IIHMR JAIPUR

POST GRADUATE PROGRAMME IN PHARMACEUTICAL MANAGEMENT

FIRST YEAR (2013-2015)

HUMAN RESOURCE MANAGEMENT

TIME : 3 Hrs | **20 November 2013** | **MM:70**

Note: The Question Paper consists of two sections. Please strictly adhere to word limit.

Section A- Prefer to complete this part first in maximum 25 minutes. **Follow the instruction in each question .**

Section B - consists of 6 questions based on case titled OQT LABS .**Please attempt any four questions.** All questions carry 14 maximum marks each. Answer these questions in 350-400 words

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SECTION A

Q. 1 Write Short notes on any **three.** Each question is of 3 marks. **3x3=9**

a) Hot Stove Rule

b) Employer Branding

c) Objectives of Compensation Administration

d) Induction and Orientation

Q. 2 Consists of 6 multiple choice/ one word/ true- false/fill in the blank type questions. Please attempt any 5 questions . **Write your answers in answer copy only.** Each question carries one mark. **5x1=5**

a) Punishment and penalties are part of which type of discipline approach?

....

b) . Bargaining where zero sum game is played (ones profit ones loss) is known as

....

c) . Social security system in India covers workers in organized sector only. True/ False

d) A ________ grievance arises when legitimate needs of employee remain unfulfilled

e) Which of the following is not included in labour agreement?

Promotion ☐ Vacation ☐ Management ☐ Arbitrations ☐

f) If the agreement is fully worked out under the guidelines specified by the law and both the parties agree to it; which type of bargaining tactic is it?

Cooperation ☐ Power bargaining ☐ Armed truce ☐ Conflict based ☐

SECTION B : Read the case OQT Labs and answer any 4 Questions in not more than 350-400 words

14x4= 56

OQT LABS

Introduction

It was late in the afternoon of 22 March 20 I 0 when Adler David, MD & CEO of OQT Labs, walked out of the boardroom. He and his Sales & Marketing Head, Vidur Bhagat, had just presented to the board of OQT Labs the performance for last year as well as the business plans for next year (refer Exhibit 1 for profiles of Adler and Vidur).

OQT Labs was a part of the Indian diagnostic industry, which had been growing at compound annual growth rate (CAGR) of 20 per cent. In the last one year, the top line of OQT Labs had grown over 90 per cent through introduction of new tests in cancer detection and treatment. Adler and Vidur were confident that they would be able to further increase the revenues from $10 million to $15 million, while generating an additional business of $1 million by making foray into the clinical trials segment. The board, in turn, had given a thumping vote of confidence to this proposition and approved $1 million capital expenditure for acquiring new equipment for the lab. Adler was excited at the prospect of taking the business to the next level. This was the first time in his career that he was handling an assignment as the MD of a company. He hence wanted to leave no stones unturned to make this a success. The confidence reposed in him by the board added to his state of elation.

In normal circumstances Adler would have been elated with this recognition. However, it was clear to him that things were far from normal at OQT Labs. The attrition of trained manpower drew Adler's attention to the growing sense of unrest at OQT Labs and caused a sense of foreboding in him. Despite a unique business proposition, OQT Labs was facing an acute talent crunch. The talent pool to handle specialized cancer detection tests in R&D labs was not available within the industry. OQT Labs was losing its sales force rapidly. The new targets from the board meant additional hiring while not losing the existing talent. Adler was despondent. He asked Vidur and Suresh Bhatia, the HR head of the organization to join him for a review. (370 words)

25 March 2010, Board Room. OQT Labs

Adler: Suresh, I hope you are aware that the board has given us approval for business expansion. This provides the organization a great opportunity to expand and create its own identity in the marketplace.

Suresh: Yes Adler. I did hear about it and am really excited to be able to contribute to this growth.

