FACTORS CONTRIBUTING TO EMPLOYEE INTENTION TO QUIT: A STUDY IN A PHARMACEUTICAL COMPANY

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ABSTRACT

This research study examines the causes of employee attrition in a pharmaceutical company located in Hyderabad. The primary focus is to identify the factors influencing employees' decisions to resign from the company. The study considers 11 key indicators that may contribute to employee attrition. Furthermore, the research aims to investigate the significant factors affecting attrition and propose effective methods to mitigate it. To gather data, a questionnaire was developed based on a comprehensive understanding of various aspects related to attrition. Given the high demand for skilled manpower in the pharmaceutical manufacturing and pharmaceutical sector, retaining talent poses a significant responsibility for HR departments. Therefore, this study holds great value not only for the company under investigation but also for the industry as a whole. Since the cultural aspects of pharmaceutical companies in Hyderabad are largely similar, the suggested recommendations are likely to be relevant and applicable to other companies in the region as well.

Keywords: ***Job Factors, Pharma, Intention to Quit***

Introduction

Since 2000, IT and ITES sector has seen a huge growth in terms of business and revenues. With the emergence of BPO and KPO, most of the companies started hiring undergraduates if their English communication is good. Due to this most of the students stopped their regular studies and started doing part time bachelor's degree while working in these sectors. As there is quick money even before completing their studies, there was less interest in studying regular studies and therefore there was least attraction towards the science subjects. Over a period, the demand for science has come down and most of the colleges have stopped these courses. On the contrary during this time lot of pharma companies have emerged. This gap between decrease in manpower and increase in companies have led to shortage of skilled manpower in the pharmaceutical companies. In addition to this during

Covid, most of the IT companies have given work from home which attracted most of the young generation as it had work from home, and gig work style. On the contrary Pharma companies had to do more work even in the critical times without bothering about their lives from the deadly disease to bring the required medicine to save the lives of people from the deadly decease. It may be hospitals or vaccine manufactures or medicine manufacturers, all of them have put in tremendous efforts to beat the pandemic situation. With all these, there is fierce competition among the companies for the available resources. This may be leading to high movement among the freshers. Though the industry is highly valued, recognized and ever growing, but surprisingly the craze for the industry is not increasing rather it is going day by day. It is surprising to understand why there is decrease in such value driven and highly important industry in terms of human life and wellbeing.

About Pharmaceutical Industry

In contrast, the pharmaceutical industry witnessed a surge in growth during this period. However, the increased number of pharmaceutical companies combined with the declining availability of skilled manpower resulted in a shortage of talent in the sector. Additionally, during the COVID-19 pandemic, IT companies introduced remote work options, attracting younger individuals with its work-from-home and gig work style. In contrast, pharmaceutical companies had to work tirelessly, even during the critical times, to develop lifesaving medicines and vaccines

This created intense competition among companies for available resources, which may have contributed to high attrition rates among freshers. Despite being a highly valued and essential industry for human life and well-being, there has been a surprising decrease in interest and craze for the pharmaceutical industry.

The pharmaceutical industry focuses on the preparation of drugs used as medicine, involving the identification of chemicals for treatment and the development of generic drugs. The industry faces challenges such as finding new drug targets, obtaining regulatory approval, and improving drug discovery and development techniques.

Pharmaceutical Industry in India

The Indian Pharmaceuticals industry plays a prominent role in the global pharmaceutical Industry. India ranks 3rd world wide for production by volume and 14th by value. India is the largest provider of generic medicines across the globe and in terms of volume, India has 20% of the market share in global supply. India is also largest vaccine manufacturer globally. India has highest number of US- FDA compliant pharma plants outside of USA and has more than 3000 pharma companies with 10,500 registered manufacturing facilities. India offers 60,000 generic brands across 60 therapeutic categories with major segments of generic drugs, OTC medicines, Bulk drugs, Vaccines, contract Research , Biosimilars and biologics.

About the company

In India, the pharmaceutical industry holds a prominent position globally, ranking third in production by volume and 14th by value. India is the largest provider of generic medicines and vaccines, with a significant market share globally. The country has a large number of FDA-compliant pharma plants and a vast range of pharmaceutical companies offering various products and services. The Indian pharmaceutical market is projected to reach substantial market value, driven by factors such as cost competitiveness, good quality, and a vast array of offerings.

