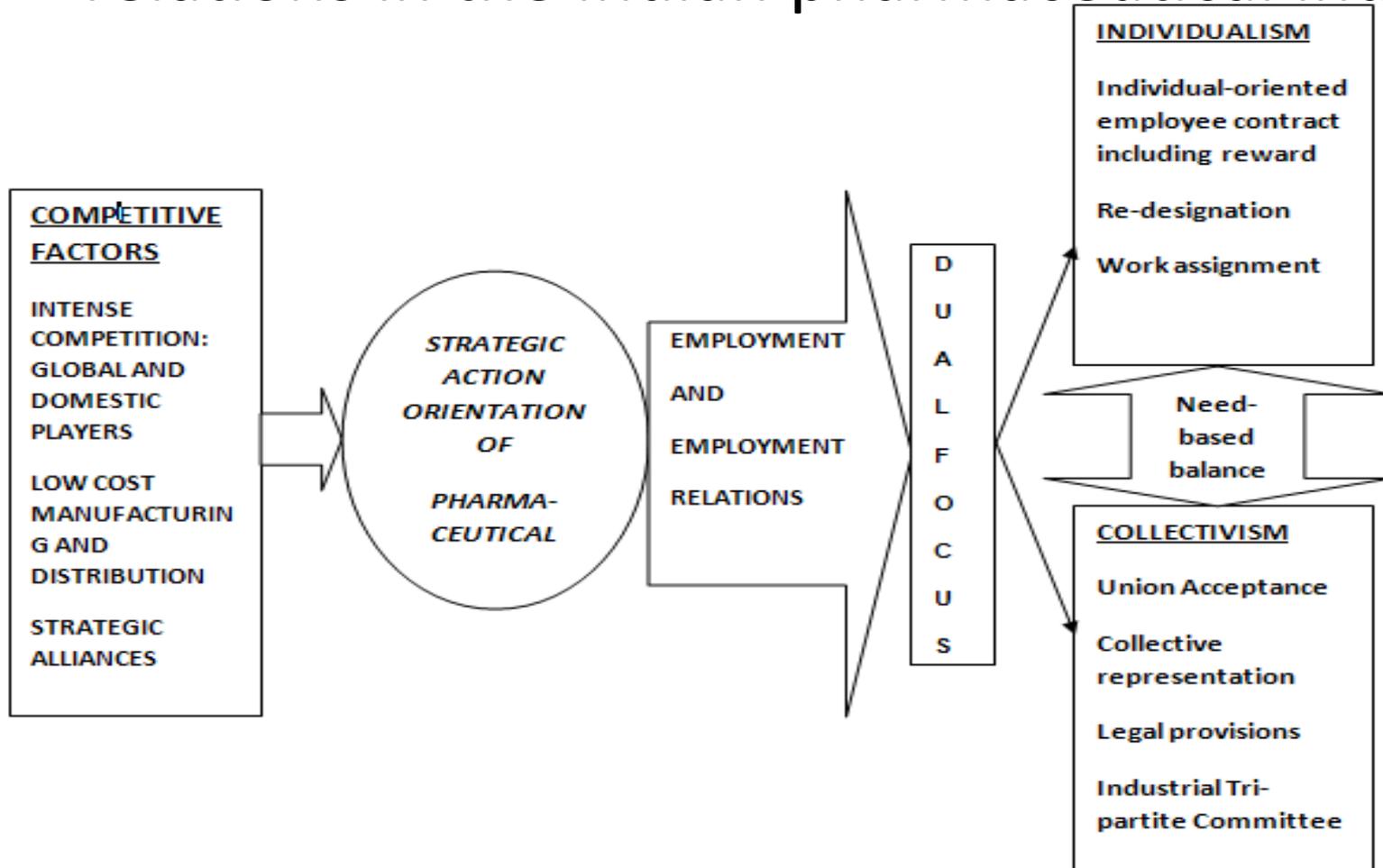
## *Interpretation of the Results of Non-parametric Test*

- To understand whether there is any statistically significant difference in the opinion of the field workers on the basis of two background variables namely, *age* and *experience*.
- No statistically significant difference in the opinion on majority of the issues.
- Age-wise statistically significant difference on the employees' attitude towards demand for trade union right and demand for bargaining rights.
- Experience-wise statistically significant difference on employees' attitude as to whether trade union reduces the freedom of pharmaceutical companies to take the best out of an employee by trade unionism.

# **EMPLOYMENT AND EMPLOYMENT RELATIONS IN INDIAN PHARMACEUTICAL INDUSTRY: SEARCH FOR AN APPROPRIATE MODEL**

- Present day perspective of employment and employment is related to the approach of strategic human resource management wherein the emphasis is on an organisation's intentions and plans about how its business goals should be achieved through people.
- Challenges posed by competitiveness on employment relations and trade unionism.
- Employment and employment relations should be aligned with the strategic action orientation of the organisation.
- Balance between the two approaches identified by experts viz. individualism and collectivism

# A model on employment and employment relations in the Indian pharmaceutical industry



## CONCLUSION

- Need to comprehend the impact of globalisation on employment and employment relations from a holistic perspective.
- Pharmaceutical industry in India has been selected since this is one of the sectors on which the impact of globalisation is more conspicuous.
- The paper highlights the issues that the employees' association and the management of business organisations in general, and pharmaceutical companies in particular, may consider in driving their respective organisations towards the achievement of their desired goals by following a balanced approach.