Adler: I need full bench strength to meet my objectives. My key worry is not the market potential but the manpower status at OQT. Out of a total of 382 employees, 130 have left since April 2009. We have been able to fill only 71 positions and 59 vacancies still exist, reducing our current bench strength to 323. Our recruitment lead time ranges from three to six months. It is becoming extremely difficult to manage the business with so many existing vacancies. In addition, my estimate is that we would require additional 40-50 employees to meet next year's targets. Customer responsiveness, quality and accuracy are important to our success and the fact that we have a manpower issue will put us in a tight spot (refer Exhibits 3 and 4 for headcount details and vacancy details).

Vidur: Adler, the situation is really grim. How do we recruit additional people when we are unable to fill existing vacancies? Suresh has not put in place a process that would cater to planning the right manpower numbers through tracking of internal and external movement and lead to significant reduction in recruitment lead time. It is the lead time that is costing us more than anything else. If we are able to forecast the number of people we would need to recruit in a year, we will not face this kind of talent crunch all of a sudden.

Suresh: I agree that the lead time of closing the positions is high. The main reason is that the industry size is small and availability of trained resources for safes function in oncology diagnostics as well as for the Labs is non-existent. Another challenge that my team faces is that potential hires are unaware about us. We access recruitment agencies for our manpower requirements but they find it difficult to provide us with the kind of profiles we require. The profiles sent to us are of people who have experience of working with diagnostic companies who specialize in conducting tests for routine ailments, like malaria or influenza. It seems that we are not able to identify people with prior work experience in handling oncology products.

Adler: Are you saying that it is tough to find this talent at all?

Suresh: Yes. It is very difficult to find them. I have put in the best recruitment process in place. But I am just not able to find the right fit.

Vidur: As if following your foolproof recruitment process gives us the quality of manpower that we want. I hope you remember what happened in the case of Lalit Anand (refer Exhibit 5 for Lalit Anand's case). It just proves that your time-taking recruitment practices are not that 'foolproof' as claimed.

Suresh: That is exactly what I am trying to say. After Lalit Anand's case I realized that our process of reference checking was not foolproof. We have changed a number of practices since then. But I will still not change my stance that fast hiring without following proper HR procedures can be risky.

Adler: But then how do you think HR should deal with the problem of attracting the right employees?

Vidur: Finding the right talent is not difficult if the strategy is right. I think recruitment should become an equal responsibility of Line Managers. The most important source of recruitment would actually be cross-referencing and networking. We should make senior managers more visible so that the potential hires know whom they should approach. Consultants are not the best source of recruitment. We should announce an internal referral policy to hire. Moreover, do we make it clear to employees at the time of recruitment that OQT Labs is a lab equipped with state-of-art diagnostic facilities? Is our HR team aware of the unique positioning of OQT Labs? And are they using this positioning to attract the right talent?

Suresh: At the time of recruitment all the prospective employees are told about their role which clearly states that OQT Labs is a diagnostic firm. We may not underline this fact but we definitely do not misguide the applicant.

Vidur: That is exactly my point. May be, just informing the prospective employees about their roles is not enough. Why can't we cash on our unique positioning to attract talent? Do a good branding, offer a good salary and I don't see any reason why people wouldn't apply for a job at OQT Labs themselves instead of OQT Labs looking for the right talent (refer Exhibit 6 for Compensation Benchmarking).

Suresh: I am wondering if developing talent in-house will be effective, then universities could be a good avenue for recruitment. We could explore the option of' catching them young and training them' instead of hiring trained but highly mobile and employable workforce.

Adler: We will have to find an appropriate talent attraction strategy to solve our manpower issues immediately. We also need to be sure that we are hiring the right people. The current state of affair will clearly impact OQT Labs' operations due to the skill crunch prevalent in the organization. We are investing time, money and effort to engage employees and make them productive, but all the effort so far is not taking us to where we want to go. The divergent opinion of both of you is disconcerting. The opportunity at hand is indeed big. First, we should have a tool which will help us in planning our manpower by not only looking at our expansion plans but also by tracking employee turn-over and internal movement. Then we will need a holistic approach to scout and retain talent. Let us take remedial steps and move ahead with gusto.