Review of Literature

Drucker (1999) explains that employee attrition can be voluntary or involuntary and functional or dysfunctional. Voluntary turnover occurs when an employee chooses to leave the organization, while involuntary turnover happens when the employer terminates the employee. Functional turnover refers to low performers leaving the organization, while dysfunctional turnover involves high performers leaving, which incurs costs for the organization. Terence et al. (2001) state that employees leave organizations voluntarily for various reasons, including personal factors and organizational factors. Personal reasons may include family situations, career growth, and attractive job offers, while organizational factors may involve a lack of promotional opportunities, unfair treatment, and a mismatch of values. Employee retention remains a crucial aspect, and talent management and development are essential, as highlighted by Tiwari, Batra, and Naidu (2008). Taylor (2010) discusses pull and push factors influencing turnover, where pull factors involve employees seeking alternative job opportunities despite being satisfied, and push factors refer to dissatisfying circumstances that push employees to leave. The allocation of roles and responsibilities is important for employee retention, as mentioned by Morgan (2004). Pandit (2007) emphasizes the need to nurture employee talent and provide growth opportunities. Chary (2002) quotes N. R. Narayana Murthy, highlighting the importance of rejuvenating employees each day. Michelman (2003) stresses the value of employee quality in building company value and the need for retention strategies that offer career development, recognition, and rewards. The Harvard Management Update newsletter discusses the importance of employee satisfaction, creating a great work environment, offering great jobs, and soliciting feedback to enhance retention. Sinha et al. (2013) emphasize the significance of a proactive approach and employee-related benefits in retaining talented employees in the pharmaceutical industry. Based on the provided review, there are several research gaps that emerge in the context of employee attrition and retention. These gaps can be addressed through further research to enhance our understanding of the subject. Here are some potential research gaps:

1. Quantifying the Costs of Dysfunctional Turnover: The review mentions that dysfunctional turnover involves high performers leaving the organization, which incurs costs. However, the specific costs associated with dysfunctional turnover are not discussed in detail. Further research can focus on quantifying these costs and assessing their impact on the organization's performance and productivity.
2. Identifying Effective Retention Strategies: While the review mentions the importance of retention strategies, it does not delve into specific strategies that have proven to be effective. Future research can investigate and evaluate different retention strategies implemented by organizations to identify which approaches yield the best results in terms of employee satisfaction, engagement, and long-term retention.
3. Understanding the Role of Organizational Factors: The review briefly mentions some organizational factors that may contribute to voluntary turnover, such as a lack of promotional opportunities, unfair treatment, and a mismatch of values. Further research can delve deeper into these factors and explore their individual and combined effects on employee retention. This can provide insights into the specific organizational aspects that need improvement to enhance employee satisfaction and reduce turnover.
4. Exploring Industry-Specific Retention Challenges: The review mentions the significance of a proactive approach and employee-related benefits in retaining talented employees in the pharmaceutical industry. However, it does not discuss the unique challenges faced by other industries. Future research can investigate industry-specific factors that contribute to attrition and develop tailored strategies to address those challenges effectively.
5. Assessing the Long-Term Impact of Retention Initiatives: The review highlights the importance of talent management, development, and retention strategies. However, it does not explore the long-term impact of these initiatives on organizational performance. Future research can focus on evaluating the effectiveness of talent management practices and assessing their impact on employee performance, productivity, and overall organizational success.
6. Examining Cross-Cultural Differences in Employee Attrition: The review does not discuss the influence of cultural factors on employee attrition and retention. Further research can investigate how cultural differences impact turnover rates, the reasons behind voluntary turnover, and the effectiveness of retention strategies across different cultural contexts. This can help organizations develop culturally sensitive approaches to attract and retain employees from diverse backgrounds.

These research gaps provide potential directions for future studies in the field of employee attrition and retention, allowing for a deeper understanding of the factors influencing turnover and the development of effective strategies to mitigate it.

Problem statement

Research on factors contributing to employee intention to quit in pharma companies is important for several reasons. First, the pharmaceutical industry relies heavily on skilled and knowledgeable employees, and the loss of talented individuals can have significant implications for productivity and innovation. Understanding the factors that lead employees to consider leaving their jobs can help companies identify areas for improvement and implement strategies to enhance employee satisfaction and retention.

Second, the pharma industry is highly competitive, and attracting and retaining top talent is crucial for maintaining a competitive edge. By studying the factors that influence employee intention to quit, companies can develop targeted retention programs and initiatives that address specific concerns and increase overall job satisfaction.

Third, the cost of employee turnover is substantial, both in terms of financial resources and the loss of institutional knowledge. Researching the factors contributing to employee intention to quit can help companies estimate the potential costs associated with turnover and develop effective retention strategies to mitigate these expenses.

Overall, research on factors contributing to employee intention to quit in pharma companies enables organizations to proactively address issues, enhance employee satisfaction, and ultimately retain valuable talent in a highly competitive industry.

Objectives of the study

The objective of the study is

1. To identify various factors that are prompting to the employees to look out for another job
2. To know which factor has highest influence for attrition among all the factors available.
3. To understand the challenges and propose remedial actions to reduce the attrition rate by improving the gap areas.

Methodology

The Study area is a largescale bulk drug manufactuter in the greater Hyderabad city the name of which is anonymous due to privacy concerns. To address the problem and achieve the objectives, a question was posed to understand the reasons that prompted employees to search for new job opportunities. The question was administered to around 90 samples providing complete information. The question included 11 options and was sent through the internal HRMS portal to employees on notice period, while those who had already left were contacted via phone.