Exhibit 1. Profiles

Adler David: MD & CEO—OQT Labs

Adler is Masters in Science (1998) from University of Kansas, USA. He had started his career in USA as a trainee with a Pharma company in 2000. He returned to India in 2002 and launched OQT Labs in 2004.

Vidur Bhagat: Sales & Marketing Head—OQT Labs

Vidur holds a bachelor's degree in Chemical Engineering from the Indian Institute of Technology (IIT), Chennai (India) and Masters in Business Administration (MBA) from Indian Institute of Management (IIM), Bangalore. He began his career with a venture capital fund. Subsequently, he pursued a career as a management consultant in marketing strategy for pharma and chemical sectors. He had a brief exposure as Sales Head of a pharma company prior to joining OQT Labs as their Sales & Marketing Head.

Suresh Bhatia: HR Head—OQT Labs

Suresh has done a Post Graduate Diploma in Business Management (PGDBM) and has over 10 years experience in business management, career consulting services and HR. He joined OQT Labs in August 2005. This was his first stint with a diagnostic lab company as well as operational HR. Before joining OQT, Suresh was employed with an HR consulting firm.

Source: Internal Organization MIS retrieved on 25 March 2010.

Exhibit 3. Headcount Detail and Designation Structures

	Responsibility Level (RL)	Designation	Sales	Labs	Support Functions	Total Manpower
Top Management	1	MD	–	1	–	1
	2	CEO	–	1	–	1
	3	Vice President#	–	–	–	–
	4	General Manager#	–	–	–	–
	5	Deputy General Manager#	–	–	–	–
Middle Management	6A	Manager/(Zonal Business Manager)	4	7	3	14
	6B	Deputy Manager—Support Functions/Senior Group Leader—Labs/(Regional Business Manager)	24	10	2	36
Junior Management	7A	Assistant Manager—Support Functions/ Group Leader—Labs/ (Area Sales Manager)	60	12	2	74
	7B	Senior Scientist—Labs/Senior Executive—Support Functions	–	36	5	41
	7C	Scientist—Labs/Executive—Support Functions/(Sales Executive)	40	42	2	84
Junior Staff	8A	Senior Officer	–	45	1	46
	8B	Officer	–	40	3	43
	F06	Trainees/Research Trainee—Labs	20	20	2	42
Total Manpower			**148**	**212**	**22**	**382**

Source: Internal Organization MIS retrieved on 25 March 2010.

Note: #Dormant grade; designations in parenthesis are for Sales Department.

Exhibit 4. Vacancy Details

Sales

Levels	Numbers
Zonal Business Manager	4
Regional Business Manager	7
Area Sales Manager	15
Trainees	5
Total	**31**

Diagnostics Labs

Level	Numbers
Manager	1
Senior Group Leader	2
Group Leader	2
Senior Scientist	7
Scientist	5
Senior Officer	3
Officer	3
Research Trainees	5
Total	**28**

Source: Internal organization documents retrieved on 25 March 2010.

Exhibit 6. Compensation Benchmarking

	Compensation Positioning				
Percentile Position	Competition A	Competition B	OQT	Competition C	Competition D
Diagnostics	75	25	50	75	Max
Sales	75	50	50	75	Max
Sales incentives			None	Foreign trip to performing teams	50% commission on recovery Gift voucher on outstanding achievement

Source: Internal Organization MIS retrieved on 25 March 2010.

Exhibit 5

When Vidur Bhagat realized that he would have to travel a lot all over India, he decided to delegate the back-end marketing job to a middle manager level person. Since the marketing team of OQT Labs was not very large, this responsibility could not be given to anyone internal. Now that Vidur was paying more attention to the sales in different zones, the marketing activities were taking a back seat. When OQT Labs could not participate in the yearly diagnostic conclave, the pressure grew on Vidur and Suresh to recruit a middle level marketing manager as soon as possible.

The search for a suitable candidate ended with the recruitment of Lalit Anand who joined OQT Labs as Deputy Manager in the Sales & Marketing Department. Lalit had resigned from his job as he had an offer from another company. He had already served 50 days " out of his notice period of 60 days so he could join OQT Labs in 10 days. Vidur and Suresh could not ask for more. Lalit went through all the recruitment processes smoothly. All his papers were in place and there was no question of any doubt in recruiting him.
Behaviour-wise Lalit seemed to be the perfect candidate for this role. He had excellent communication skills and his inter-personal skills also seemed to be just right. He gelled very well with both vendors and customers. The only thing that Vidur sensed was that he was low on delegation, but delegation was something that this position did not require currently and also it could be easily learned with experience. Delving into this aspect would unnecessarily lead to postponing Lalit's joining date, which was the last thing that Vidur wanted at this moment.

Lalit was an absolute extrovert. He could easily come on ingratiating terms with anyone in office. Vidur found him a bit too fast but he didn't want to interfere in Lalit's style of working as long as he was delivering the targets given to him. After he took charge from Vidur, the first six months seemed to be error free. The problems came into sight when Lalit went on leave for five days and Vidur had to handle his work. The vendor, Ravi, whom Vidur was handling before Lalit took over, started behaving differently. Earlier, he maintained a very professional relationship with Vidur and his team but at the same time, he also left no stones unturned to offer his best services at the most competitive price. Now, he was not very enthusiastic about dealing with Vidur. He wanted to delay the meeting so that he interacted directly with Lalit. This led the alarm bell ringing in Vidur's head. He started looking into the files and found that the product that Ravi was now supplying was of a much lesser value and cheaper quality than what was agreed upon in the contract. Moreover, the quantity supplied on paper was huge but not even I *15th* of it was reaching the sales team!

Vidur decided to approach the matter in a methodical manner. He first discussed it with Suresh and Adler. Suresh had already done a reference check on Lalit from his previous company's HR department at the time when Lalit was joining OQT Labs. The information that Suresh got were only documented information like the dates of Lalit's joining and leaving, his last salary, and his reason for leaving which was given as 'Resigning for better career prospects'.
Now Adler asked Suresh to take down the name and contact details of Lalit's manager in his previous company. Suresh spoke to Lalit's previous manager, Diwakar Singh. In the beginning, Diwakar did not admit about knowing anything but on continuous pestering and informing him about Lalit's dishonest dealings, he said that Lalit had done something similar in his previous company as well. When Diwakar found out, he asked Lalit to leave. On compassionate grounds, he did not report anything in HR and also let Lalit serve his notice period so that he got time to find a new job because Lalit had a wife and child to support.

The day Lalit came back from his leave, he was given the 'Termination of Service' letter. The reason for terminating his service was properly documented and he was asked not to come to office from the very next day. Vidur also terminated Ravi's contract immediately.

Source: "Internal organization documents retrieved on 25 March 20 I 0

Questions

1. Attempt an HR organogram for OQT labs. Based on the figures given in the case comment on Employee turnover and attrition as also human resource planning issues for OQT .
2. What are the recruitment challenges faced by the OQT labs? Comment on the efficacy of selection system for the position of Deputy Marketing Manager (in light of Lalit Anand's case). Suggest measures to improve the same.
3. a) Design job description and specification for a Deputy Marketing manager.
   b) Comment on career graphs of Adler, Vidur, Suresh and Lalit
4. Design a performance appraisal form for the middle level marketing manager with atleast ten indicators of performance . Specify the proposed rating/ evaluation scale
5. What are the HR issues that need to be streamlined for OQT to achieve its business objectives ? (Atleast 5 HR issues)
6. a) If OQT labs is successful in hiring 60 frontline sales functionaries, propose a induction and orientation programme designed around organizational uniqueness for ensuring shared vision and retention.
   b) Also propose minimum two training programmes for ensuring desired knowledge , skills abilities and attitudes. (only title and possible contents)