The question aimed to gain insights into the basic intentions of resigned employees. The options included workplace dissatisfaction, location constraints, desire for a career change, health reasons, lack of recognition, compelling family reasons, inadequate salary, issues with reporting manager, pursuit of higher studies, influence from others, and an option for any other reasons not mentioned.

This approach helped identify various factors contributing to employee turnover and provided first hand information from employees who recently left or were in the process of leaving the organization.

Sample

A simple random sampling technique was employed to choose the sample. The data from the past six months, spanning from June 2022 to January 15th, was taken into consideration. The selection process involved including all employees on the notice period, totaling around 90 individuals, along with those who had resigned.

Scope of the study

This study is limited to only one organization and that corporate office. The study was done on those who have resigned in last six months.

Results and Discussion

The participants were requested to express the factors that impacted their decision to resign from their positions. These factors have been gathered and are now presented in the subsequent table.

Table 1: Factors Influence Intention To Quit The Job

S.No.	Factors	Frequency	Percentage
1	Workplace dissatisfaction	4	4.67
2	Location Constraint	2	2.80
3	Desire career Change	39	40.19
4	Health Reasons	2	3.27
5	Lack of Recognition	2	3.27
6	Compelling Family Reason	13	13.55

7	Inadequate Salary	7	8.41
8	Issue reporting	1	1.87
9	Higher Studies	1	2.34
10	Others relating to organisational	1	1.87
11	Other relating to community	18	17.76
	Total	90	100.00

Desire of career change: Out of the 90respondents 40.19% that is 86 respondents said that desire for career change has prompted which is the highest of all while employees leaving the organization. This shows that the employees are in high need of career change as they might be feeling stagnated or not able to move up the ladder as per their expectations.

Others: out of the 90respondents 17.76% of the respondents that is 38 respondents are not willing to express their reasons or their reason is not in the list that is mentioned. Those who are not interested to express their reason might be not comfortable or may be worried that something might go wrong

Compelling family reasons: out of the 90 respondents 13.55% that is 29 of the respondents said that they are leaving or left the organization because of the compelling reasons from their family. The reasons could be may be because they are away from their families or may be some other commitments from their families.

Inadequate Salary: out of the 90respondents 8.41% of the respondents that is 18 of them said that they are getting inadequate salaries and therefore they are leaving the organization.

Work place dissatisfaction: out of the 90respondents 4.67% of the respondents that is 10 of them said they are leaving the organization because of the work place dissatisfaction. The work place dissatisfaction refers to may be culture of the organization or physical environment of the work place or may be adequate support in right to the employees.

Health Reasons: out of the 90respondents 3.27% of the respondents that is 7 of them said that they are leaving the organization or leaving because of the health reasons. The health may be impacting because of work place or may be in general.

Lack of recognition: out of the 90respondents 3.27% of the respondents that is 7 of them said that they are leaving the organization or leaving because of lack of recognition in the office. The work of the employee may not be identified and recognized properly or the due recognition was given to someone else.

Location Constraint: out of the 90respondents 2.80% of the respondents that is 6 of them said that they are leaving the organization or leaving because of location constraint. The office may be far from their living location or there may be transportation issues, or they might want to work in a better location.

Higher Studies: out of the 90respondents 2.34% of the respondents that is 5 of them said that they are leaving the organization or leaving because of their higher studies. They want to pursue their studies to improve their career opportunities.

Issues with the reporting officer: out of the 90respondents 1.87% of the respondents that is 4 of them said that they are leaving the organization or leaving because of their boss. Though this was one of the major factors in most of the places, in this organization it is negligible.

Others influence: out of the 90respondents 1.87% of the respondents that is 4 of them said that they are leaving the organization or leaving because of others influence. This shows that employees are not influenced by the others.

Suggestions

1. There is a lot of need to desire for career change. The employees are wanting to have stronger and trajectory careers. The organization should focus on developing the career paths and showing to the employees how their career path would look like. This might help the employees to stay back in the company rather than looking out for the other jobs.

2. Most of the employees are saying that they are leaving due to compelling reasons from the families. The organization should ensure that the employee is free of these reasons either by providing the required facilities for the family members or ensure do not induct if such repeated reasons are observed.

3. Inadequate salary is one of the reasons why employees are leaving. If the organization is paying on par with the industry or better than the industry standards, the organization should educate the employees about the same at the time of joining. Or else the organization should scale up salaries. If not the organization should have better benefits when compared to the other organizations from the same industry.

Conclusion

The scope of this study can be broadened to include manufacturing units, providing insights into the overall functioning of the organization. A thorough analysis of this research can incorporate demographic factors such as age, gender, years of experience, and job designation to gain a deeper understanding.

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